

[NEWCO]

AND

[_____],

as Trustee

INDENTURE

Dated as of [_____], 2008

5.50% TIMBER COLLATERALIZED NOTES

DUE 2043

PLEASE TAKE NOTICE THAT THIS DRAFT INDENTURE IS SUBJECT TO MATERIAL CHANGE AND REVISION. IN PARTICULAR, THE INDENTURE HAS NOT BEEN REVIEWED, COMMENTED ON OR APPROVED BY ANY POTENTIAL INDENTURE TRUSTEE AND COUNSEL FOR ANY POTENTIAL INDENTURE TRUSTEE. IN ADDITION, THE MECHANISM TO ADJUST THE PRINCIPAL AMOUNT OF THE NEW TIMBER NOTES BASED ON THE NEW TIMBER NOTE ADJUSTMENT IN THE MRC/MARATHON PLAN OF REORGANIZATION REMAINS UNDER REVIEW AND IS SUBJECT TO SUBSTANTIAL REVISION.

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INDENTURE dated as of [____], 2008 between [NEWCO], a _____ limited liability company, having its principal office at [_____] (the “Issuer”), and [_____] as trustee, having its Corporate Trust Office at [_____] (the “Trustee”).

RECITALS

WHEREAS, on January 18, 2007, The Pacific Lumber Company (“Pacific Lumber”) and certain of its subsidiaries filed a voluntary petition under Chapter 11 of Title 11 of the United States Code, as amended (the “Bankruptcy Code”) with the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”);

WHEREAS, Pacific Lumber and certain of its subsidiaries, including Scotia Pacific Company LLC (“Scopac”), filed a Joint Plan of Reorganization (the “Plan”);

WHEREAS, on [____], 2008, the Bankruptcy Court entered an order pursuant to Section 1129 of the Bankruptcy Code confirming the Plan;

WHEREAS, Scopac entered into that certain Deed of Trust dated July 20, 1998 (the “Original Deed of Trust”) to grant a lien on, and a security interest in, certain mortgaged property, initially as security for the obligations of Scopac under its 6.55% Class A-1 Timber Collateralized Notes, 7.11% Class A-2 Timber Collateralized Notes and 7.71% Class A-3 Timber Collateralized Notes due 2028 (the “Timber Notes”) issued pursuant to that certain Indenture dated July 20, 1998 between Scopac and State Street Bank and Trust Company, as Trustee thereunder, and the other secured obligations thereunder (the “Original Indenture”);

WHEREAS, the Original Deed of Trust [has been released] and Issuer has entered into a new Deed of Trust as of the Issue Date to grant a lien on, and a security interest in, the Mortgaged Property as security for its obligations under this Indenture;

WHEREAS, pursuant to the Plan, the Timber Notes are to be fully and finally terminated, cancelled, annulled and extinguished and deemed null and void and of no further force and effect, and the Issuer shall succeed to certain of the assets of Pacific Lumber and certain of its directly and indirectly wholly owned subsidiaries, including Scopac;

WHEREAS, pursuant to the Plan and in consideration of the termination of the Timber Notes, Issuer is authorized to (1) cause the Trustee to distribute on a pro rata basis to the holders of the Timber Notes cash in the aggregate amount of \$175 million and (2) to issue for pro rata distribution to the holders of the Timber Notes the 5.50% Timber Collateralized Notes authorized hereunder (the “New Timber Notes”) in the aggregate principal amount of \$_____ million, subject to the New Timber Note Adjustment; and

WHEREAS, the Issuer has satisfied all conditions and taken all actions necessary or appropriate for the issuance of the New Timber Notes;

NOW, THEREFORE, each party agrees, for the benefit of the other parties and the equal and ratable benefit of the holders of the New Timber Notes, as follows:

ARTICLE 1

DEFINITIONS; RULES OF CONSTRUCTION; INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT PROVISIONS

1.1 Definitions. For all purposes of this Indenture, unless the context otherwise requires, all defined terms not defined herein shall have the meaning set forth in Schedule A hereto, which is incorporated by reference as if fully set forth herein.

1.2 References to Instruments. In the event that any Operative Document is amended, modified or supplemented in accordance with the provisions hereof, the provisions thereof and the provisions of the Deed of Trust, as the case may be, reference herein to such Operative Document shall be to such Operative Document as so amended, modified or supplemented.

1.3 Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

“**Commission**” means the SEC.

“**indenture notes**” means the New Timber Notes.

“**indenture security holder**” means a Noteholder or Holder.

“**indenture to be qualified**” means this Indenture.

“**indenture trustee**” or “**institutional trustee**” means the Trustee.

“**obligor**” on the indenture notes means the Issuer and any other obligor on the indenture notes.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

1.4 Rules of Construction. Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect on the date hereof;
- (3) “or” is not exclusive;
- (4) “including” means including, without limitation;

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(5) words in the singular include the plural and words in the plural include the singular;

(6) references herein to “this Indenture” are to this instrument as originally executed and delivered by the Issuer and the Trustee unless an amendment shall have been entered into, in which event references herein to “this Indenture” are to this instrument as so amended; and

(7) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole (including, without limitation, the Exhibits and Schedules to this Indenture) and not to any particular Section or other subdivision, and the terms “Section,” “Exhibit” and “Schedule,” unless otherwise specified or indicated by the context, mean the corresponding Section of, or the corresponding Exhibit or Schedule to, this Indenture.

ARTICLE 2

THE NOTES

2.1 Form and Dating. The New Timber Notes have not been registered with the SEC and are being issued in reliance upon the exemption from registration pursuant to Section 5 of the Securities Act of 1933, as amended, provided for in Section 1145(a) of the Bankruptcy Code, relating to issuance of securities pursuant to a plan of reorganization. The New Timber Notes and the Trustee’s certificate of authentication shall be substantially in the form of Exhibit A, which is hereby incorporated into this Indenture. The New Timber Notes may have notations, legends or endorsements required by law, stock exchange rule, the Issuer’s limited liability company agreement or other agreements to which the Issuer is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Issuer). Each New Timber Note shall be dated the date of its authentication. The terms of the New Timber Notes set forth in Exhibit A are part of the terms of this Indenture. The New Timber Notes shall be evidenced by one or more typewritten or printed notes representing the entire aggregate original principal balance of the New Timber Notes. The New Timber Notes will be issued in fully registered form without interest coupons in the form of the beneficial interests in one or more global Notes (the “Global Notes”), deposited with the Trustee as custodian for DTC (in such capacity, the “DTC Custodian”) or any successor. The New Timber Notes will not be issued in bearer form. Beneficial interests in the Global Notes may be held in minimum denominations of U.S. \$[1,000] or any integral multiple of [\$100] in excess thereof.

2.2 Execution and Authentication. Two officers shall sign the New Timber Notes for the Issuer by manual or facsimile signature.

If an officer whose signature is on a New Timber Note no longer holds that office at the time the Trustee authenticates the New Timber Note, the New Timber Note shall be valid nevertheless.

A New Timber Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the New Timber Note. The signature shall be conclusive evidence that the New Timber Note has been authenticated under this Indenture.

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The Trustee shall authenticate and deliver New Timber Notes for original issue in an aggregate principal amount of up to \$_____ upon a written order of the Issuer signed by an Officer of the Issuer. Such order shall specify the amount of the New Timber Notes to be authenticated and the date on which the original issue of New Timber Notes is to be authenticated. The aggregate principal amount of New Timber Notes outstanding at any time shall not exceed the amount set forth in this paragraph except as provided in Sections 2.7, 2.8 and 2.10(c) and subject to the New Timber Note Adjustment. In the event that the aggregate principal amount of New Timber Notes is adjusted as a result of the New Timber Note Adjustment, the Issuer shall provide a written order signed by an Officer of the Issuer directing the Trustee to authenticate and deliver New Timber Notes in the amount of such adjustment to the holders of the New Timber Notes on a pro rata basis based upon the principal amount of Notes then held by such holders.

The Trustee may appoint an authenticating agent acceptable to the Issuer to authenticate the New Timber Notes (the “Authenticating Agent”). Unless limited by the terms of such appointment, an authenticating agent may authenticate New Timber Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

2.3 Registrar and Paying Agent. The Issuer shall maintain an office or agency where New Timber Notes may be presented for registration of transfer or for exchange (the “Registrar”) and an office or agency where New Timber Notes may be presented for payment (the “Paying Agent”). The Registrar shall keep a register (the “Register”) of the New Timber Notes and of their transfer and exchange. The Issuer may have one or more co-registrars. The term “Registrar” includes any co-registrar.

The Issuer hereby initially appoints the Trustee as sole Paying Agent in respect of the New Timber Notes and hereby initially appoints the Trustee as Registrar in connection with the New Timber Notes. The Issuer shall enter into an appropriate agency agreement with any subsequent Registrar which is not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of any such agent. If the Issuer fails to maintain a Registrar, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 9.7. The Issuer or any Affiliate of the Issuer may act as Registrar or transfer agent.

2.4 Noteholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Noteholders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee, in writing at least seven Business Days before each Note Payment Date as set forth in the New Timber Notes and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Noteholders.

2.5 Transfer and Exchange; Transfer Restrictions.

(a) [The New Timber Notes shall be issued in the form of one or more Global Notes evidencing New Timber Notes, which Global Notes shall be substantially in the form of

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Exhibit A hereto, in an aggregate original principal amount that shall equal the aggregate original principal amount of the New Timber Notes that are to be issued on the Issue Date.]

The Global Notes (i) shall be delivered by the Registrar to DTC acting as the Depository or, pursuant to DTC's instructions, shall be delivered by the Registrar on behalf of DTC to and deposited with the DTC Custodian, and in each case shall be registered in the name of Cede & Co. and (ii) shall bear a legend substantially to the following effect:

“Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Registrar or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.”

The Global Notes may be deposited with such other Depository as the Registrar may from time to time designate, and shall bear such legend as may be appropriate; provided that such successor Depository maintains a book-entry system that qualifies to be treated as “registered form” under Section 163(f)(3) of the Code.

(b) If the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of the Holders of the New Timber Notes and the Trustee has been advised by counsel that in connection with such proceeding it is necessary or appropriate for the Trustee to obtain possession of the New Timber Notes, the Trustee may in its sole discretion determine that the New Timber Notes represented by Global Notes shall no longer be represented by such Global Notes. In such event, the Trustee will execute, the Authenticating Agent will authenticate and the Registrar will deliver, in exchange for such Global Notes, New Timber Notes in certificated form (“Definitive Notes”), in authorized denominations, in an aggregate principal balance equal to the principal balance of such Global Notes.

(c) The Global Notes shall in all respects be entitled to the same benefits under this Indenture as Definitive Notes authenticated and delivered hereunder.

(d) A New Timber Note may be transferred by the Holder thereof only upon presentation and surrender of such New Timber Note at the Corporate Trust Office of the Registrar, duly endorsed or accompanied by an assignment duly executed by such Holder or his duly authorized attorney-in-fact in such form as shall be satisfactory to the Registrar. Upon the transfer of any New Timber Note in accordance with the preceding sentence and subject to the provisions of this Section 2.5, the Trustee shall execute, the Issuer or the Authenticating Agent shall authenticate and the Registrar shall deliver to the transferee one or more new New Timber Notes, in authorized denominations, evidencing, in the aggregate, the same aggregate principal balance as the New Timber Notes transferred.

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A New Timber Note may be exchanged by the Holder thereof for any number of new New Timber Notes, in authorized denominations, representing in the aggregate the same New Timber Note as the New Timber Note surrendered, upon surrender of the New Timber Note to be exchanged at the Corporate Trust Office of the Registrar subject to the provisions of this Section 2.5. New Timber Notes delivered upon any such exchange will evidence the same obligations under the New Timber Notes and this Indenture, and will be entitled to the same rights and privileges, as the New Timber Notes surrendered. Upon the exchange of any New Timber Note in accordance with the preceding sentence, the Trustee shall execute, the Issuer or Authenticating Agent shall authenticate and the Registrar shall deliver to the exchanging Holder one or more new New Timber Notes, in authorized denominations, evidencing, in the aggregate, the same aggregate principal balance as the New Timber Notes being exchanged.

(e) Subject to Section 2.5(d), no restrictions shall apply to the transfer or registration of transfer of a Definitive Note to a transferee that takes delivery in the form of a Definitive Note.

(f) Subject to Section 2.5(d), so long as any of the Global Notes remains outstanding and is held by or on behalf of the Depository, transfers of beneficial interests in any of such Global Notes, or transfers by holders of Definitive Notes to transferees that take delivery in the form of beneficial interests in such Global Notes, may be made only in accordance the rules of the Depository.

(g) Subject to Section 2.5(f), an exchange of a beneficial interest in any of the Global Notes for a Definitive Note or Notes, an exchange of a Definitive Note or Notes for a beneficial interest in any of the Global Notes and an exchange of a Definitive Note or Notes for another Definitive Note or Notes (in each case, whether or not such exchange is made in anticipation of subsequent transfer, and in the case of either Global Note, so long as such Global Note remains outstanding and is held by or on behalf of the Depository) may be made only in accordance with the rules of the Depository.

(h) (i) Upon acceptance for exchange or transfer of a Definitive Note for a beneficial interest in any Global Note as provided herein, the Registrar shall cancel such Definitive Note and shall (or shall request the Depository to) adjust its books and records to reflect such increase, evidencing the date of such exchange or transfer and an increase in the aggregate principal amount of the applicable Global Note equal to the aggregate principal amount of such Definitive Note exchanged or transferred therefor.

(ii) Upon acceptance for exchange or transfer of a beneficial interest in a Global Note for a Definitive Note as provided herein, the Registrar shall (or shall request the Depository to) adjust its books and records to reflect such decrease, evidencing the date of such exchange or transfer and a decrease in the aggregate principal amount of the applicable Global Note equal to the aggregate principal amount of such Definitive Note issued in exchange therefor or upon transfer thereof.

(iii) Upon acceptance for transfer of a beneficial interest in any Global Note for a beneficial interest in another Global Note as provided herein, the Registrar shall (or shall request the Depository to) adjust its books and records to reflect such

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increase or decrease, evidencing the date of such transfer and (x) in the case of the Global Note from which such transfer is made, a decrease in the aggregate principal amount of such Global Note equal to the aggregate principal amount being transferred and (y) in the case of the Global Note into which such transfer is made, an increase in the aggregate principal amount of such Global Note equal to the aggregate principal amount being transferred.

(i) Subject to the restrictions on transfer and exchange set forth in this Section 2.5, the holder of any Definitive Note may transfer or exchange the same in whole or in part (in an initial aggregate principal amount equal to the minimum authorized denomination of U.S. \$[1,000] or any integral multiple of [\$100] in excess thereof) by surrendering such Definitive Note at the Corporate Trust Office of the Registrar or at the office of any other transfer agent, together with an executed instrument of assignment and transfer satisfactory in form and substance to the Registrar in the case of transfer and a written request for exchange in the case of exchange, together with all transfer documentation required in Section 2.5(d) hereof in form and substance satisfactory to the Registrar and the Company. The holder of a beneficial interest in a Global Note may, subject to the rules and procedures of the Depository, cause the Depository (or its nominee) to notify the Registrar in writing of a request for transfer or exchange of such beneficial interest for a Definitive Note or Notes. Following a proper request for transfer or exchange, together with the documentation required by this Section 2.5, the Registrar shall, within five Business Days of such request if made at such Corporate Trust Office, or within 10 Business Days if made at the office of another transfer agent (other than the Registrar), cause the Trustee to execute and the Authenticating Agent to authenticate, and the Registrar shall deliver at such Corporate Trust Office or such transfer agent, as the case may be, to the transferee (in the case of transfer) or holder (in the case of exchange) or send by first class mail at the risk of the transferee (in the case of transfer) or holder (in the case of exchange) to such address as the transferee or holder, as applicable, may request, a Definitive Note or Notes, as the case may require, for a like aggregate Note Balance and in such authorized denomination or denominations as may be requested. The presentation for transfer or exchange of any Definitive Note shall not be valid unless made at the Corporate Trust Office of the Registrar or other transfer agent by the registered holder in person, or by a duly authorized attorney-in-fact. The Issuer shall not be required to make, and the Registrar need not register, transfers or exchanges of New Timber Notes called for redemption or for a period of 15 days before such New Timber Notes are to be redeemed or 15 days before a Note Payment Date, as set forth in the New Timber Notes.

(j) Transfer, registration and exchange shall be permitted as provided in this Section 2.5 without any charge to the Holder except for the expenses of delivery (if any) not made by regular mail and except, if the Registrar shall so require, the payment of a sum sufficient to cover any stamp duty, tax or governmental charge or insurance charge that may be imposed in relation thereto. Registration of the transfer of a New Timber Note by the Registrar shall be deemed to be the acknowledgment of such transfer on behalf of the Issuer.

(k) the Issuer and the Trustee may deal with the Clearing Agency and the Clearing Agency Participants for all purposes (including the making of distributions on the New Timber Notes) as the authorized representatives of the Note Owners:

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(i) to the extent that the provisions of this Section 2.5(k) conflict with any other provisions of this Indenture, the provisions of this Section 2.5(k) shall control;

(ii) the rights of Note Owners shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by law and agreements between such Note Owners and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Clearing Agency Agreement, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal of and interest on the New Timber Notes (except the Definitive Notes) to such Clearing Agency Participants; and

(iii) whenever a notice, report or other communication to the Noteholders is required under this Indenture, the Trustee shall give all such notices and communications specified herein to be given to Noteholders (except those to be given to the holders of Definitive Notes) to the Clearing Agency.

(l) In the event that:

(i) (A) the Issuer or the Clearing Agency advises the Trustee in writing that the Clearing Agency is no longer willing or able to discharge properly its responsibilities as Clearing Agency, and (B) the Trustee or the Issuer is unable to locate a qualified successor within 90 days,

(ii) the Issuer, at its option, with the consent of Note Owners representing not less than 51% of the aggregate principal balance of outstanding New Timber Notes, advises the Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency, or

(iii) during the continuance of an Event of Default, Note Owners representing not less than 51% of the aggregate principal balance of outstanding New Timber Notes advise the Trustee and the Clearing Agency through the Clearing Agency Participants in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Note Owners,

the Trustee shall notify all Note Owners, through the Clearing Agency, of the occurrence of any such event and of the availability of Definitive Notes to Note Owners requesting the same. Upon surrender to the Trustee of the New Timber Notes by the Clearing Agency, accompanied by registration instructions from the Clearing Agency for registration, the Trustee shall issue the Definitive Notes. Neither the Issuer nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. The Issuer shall arrange for, and will bear the costs of, printing and issuance of any Definitive Notes. Upon the issuance of Definitive Notes, all references herein to obligations imposed upon or to be performed by the Clearing Agency shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Definitive Notes, and the Trustee shall recognize the Holders of the Definitive Notes as Holders of New Timber Notes hereunder.

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(m) Prior to the due presentation for registration of transfer of any New Timber Note, the Issuer, the Paying Agent or the Registrar may deem and treat the person in whose name a New Timber Note is registered as the absolute owner of such New Timber Note for the purpose of receiving payment of principal of and interest on such New Timber Note and for all other purposes whatsoever, and none of the Issuer, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

2.6 Replacement Notes. If a mutilated New Timber Note is surrendered to the Registrar or if the Holder of a New Timber Note claims that the New Timber Note has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall authenticate a replacement New Timber Note if the Trustee's requirements are met. If required by the Trustee or the Issuer, such Noteholder shall furnish an indemnity bond sufficient in the judgment of the Issuer and the Trustee to protect the Issuer, the Trustee, the Paying Agent and the Registrar from any loss which any of them may suffer if a New Timber Note is replaced. The Issuer and the Trustee may charge the Noteholder for their expenses in replacing a New Timber Note.

Every replacement New Timber Note is an additional obligation of the Issuer.

2.7 Outstanding New Timber Notes. New Timber Notes outstanding at any time are all New Timber Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. Subject to the last clause of the definition of the term "outstanding," a New Timber Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the New Timber Note.

If a New Timber Note is replaced pursuant to Section 2.6, it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the replaced New Timber Note is held by a bona fide purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay New Timber Notes payable on that date and the Paying Agent is not prohibited from paying such money to the Noteholders on that date pursuant to the terms of this Indenture, then on and after that date such New Timber Notes cease to be outstanding and interest on them ceases to accrue.

2.8 Cancellation. The Issuer at any time may deliver New Timber Notes to the Trustee for cancellation. The Registrar shall forward to the Trustee any New Timber Notes surrendered to it for transfer, exchange or payment. The Trustee and no one else shall cancel and destroy all New Timber Notes surrendered for transfer, exchange, payment or cancellation and deliver a certificate of such destruction to the Issuer unless the Issuer directs the Trustee to deliver canceled New Timber Notes to the Issuer. The Issuer may not issue new New Timber Notes to replace New Timber Notes it has redeemed, paid or delivered to the Trustee for cancellation.

2.9 Payments in Respect of the Notes. Payments in respect of any Note Payment Date shall be made to the Noteholders that hold New Timber Notes as of the Record Date immediately preceding such Note Payment Date.

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2.10 Payments of Principal, Regular Interest and Default Interest on Notes.

(a) The aggregate unpaid principal amount of the outstanding New Timber Notes shall become due and payable on the Final Maturity Date unless the aggregate unpaid principal amount of the outstanding New Timber Notes shall have earlier become due and payable.

(b) On each Note Payment Date that precedes the Final Maturity Date commencing on _____ [*the first Semi-Annual Payment Date following the fifteenth-year anniversary of the Effective Date*], there shall become due and payable a principal payment equal to any Minimum Principal Amortization Amount at such Note Payment Date.

(c) Accrued and unpaid Regular Interest, and accrued [and unpaid Default Interest, if any,] on New Timber Notes shall become due and payable on each Note Payment Date; provided, however, that, during the first 24 months following the Issue Date, on each Note Payment Date: (i) an amount equal to 50% of the accrued and unpaid Regular Interest [and Default Interest, if any,] on the New Timber Notes shall be capitalized and added to the principal amount of the New Timber Notes, in arrears; and (ii) the balance of the accrued and unpaid Regular Interest and Default Interest, if any, on the New Timber Notes (i.e. the other 50%) shall be paid in cash to Noteholders in arrears.

2.11 Manner of Payments on Notes. All payments on Definitive Notes shall be made (i) by U.S. dollar checks drawn on a bank in New York City mailed to the Holders at their registered addresses or (ii) upon application by a Holder of at least U.S. \$5,000,000 in principal amount of Definitive Notes to the Paying Agent not later than five Business Days prior to the related Record Date, by wire transfer in immediately available funds to a U.S. dollar account maintained by such Holder with a bank in New York City. All payments to any Holder of a Global Note shall be made (i) by a U.S. dollar check drawn on a bank in New York City delivered to the registered owner of such Global Note at its registered address or (ii) by wire transfer in immediately available funds to a U.S. dollar account maintained by such registered owner with a bank in New York City.

ARTICLE 3

OPTIONAL REDEMPTION AND OPTIONAL PREPAYMENT; MANDATORY REDUCTIONS

3.1 Notices to Trustee. If the Issuer elects to redeem any New Timber Notes pursuant to paragraph 6 of the New Timber Notes or is required to redeem any New Timber Notes pursuant to the Mortgaged Property Sales Redemption provided for in Section 4.15, it shall notify the Trustee in writing of the redemption date and the principal amount of New Timber Notes to be redeemed. The Issuer shall give each notice to the Trustee provided for in this Section at least 15 days (or 30 days if a 30-day notice to Holders is required pursuant to Section 3.2) before the redemption date (unless a shorter notice period shall be satisfactory to the Trustee).

3.2 Notice of Redemption. At least 15 days (or 30 days if required by DTC) but not more than 60 days before a date for redemption of any New Timber Notes, the Issuer shall mail a notice of redemption by first-class mail to each Holder of New Timber Notes to be redeemed.

The notice shall identify the New Timber Notes to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the name and address of the Paying Agent;
- (4) that New Timber Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price; and
- (5) that, unless the Issuer defaults in making such redemption payment, interest on New Timber Notes called for redemption ceases to accrue on and after the redemption date.

At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's name and at the Issuer's expense. In such event, the Issuer shall provide the Trustee with the information required by clauses (1) through (3) at least 15 days prior to the date on which such a notice of redemption is to be given by the Trustee (unless a shorter notice period shall be satisfactory to the Trustee).

3.3 Effect of Notice of Redemption. Once notice of redemption is mailed, New Timber Notes called for redemption become due and payable on the redemption date and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such New Timber Notes shall be paid at the redemption price stated in the notice, computed as provided in Section 3.5.

3.4 Deposit of Redemption Price. On or prior to Noon, New York City time, on the redemption date, the Issuer shall deposit or shall cause to be deposited in the Note Payment Account an amount of money which, when added to all other amounts on deposit in the Note Payment Account, would be sufficient to pay the redemption price of and all other amounts payable in respect of all New Timber Notes to be redeemed on that date. All money earned on such funds held in trust by the Trustee shall be remitted to the Issuer.

3.5 Redemption Price. The New Timber Notes shall be redeemed at a redemption price (the "Redemption Price") equal to the sum of (i) the principal amount identified in the notice of redemption and (ii) all accrued and unpaid Regular Interest and Default Interest thereon as of the redemption date.

3.6 [Optional Prepayment. The Issuer may, at its option, prepay the New Timber Notes, in whole or in part, on any Note Payment Date.]

3.7 Application of Payments in Respect of Optional Redemption. If less than the entire principal amount of the New Timber Notes is to be redeemed at any time, the Trustee shall

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apply the aggregate Redemption Price received for the New Timber Notes pro rata based on the then outstanding principal balance of the New Timber Notes.

3.8 Notes Redeemed in Part. Upon surrender of any New Timber Note that is redeemed in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder at the expense of the Issuer a new New Timber Note in a principal amount equal to the unredeemed portion of the principal of such surrendered New Timber Note.

3.9 [New Timber Note Adjustment. In the event that the Issuer shall notify the Trustee in writing that the New Timber Note Adjustment requires an adjustment in the outstanding aggregate principal amount of the New Timber Notes, the Trustee shall send a notice to each Holder of New Timber Notes identifying the amount of the aggregate New Timber Note Adjustment. Any reduction in the aggregate principal amount of New Timber Notes pursuant to this Section 3.9 shall be deemed to be effective as of the Issue Date.]

ARTICLE 4

COVENANTS

4.1 Payment of Notes. The Issuer shall promptly pay the principal of and interest on the New Timber Notes on the dates and in the manner provided in the New Timber Notes and in this Indenture. Principal and interest shall be considered paid on the date due to the extent on such date the Trustee holds in accordance with this Indenture money sufficient to pay all principal and interest then due, and the Trustee is not prohibited from paying such money to the Noteholders on that date pursuant to the terms of this Indenture or otherwise.

The Issuer shall pay Default Interest accruing at the Default Rate on any overdue principal and/or installments of Regular Interest on the New Timber Notes, to the extent lawful.

4.2 Note Payment Account; Money for New Timber. There is hereby established with _____ a segregated trust account to be maintained at the Corporate Trust Office of the _____ (the “Note Payment Account”). The Issuer shall, on or prior to each Note Payment Date, deposit or cause to be deposited in the Note Payment Account as is required under the terms of this Indenture to be so deposited to pay principal, Regular Interest and Default Interest then owing on the New Timber Notes. Amounts on deposit in the Note Payment Account shall be held in trust by the Paying Agent for the benefit of the Noteholders of outstanding New Timber Notes entitled thereto.

4.3 SEC Reports. The Issuer shall file with the Trustee, and provide to Noteholders, within 15 days after it files them with the SEC, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Issuer is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Issuer shall provide the Trustee and the Noteholders with information which is substantially equivalent to that which would be included in such annual reports and information which is substantially equivalent to

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such information, documents and other reports which are specified in Sections 13 and 15(d) of the Exchange Act. The Issuer also shall comply with the provisions of TIA Section 314(a).

4.4 Maintenance of Office or Agency; Existence.

(a) Maintenance of Office or Agency. The Issuer hereby irrevocably appoints the Trustee to be the agent of the Issuer and hereby irrevocably designates the Corporate Trust Office to be the office of the Issuer where notices and demands to or upon the Issuer in respect of the New Timber Notes and this Indenture may be served. The Trustee shall promptly notify the Issuer of the Trustee's receipt of any notices or demands with respect to the New Timber Notes or this Indenture.

(b) Existence. The Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights and franchises as a limited liability company (except as permitted by Section 4.8) under the laws of the State of Delaware and to preserve and keep in full force and effect all other rights and franchises material to the conduct of its business or to its ability to perform its obligations under the New Timber Notes and shall obtain and preserve its qualification to do business as a limited liability company (except as permitted by Section 4.8) in each jurisdiction in which such qualification is necessary to protect the validity and enforceability of, or the ability of the Issuer to perform its obligations under, this Indenture and the other Operative Documents and all certificates, agreements, documents and other writings then in effect referred to herein or therein or contemplated hereby or thereby.

(c) Independent Accountants. The Issuer's independent certified public accountants at all times shall be a firm of independent certified public accountants of recognized national or regional reputation reasonably satisfactory to the Trustee for purposes of preparing and delivering the reports or certificates of such accountants required by this Indenture. Upon any resignation by, or change of, the Issuer's independent certified public accountants, the Issuer shall promptly appoint a successor thereto that shall also be a firm of independent certified public accountants of recognized national or regional reputation. If the Issuer shall fail to appoint a successor to a firm of independent certified public accountants that has ceased to act as the Issuer's independent certified public accountants within 130 days after such cessation, the Trustee shall promptly appoint a successor firm of independent certified public accountants of recognized national or regional reputation. The reasonable fees of such firm of independent certified public accountants and any successor thereto shall be payable by the Issuer.

4.5 Reports, Notices and Certificates. The Issuer will furnish to the Trustee:

(a) not later than April 30 of each year, commencing April 30, 2009, a written statement of the Issuer's independent certified public accountants substantially in the form of Exhibit B hereto;

(b) not later than April 30 of each year, commencing April 30, 2009, an Officer's Certificate to the effect that, to such person's knowledge, (i) the Issuer has complied with all of the conditions and covenants under the Indenture (determined without regard to any period of grace or requirement of notice under this Indenture) during the preceding year and during the current year to the date of such Certificate and (ii) no Event of Default existed at any

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time during such preceding year or during the current year to the date of such Certificate, in each of clause (i) and (ii), except for those, if any, described in such Certificate in reasonable detail; and

(c) if a Default or Event of Default continues for 5 Business Days after a Responsible Officer of the Issuer becomes aware of the existence of such Default or Event of Default, an Officer's Certificate describing such Default or Event of Default in reasonable detail and specifying what action the Issuer has taken or proposes to take with respect to such Default or Event of Default.

The Issuer will mail to each Holder of New Timber Notes, not later than each Note Payment Date, the Noteholder Certificate.

4.6 Access to Records. The Issuer shall, upon reasonable notice, permit the Trustee, at reasonable times:

(a) to inspect and make or be provided with copies and extracts from such books and records of the Issuer as may relate to the New Timber Notes and/or any of its rights or obligations under this Indenture or any other Operative Document; and

(b) to visit and inspect any of the properties of the Issuer.

4.7 Limitation on Liens on Company Owned Timberlands. The Issuer shall not create, incur, assume, suffer or permit to exist any Lien on the Company Owned Timberlands or any portion thereof or any interest therein other than, without duplication, (w) the Lien of the Deed of Trust, (x) other Permitted Encumbrances, (y) first priority Liens securing repayment of the Indebtedness that constitutes the Working Capital Facility or (z) Liens securing Indebtedness that is junior in right of payment to the New Timber Notes and the Indebtedness that constitutes the Working Capital Facility.

4.8 Restrictions on Consolidation, Etc. The Issuer shall not merge or consolidate with or into any other Person, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its assets to any Person, whether in a single transaction or a series of transactions, unless (i) (A) in the case of a merger or consolidation, the Issuer is the surviving Person or (B) in the case of a merger or consolidation where the Issuer is not the surviving Person and in the case of any such sale, conveyance, transfer, lease or other disposition, the successor or acquiring entity is a corporation, limited liability company or other entity organized and existing under the laws of the United States or a State thereof and such entity expressly assumes by supplemental indenture all the obligations of the Issuer under the New Timber Notes and under this Indenture, (ii) immediately thereafter, giving effect to such merger or consolidation, or such sale, conveyance, transfer, lease or other disposition, no Default or Event of Default shall have occurred and be continuing and (iii) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that such merger or consolidation, or such sale, conveyance, transfer, lease or other disposition complies with this Section 4.8 and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with this Section 4.8 and Section 8.1 of this Indenture and that all conditions precedent herein provided for or relating to such transaction have been complied

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with. In the event of the assumption by a successor entity of the obligations of the Issuer as provided in clause (i)(B) of the immediately preceding sentence as a result of a merger or consolidation, such successor entity shall succeed to and be substituted for the Issuer hereunder and under the New Timber Notes and all such obligations of the Issuer shall terminate.

4.9 Insurance. The Issuer shall maintain or cause to be maintained with respect to the Mortgaged Property such insurance as is required by Section 7.1(i) of the Deed of Trust.

4.10 [Reserved]

4.11 Performance of Obligations.

(a) Except as expressly contemplated herein or in another Operative Document, the Issuer will not take any action, and will use all reasonable efforts not to permit any action to be taken by any other Person, that would release any Person from any of such Person's material covenants or obligations to the Issuer under any Operative Document or that would result in the amendment, modification, hypothecation, subordination, termination or discharge of, or impair the validity, enforceability or effectiveness of, any such Operative Document.

(b) The Issuer shall punctually perform and observe in all material respects all of its obligations and agreements contained in the Operative Documents.

4.12 Status of the Deed of Trust. At all times (a) the Deed of Trust shall be a valid and binding obligation of the Issuer; and (b) the Lien of the Deed of Trust shall be a valid and perfected mortgage lien on or a valid and perfected security interest in the Mortgaged Property, subject to no Liens other than Permitted Encumbrances and Liens securing repayment of the Indebtedness that constitutes the Working Capital Facility. The Issuer shall cause to be delivered to the Collateral Agent a Title Insurance Policy insuring the Collateral Agent in the principal amount of the New Timber Notes that the Deed of Trust is a valid Lien against the Company Owned Timberlands, subject only to Permitted Encumbrances and Liens securing repayment of the Indebtedness that constitutes the Working Capital Facility.

4.13 GIS. The Issuer shall maintain the GIS (including updates thereto) in accordance with the past practices of the Issuer and Pacific Lumber.

4.14 Deed of Trust Covenants. The Issuer shall perform each of the covenants and agreements made by the Issuer in the Deed of Trust.

4.15 Sales of Mortgaged Property. Except for a sale of all or substantially all of the assets of the Issuer as set forth in Section 4.8, from and after the Issue Date, the cumulative net cash proceeds, on a dollar-for-dollar basis, from any sale by or on behalf of the Issuer to any Person other than the Issuer of any Mortgaged Property shall be applied as follows:

(a) Until the aggregate of such net cash proceeds shall have reached \$50 million (the "Mortgaged Property Sales Threshold"), all of such net cash proceeds shall be retained in their entirety by the Issuer, to be utilized in its sole discretion; and

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(b) After the aggregate of such net cash proceeds shall have reached or exceeded \$50 million, the Issuer shall deposit or cause to be deposited, upon receipt by the Issuer thereof, 50% of all net cash proceeds in excess of the Mortgaged Property Sales Threshold in a dedicated account with the Collateral Agent (the “Mortgaged Property Sales Account”), to be reserved for payment of the Redemption Price in connection with the redemption from time to time of the New Timber Notes (each, a “Mortgaged Property Sales Redemption”). Any Mortgaged Property Sales Redemption shall be conducted in accordance with the provisions set forth in Article 3 of this Indenture, provided that:

(i) The Issuer shall be required to cause the transfer of the entire amount of the funds in the Mortgaged Property Sales Account to the Note Payment Account for the purpose of funding a Mortgaged Property Sales Redemption at any time that the amount of such funds equals or exceeds \$5,000,000 (the “Mortgaged Property Redemption Threshold”);

(ii) The Issuer may, in its sole discretion, direct the transfer of some or all of the funds in the Mortgaged Property Sales Account to the Note Payment Account for the purpose of funding Mortgaged Property Sales Redemption at any time that the amount of such funds does not equal or exceed the Mortgaged Property Redemption Threshold; and

(iii) [In the case of either (i) or (ii) above, the Mortgaged Property Sales Redemption shall occur on the first date for which the notice requirements set forth in Sections 3.1 and 3.2 may be satisfied]

4.16 Trust Indenture Act Requirements. To the extent applicable, without limitation, the Issuer shall cause TIA Section 314(d) relating to the release of property from the Lien of the Deed of Trust to be complied with. Any certificate or opinion required by TIA Section 314(d) may be made by a Responsible Officer of the Issuer, except in cases in which TIA Section 314(d) requires that such certificate or opinion be made by an Independent person.

ARTICLE 5

DEFAULTS AND REMEDIES

5.1 Events of Default. “Event of Default” with respect to the New Timber Notes, wherever used herein, means any one of the following events:

(1) default in the payment of principal of any New Timber Note on the Final Maturity Date;

(2) default in the payment of any Regular Interest or Default Interest on any New Timber Note when the same becomes due and payable and the continuation of such default for a period of five days;

(3) default in the performance or observance of any covenant or agreement of the Issuer set forth in Sections 4.4(b), 4.7, 4.8, 4.12 and

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4.15 of this Indenture or Sections 7.1(c), (d), (e), (g) and (h), and 7.2(a), (b) and (c) of the Deed of Trust (and, in each such case, to the extent such default is remediable, such default shall continue for a period of 15 days following written notice from the Trustee, or from the Holders of 25% in aggregate principal amount of the outstanding New Timber Notes);

(4) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture or the Deed of Trust (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section 5.1 specifically dealt with) (and, to the extent such default is remediable, such default shall continue for a period of 30 days following written notice from the Trustee, or from the Holders of 25% in aggregate principal amount of the outstanding New Timber Notes);

(5) any representation or warranty of the Issuer made in this Indenture, the Deed of Trust or any other Operative Document, or, in each such case, in any certificate or other writing delivered pursuant hereto or thereto, shall prove to have been incorrect in any material respect as of the time when the same was made (and, in each such case, to the extent such default is remediable, such default shall continue for a period of 30 days following written notice from the Trustee, or from the Holders of 25% in aggregate principal amount of the outstanding New Timber Notes); or

(6) the Issuer shall become Bankrupt or Insolvent.

5.2 Acceleration of Maturity; Rescission and Annulment.

(a) If an Event of Default under Section 5.1(6) shall occur, an amount equal to all amounts payable with respect to the New Timber Notes shall, without any demand, presentment or notice (all of which are expressly waived by the Issuer), become immediately due and payable.

(b) If any Event of Default under Sections 5.1(1) or (2) shall occur and be continuing, the Trustee may, or, if the Holders of 25% in aggregate outstanding principal amount of the New Timber Notes so elect, shall, declare all amounts payable with respect to the New Timber Notes to be immediately due and payable, and upon any such declaration of acceleration such amount shall become immediately due and payable.

(c) If an Event of Default under Sections 5.1(3), (4) or (5) shall occur and be continuing, if the Majority Holders so elect, the Trustee shall declare all amounts payable with respect to the New Timber Notes to be immediately due and payable, and upon any such declaration of acceleration such amount shall become immediately due and payable.

(d) At any time after such declaration of acceleration of maturity has been made (other than a declaration approved by the Noteholders of 100% in aggregate principal amount of outstanding New Timber Notes) and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article 5 provided, the

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Majority Holders, by written notice to the Issuer and the Trustee, may rescind and annul such declaration of acceleration and its consequences if:

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

(x) all payments of principal of and interest on the New Timber Notes and all other amounts that would then be due and payable hereunder or upon the New Timber Notes otherwise than by virtue of such declaration of acceleration; and

(y) all sums paid or advanced by the Trustee and the Collateral Agent hereunder or under the Deed of Trust on behalf of the Issuer and the reasonable compensation, expenses, disbursements and advances of the Trustee and the Collateral Agent and their agents and counsel; and

(2) all Events of Default, other than the nonpayment of the principal of the New Timber Notes that has become due and payable solely by such declaration of acceleration, have been cured or waived.

(e) No such rescission and annulment under this Indenture shall affect any subsequent default or impair any right consequent thereon.

5.3 Collection of Indebtedness and Suits for Enforcement by Trustee.

(a) The Issuer covenants that if the New Timber Notes have been declared due and payable pursuant to paragraph (b) or (c) of Section 5.2 and such declaration has not been rescinded and annulled pursuant to Section 5.2(d), the Issuer will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Noteholders, the whole amount then due and payable on all outstanding New Timber Notes and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including, without limitation, the reasonable compensation, expenses, disbursements and advances of the Trustee and the Collateral Agent and their agents and counsel.

(b) If the Issuer fails forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, may exercise all such rights as are provided under this Indenture and the Deed of Trust, may institute a Proceeding in any court of competent jurisdiction 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 Issuer or other obligor upon such New Timber Notes and collect in the manner provided by law out of the property of the Issuer or other obligor upon such New Timber Notes, wherever situated, the monies adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Trustee may, as more particularly provided in Section 5.4, proceed to protect and enforce its rights and the rights of the Noteholders, by such appropriate Proceedings as the Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement

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in this Indenture or the Deed of Trust or in aid of the exercise of any power granted herein or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or the Deed of Trust or by law.

(d) In any Proceeding brought by the Trustee, the Trustee shall be held to represent the Noteholders and it shall not be necessary for any such Noteholder to be a party to any such Proceeding.

5.4 Trustee May File Proofs of Claim.

(a) Without limiting the rights of any Noteholder to do the same, the Trustee, in case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar Proceeding relating to the Issuer or any other obligor upon the New Timber Notes or to the Mortgaged Property or any Person having or claiming any ownership interest in the Mortgaged Property, or to the creditors or property of the Issuer or such other obligor or Person (irrespective of whether the principal of any New Timber 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 pursuant to the provisions of this Section 5.4), shall be entitled and empowered, by intervention in such Proceeding or otherwise:

(1) to file and prove a claim or claims for the aggregate amount of principal and interest owing and unpaid in respect of the New Timber Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including, without limitation, any claim for reasonable compensation, expenses, disbursements and advances of the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, except as a result of negligence or bad faith) and of the Noteholders allowed in such Proceeding; and

(2) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and any custodian, receiver, assignee, trustee, liquidator, sequestrator or 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 the Trustee and the Collateral Agent any amount due to either of them for the reasonable compensation, expenses, disbursements and advances of the Trustee and the Collateral Agent, their agents and counsel, and any other amounts due the Trustee and the Collateral Agent under Section 7.7.

(b) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the New Timber Notes or the rights of any Noteholder thereof or to authorize the Trustee to vote in respect of the claim of any

Noteholder in any such proceeding or to vote for the election of a trustee in bankruptcy or similar person.

5.5 Trustee May Enforce Claims Without Possession of Notes. All rights of action and of asserting claims under this Indenture or under any of the New Timber Notes may be enforced by the Trustee without the possession of any of the New Timber Notes or the production thereof in any Proceeding, and any such Proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, be for the ratable benefit of the Noteholders and shall be applied in accordance with Section 5.7.

5.6 Remedies. If an Event of Default shall have occurred and be continuing, the Trustee may institute a Proceeding in its own name and as trustee of an express trust for the collection of all amounts then payable on the New Timber Notes or under this Indenture or the Deed of Trust with respect thereto, and exercise all remedies under this Indenture or the Deed of Trust, whether by declaration or otherwise, enforce any judgment obtained and collect from the Issuer and any other obligor upon such New Timber Notes monies adjudged due.

5.7 Application of Money Collected. On any date when the New Timber Notes have been declared due and payable during the continuance of an Event of Default and such declaration and its consequences have not been rescinded and annulled (a “Post-Acceleration Date”), any monies collected by the Trustee pursuant to this Article 5 or otherwise with respect to the New Timber Notes shall be deposited in the Note Payment Account and shall be applied, first, to amounts described in Section 7.7 (exclusive of indemnification payments), second, to the payment of interest due on the New Timber Notes pro rata in proportion to the interest due on such New Timber Notes, third, to the payment of principal on the New Timber Notes pro rata in proportion to the principal due on such New Timber Notes, fourth, to the payment of indemnification payments under Section 7.7 and, fifth, to the Issuer, free and clear of the Lien of the Deed of Trust.

5.8 Limitation of Suits. No Holder of any New Timber Note shall have any right to institute any Proceeding with respect to this Indenture, the New Timber Notes or the Deed of Trust, or for the appointment of a receiver or trustee, or for any other remedy hereunder, or under the New Timber Notes or the Deed of Trust, unless:

- (a) such Noteholder has previously given written notice to the Trustee of a continuing Event of Default;
- (b) the holders of not less than 25% in aggregate outstanding principal amount of New Timber Notes shall have made a written request to the Trustee to institute a proceeding in respect of such Event of Default in its own name hereunder or under the Deed of Trust;
- (c) such holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in complying with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceeding; and

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(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Majority Holders.

A Noteholder may not use this Indenture to prejudice the rights of another Noteholder or to obtain a preference or priority over such other Noteholder.

5.9 Unconditional Rights of Noteholders To Receive Principal and Interest.

Notwithstanding any other provisions in this Indenture or the Deed of Trust, the Holder of any New Timber Note shall have the right, which is absolute and unconditional, to receive payment of the principal of, and interest on, such New Timber Note on or after the respective due dates thereof expressed in such New Timber Note or in this Indenture and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Noteholder; provided, however, that no Holder shall have the right to institute any such suit, if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of the Deed of Trust. Without limiting the foregoing, in no event shall any Noteholder exercise any right of set-off, banker's lien, or the like, against any deposit account or property of the Company held or maintained by such Noteholder or amount owing by such Noteholder to the Company, without prior consent of the Majority Holders, which rights of set-off, banker's lien and the like are waived by the Noteholder's acceptance of its Note and the benefit of this Indenture.

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

5.11 Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to the Trustee, the Collateral Agent or the Noteholders in this Indenture or the Deed of Trust is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or thereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder or thereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

5.12 Delay or Omission Not a Waiver. No delay or omission of the Trustee, the Collateral Agent or 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 acquiescence therein. Every right and remedy given by this Article 5, by the Deed of Trust or by law to the Trustee, the Collateral Agent or the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Collateral Agent or, subject to Section 5.8, the Noteholders, as the case may be.

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5.13 Control by Majority Holders. Except as otherwise specified in this Indenture, the Majority Holders shall have the right to direct the time, method, and place of conducting any Proceeding for any remedy available to the Trustee under this Indenture or otherwise with respect to the New Timber Notes or exercising any trust or power conferred on the Trustee or the Collateral Agent, including the giving of any notice or direction under the Deed of Trust, 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 that is not inconsistent with such direction.

5.14 Course of Dealing Not a Waiver. No course of dealing between the Trustee, the Collateral Agent and/or any Noteholder, on the one hand, and the Issuer or any person claiming through or under the Issuer, on the other hand, or any delay on the part of the Trustee, the Collateral Agent and/or any Noteholder in exercising any right available to them shall operate as a waiver of any rights of the Trustee, the Collateral Agent or the Noteholder.

5.15 Waiver of Stay or Extension Laws. The Issuer covenants (to the fullest extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture or the Deed of Trust; and the Issuer (to the fullest extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power granted herein to the Trustee or in the Deed of Trust to the Collateral Agent, but will suffer and permit the execution of every such power as though no such law had been enacted.

5.16 Action on Notes. The Trustee's right to seek and recover judgment on the New Timber Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture or the Deed of Trust. No rights or remedies of the Trustee, the Collateral Agent or the Noteholders shall be impaired by the recovery of any judgment by the Trustee or the Collateral Agent against the Issuer or by the levy of any execution under such judgment upon any portion of the Mortgaged Property or upon any of the assets of the Issuer.

5.17 Waiver of Past Defaults. Subject to Sections 5.9 and 8.2, the Majority Holders by notice to the Trustee may waive an existing Default and its consequences except (1) a Default or Event of Default in the payment of the principal of or interest on a New Timber Note as specified in clauses (1) or (2) of Section 5.1 or (2) a Default in respect of a provision that under Section 8.2 cannot be amended without the consent of each Noteholder affected. When a Default or Event of Default is waived, it is deemed cured and ceases, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

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5.18 Certain Limitations on Exercise of Remedies under Deed of Trust. In connection with any trustee sale or judicial sale by the Deed of Trust Trustee under the Deed of Trust, the Collateral Agent shall not accept any cash bid in an amount less than the aggregate amount payable on the New Timber Notes, unless the Majority Holders of the New Timber Notes shall have approved the taking of such action (which approval may be given generally and need not be given in respect of any specific sale or bid). In the event that relevant law provides that a trustee sale or judicial sale may be made in respect of less than all of the Company Owned Timberlands, and the Collateral Agent shall determine to permit a trustee sale or judicial sale for less than all of the Company Owned Timberlands, in connection with any such trustee sale or judicial sale by the Deed of Trust Trustee, the Collateral Agent shall not accept any cash bid in an amount less than the pro rata portion of the aggregate amount payable on the New Timber Notes, unless the Majority Holders of the New Timber Notes shall have approved the taking of such action (which approval may be given generally and need not be given in respect of any specific sale or bid).

ARTICLE 6**DEFEASANCE AND COVENANT DEFEASANCE**

6.1 Issuer's Option to Effect Defeasance or Covenant Defeasance. The Issuer may, at its option by Board Resolution, at any time, with respect to the New Timber Notes, elect to have either Section 6.2 or Section 6.3 be applied to all of the outstanding New Timber Notes (the "Defeased Notes"), upon compliance with the conditions set forth below in this Article 6.

6.2 Defeasance and Discharge. Upon the Issuer's exercise under Section 6.1 of the option applicable to this Section 6.2, the Issuer shall be deemed to have been discharged from its obligations with respect to the Defeased Notes on the date the conditions set forth below are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Issuer shall be deemed to have paid and discharged the entire indebtedness represented by the Defeased Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 6.5 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Defeased Notes, this Indenture and the Deed of Trust insofar as such Defeased Notes are concerned (and the Trustee, at the expense of the Issuer, and, upon written request, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Defeased Notes to receive solely from the trust fund described in Section 6.5 and as more fully set forth in such Section, payments in respect of the principal of and interest on such Defeased Notes when such payments are due, (b) the Issuer's obligations with respect to such Defeased Notes under Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8 and 4.2, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder, including, without limitation, the Trustee's rights under Section 7.7, and (d) this Article 6. Subject to compliance with this Article 6, the Issuer may exercise its option under this Section 6.2 notwithstanding the prior exercise of its option under Section 6.3 with respect to the New Timber Notes.

6.3 Covenant Defeasance. Upon the Issuer's exercise under Section 6.1 of the option applicable to this Section 6.3, the Issuer shall be released from its obligations under any

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covenant or provision contained in Sections 4.3 through 4.16, subsections (3), (4) and (5) of Section 5.1 shall not constitute a Default or an Event of Default, with respect to the Defeased Notes on and after the date the conditions set forth below are satisfied (hereinafter, “covenant defeasance”), and the Defeased Notes shall thereafter be deemed to be not “outstanding” for the purposes of any direction, waiver, consent or declaration or other act of the Noteholders (and the consequences of any thereof) in connection with such covenants and Events of Default, but shall continue to be deemed “outstanding” for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to the Defeased Notes, the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or Article, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or Article or by reason of any reference in any such Section or Article to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under subsections (3), (4) and (5) of Section 5.1, but, except as specified above, the remainder of this Indenture and such Defeased Notes shall be unaffected thereby.

6.4 Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to application of either Section 6.2 or Section 6.3 to the Defeased Notes:

(1) The Issuer shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 7.10 who shall agree to comply with the provisions of this Article 6 applicable to it (“qualifying trustee”)) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the New Timber Notes, (a) money in an amount, or (b) U.S. Government Obligations (as defined below) which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than the due date of any payment, money in an amount, or (c) a combination thereof, sufficient (in the opinion of a nationally recognized or regionally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee), without consideration of reinvestment of interest of such U.S. Government Obligations, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, the principal of and interest on the Defeased Notes to maturity (based upon the original Scheduled Amortization of the New Timber Notes with adjustments to such original Scheduled Amortization schedule, which adjustments shall decrease, in order of maturity, the amount of principal payable in accordance with the original Scheduled Amortization schedule on the next succeeding Note Payment Date(s) by the excess, if any, of (i) aggregate principal amount that was paid on or prior to the date of defeasance on the Defeased Notes, over (ii) the sum of all amounts specified in Schedule B to the Indenture as Scheduled Amortization opposite the respective dates occurring on or before the date of defeasance); provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government

Obligations to said payments with respect to the Notes. For this purpose, “U.S. Government Obligations” means (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depositary receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depositary receipt.

(2) No Default or Event of Default under subsection 5.1(6) shall have occurred and be continuing on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(3) No event or condition shall exist that would prevent the issuer from making payments of the principal of and interest on the New Timber Notes on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(4) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, any of the Operative Documents, or any other material agreement or instrument to which the Issuer is a party or by which it is bound.

(5) The Issuer shall have delivered to the Trustee an Opinion of Counsel (who shall be Independent) or a ruling from the Internal Revenue Service to the effect that the Holders of the outstanding New Timber Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance, as the case may be, and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance, as the case may be, had not occurred.

(6) The Issuer shall have delivered to the Trustee an Opinion of Counsel (who shall be Independent) to the effect that (x) the trust funds established pursuant to this Article will not be subject to any rights of other creditors of the Issuer and (y) after the 91st day following the deposit, the trust funds established pursuant to this Article will not be subject to the effect of any applicable United States bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally. (For the limited purpose of the Opinion of Counsel referred to in this clause (6), such Opinion may contain an assumption that the conclusions contained in a customary solvency letter by a nationally recognized appraisal firm, dated as of the date of the deposit and taking into account such deposit, are accurate as of such date, provided that such solvency letter is also addressed and delivered to the Trustee.)

(7) The Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent (other than conditions requiring the passage of time) provided for relating to either the defeasance under Section 6.2 or the covenant defeasance under Section 6.3 (as the case may be) have been complied with as contemplated by this Section 6.4.

Opinions required to be delivered under this Section may have qualifications customary for opinions of the type required.

Expenses of defeasance or covenant defeasance shall be payable solely from funds not held pursuant to this Article 6.

6.5 Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions. All money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee--collectively for purposes of this Section 6.5, the "Trustee") pursuant to Section 6.4 in respect of the Defeased Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Defeased Notes and this Indenture, to the payment, either directly or through the Paying Agent, as the Trustee may determine, to the Holders of such Defeased Notes of all sums due and to become due thereon in respect of principal and interest, but such money need not be segregated from other funds except to the extent required by law.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 6.4 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Defeased Notes. Until principal, interest and all amounts payable in respect of the Defeased Notes have been paid in full or defeased pursuant to this Article 6, all amounts payable by the Issuer in respect of its indemnification obligations pursuant to this paragraph shall be payable solely from funds not held pursuant to this Article 6.

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Anything in this Article 6 to the contrary notwithstanding, the Trustee shall promptly deliver or pay to the Issuer from time to time upon Issuer request any money or U.S. Government Obligations held by it as provided in Section 6.4 which, in the opinion of a nationally recognized or regionally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance.

6.6 Reinstatement. If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 6.2 or 6.3, as the case may be, by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's obligations under this Indenture, the New Timber Notes and the Deed of Trust shall be revived and reinstated as though no deposit had occurred pursuant to Section 6.2 or 6.3, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with Section 6.2 or 6.3, as the case may be; provided, however, that if the Issuer makes any payment to the Trustee or Paying Agent of principal of or interest on any New Timber Note following the reinstatement of its obligations, the Trustee or Paying Agent shall promptly pay any such amount to the Holders of the New Timber Notes and the Issuer shall be subrogated to the rights of the Holders of such New Timber Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 7

THE TRUSTEE AND THE COLLATERAL AGENT

7.1 Duties of Trustee and Collateral Agent.

(a) The Trustee and the Collateral Agent, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertake to perform such duties and only such duties as are specifically set forth in this Indenture and the Deed of Trust. If an Event of Default has occurred and is continuing, the Trustee and the Collateral Agent shall exercise the rights and powers vested in it by this Indenture and the Deed of Trust and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee and the Collateral Agent need perform only those duties that are specifically set forth in this Indenture and the Deed of Trust and no covenants or obligations shall be implied in this Indenture or the Deed of Trust against the Trustee or the Collateral Agent; and

(2) in the absence of bad faith on its part, the Trustee and the Collateral Agent 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 or the Collateral Agent and conforming to the requirements of this Indenture and the Deed of Trust; provided, however, that the Trustee and the Collateral Agent shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture and the Deed of Trust.

(c) The Trustee and the Collateral Agent may not be relieved from liability for their own negligent action, their own negligent failure to act or their own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.1;

(2) neither the Trustee nor the Collateral Agent shall be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee or the Collateral Agent was negligent in ascertaining the pertinent facts; and

(3) neither the Trustee nor the Collateral Agent shall be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.13.

(d) Every provision of this Indenture and the Deed of Trust that in any way relates to the Trustee or the Collateral Agent is subject to paragraphs (a), (b) and (c) of this Section 7.1.

(e) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(f) No provision of this Indenture or the Deed of Trust shall require the Trustee or the Collateral Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

7.2 Rights of Trustee and Collateral Agent.

Subject to Section 7.1:

(a) The Trustee and the Collateral Agent may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. Neither the Trustee nor the Collateral Agent need investigate any fact or matter stated in the document.

(b) Before the Trustee or the Collateral Agent acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel.

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(c) The Trustee and the Collateral Agent may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) Neither the Trustee nor the Collateral Agent shall be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred on it by this Indenture or the Deed of Trust; provided, however, that the Trustee's or the Collateral Agent's conduct does not constitute willful misconduct, negligence or bad faith.

(e) The Trustee and the Collateral Agent may consult with counsel, and the advice or Opinion of Counsel with respect to matters of law relating to this Indenture, the New Timber Notes and the Deed of Trust shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder or thereunder in good faith and in accordance with the advice or Opinion of Counsel.

7.3 Individual Rights of Trustee and Collateral Agent. The Trustee or the Collateral Agent, in its individual or any other capacity, may become the owner or pledgee of New Timber Notes and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Trustee or Collateral Agent. The Paying Agent or the Registrar may do the same with like rights. Notwithstanding the foregoing, the Trustee and the Collateral Agent must comply with Sections 7.10 and 7.12.

7.4 Trustee's and Collateral Agent's Disclaimer. Neither the Trustee nor the Collateral Agent shall be responsible for, and neither the Trustee nor the Collateral Agent makes any representation as to the validity or adequacy of this Indenture, the Notes, or the Deed of Trust, and neither the Trustee nor the Collateral Agent shall be accountable for the Issuer's use of the proceeds from the New Timber Notes, and neither the Trustee nor the Collateral Agent shall be responsible for any statement in this Indenture, the Notes, or the Deed of Trust other than its certificate of authentication.

7.5 Notice of Defaults. If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Noteholder (in the manner and to the extent provided in TIA Section 313(c)) notices of the Default within 60 days after it occurs. Except in the case of a Default in payment of principal of or interest on any New Timber Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interest of Noteholders.

7.6 Reports by Trustee to Noteholders. As promptly as practicable after each May 15, beginning with the May 15 following the date of this Indenture, and in any event prior to July 15 in each year, the Trustee shall mail to each Noteholder a brief report dated as of May 15 of such year that complies with TIA Section 313(a). The Trustee also shall comply with TIA Section 313(b)(1) and (2).

A copy of such report at the time of its mailing to Noteholders shall be filed with the SEC and each stock exchange, if any, on which the New Timber Notes are listed. The Issuer agrees to notify the Trustee whenever the New Timber Notes become listed on any stock exchange and of any delisting thereof.

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7.7 Compensation and Indemnity. The Issuer shall pay to the Trustee and the Collateral Agent from time to time reasonable compensation for its services. The Trustee's and the Collateral Agent's compensation shall not be limited by any law on compensation relating to the trustee of an express trust. The Issuer shall reimburse the Trustee and the Collateral Agent upon request for all reasonable out-of-pocket expenses incurred by it, except any such expense as may arise from the Trustee's or Collateral Agent's negligence, bad faith or willful misconduct. Such expenses shall include the reasonable compensation and expenses of the Trustee's and the Collateral Agent's agents and counsel. The Issuer shall indemnify the Trustee and the Collateral Agent against any loss, liability or expense (including reasonable attorneys' fees) incurred by it without negligence or bad faith on its part in connection with the administration of this trust and the performance of its duties hereunder. The Trustee and the Collateral Agent shall notify the Issuer promptly of any claim for which it may seek indemnity. The Issuer shall have the right to defend the claim and the Trustee and the Collateral Agent shall cooperate in the defense. The failure of the Trustee or the Collateral Agent to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer need not pay for any settlement made without its written consent. The Issuer need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee or the Collateral Agent through willful misconduct, negligence or bad faith.

The Issuer's payment obligations pursuant to this Section shall survive the discharge of this Indenture and release of the Deed of Trust.

7.8 Replacement of Trustee and Collateral Agent. A resignation or removal of the Trustee or the Collateral Agent and the appointment of a successor Trustee and Collateral Agent shall become effective only upon the successor Trustee's and Collateral Agent's acceptance of appointment as provided in this Section 7.8. The Trustee and the Collateral Agent may resign at any time by so notifying the Issuer and the Holders in writing. The Majority Holders may remove the Trustee and the Collateral Agent by so notifying the Trustee and the Collateral Agent in writing and may appoint a successor Trustee and Collateral Agent with the Issuer's consent. The Issuer shall remove the Trustee and the Collateral Agent if:

- (1) the Trustee or Collateral Agent fails to comply with Section 7.10;
- (2) the Trustee or Collateral Agent is adjudged as bankrupt or insolvent or an order for relief is entered with respect to the Trustee or Collateral Agent under any Bankruptcy Law;
- (3) a custodian, receiver or other public officer takes charge of the Trustee or Collateral Agent or its property; or
- (4) the Trustee or Collateral Agent otherwise becomes incapable of acting.

If the Trustee or Collateral Agent resigns or is removed or if a vacancy exists in the office of Trustee or Collateral Agent for any reason, the Issuer shall promptly appoint a successor Trustee and Collateral Agent.

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A successor Trustee and Collateral Agent shall deliver a written acceptance of its appointment to the retiring Trustee and Collateral Agent and to the Issuer. Thereupon the resignation or removal of the retiring Trustee and Collateral Agent shall become effective, and the successor Trustee and Collateral Agent shall have all the rights, powers and duties of the Trustee and Collateral Agent under this Indenture and the Deed of Trust. The successor Trustee and Collateral Agent shall mail a notice of its succession to Noteholders. The retiring Trustee and Collateral Agent shall promptly transfer all property held by it as Trustee or Collateral Agent to the successor Trustee.

If a successor Trustee and Collateral Agent does not take office within 60 days after the retiring Trustee and Collateral Agent resigns or is removed, the retiring Trustee and Collateral Agent, the Issuer or the Majority Holders may petition any court of competent jurisdiction for the appointment of a successor Trustee and Collateral Agent.

If the Trustee and Collateral Agent fail to comply with Section 7.10, any Noteholder may petition any court of competent jurisdiction for the removal of the Trustee and Collateral Agent and the appointment of a successor Trustee and Collateral Agent.

7.9 Successor Trustee or Collateral Agent by Merger. If the Trustee or Collateral Agent consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets (including the trust created by this Indenture) to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee and Collateral Agent; provided that in the case of a transfer of all or substantially all of its corporate trust business to another corporation, the transferee corporation expressly assumes all the Trustee's and Collateral Agent's liabilities under the Indenture and the Deed of Trust.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture and the Deed of Trust, any of the New Timber Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such New Timber Notes so authenticated; and in case at that time any of the New Timber Notes shall not have been authenticated, any successor to the Trustee may authenticate such New Timber Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the New Timber Notes or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor trustee or authenticate New Timber Notes in the name of any predecessor trustee shall only apply to its successors by merger, conversion or consolidation.

7.10 Eligibility; Disqualification. The Trustee and the Collateral Agent shall at all times satisfy the requirements of TIA Section 310(a)(1) and (2). In addition, without limiting the foregoing, the Trustee and the Collateral Agent shall at all times be authorized to conduct a corporate trust business, in good standing, and be either (a) a bank or trust company having, or (b) a wholly-owned subsidiary of a bank or trust company having, a combined capital and surplus of at least \$250,000,000 as set forth in its most recent published annual report of

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condition. The Trustee and the Collateral Agent shall comply with TIA Section 310(b), including the optional provision permitted by the second sentence of TIA Section 310(b)(9).

7.11 Preferential Collection of Claims Against Issuer. The Trustee and the Collateral Agent shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee and Collateral Agent who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

7.12 Trustee and Collateral Agent. The Trustee and the Collateral Agent shall at all times be one and the same Person.

ARTICLE 8

AMENDMENTS

8.1 Without Consent of Noteholders. The Issuer and the Trustee may amend, supplement or otherwise modify this Indenture or the New Timber Notes without notice to or consent of any Noteholder:

- (1) to cure any ambiguity, omission, defect or inconsistency;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes; provided, however, that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated notes are described in Section 163(f)(2)(B) of the Code;
- (3) to make any change that does not adversely affect the rights of any Noteholder;
- (4) to add to the covenants of the Issuer for the benefit of the Noteholders or to surrender any right or power herein conferred upon the Issuer;
- (5) to comply with the TIA; or
- (6) to comply with the provisions of Section 4.8.

After an amendment, supplement or modification under this Section becomes effective, the Issuer shall mail to Noteholders a notice briefly describing such amendment, supplement or other modification. The failure to give such notice to all Noteholders, or any defect therein, shall not impair or affect the validity of an amendment, supplement or other modification under this Section 8.1.

8.2 With Consent of Noteholders.

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(a) The Issuer and the Trustee may amend, supplement or otherwise modify this Indenture or the New Timber Notes without notice to any Noteholder but with the written consent of the Majority Holders. Subject to Sections 5.9 and 5.17, the Majority Holders may waive compliance by the Issuer with any provision of this Indenture, the Deed of Trust or the New Timber Notes without notice to any Noteholder.

(b) Notwithstanding anything to the contrary contained in Sections 8.1 and 8.2(a), without the consent of each Noteholder affected, an amendment, supplement, other modification or waiver may not:

(1) reduce the aggregate outstanding principal amount of New Timber Notes whose Noteholders must consent to an amendment, supplement, other modification or waiver;

(2) reduce the rate of or extend the time for payment of interest on any New Timber Note;

(3) reduce the principal of or extend the fixed maturity of any New Timber Note;

(4) make any New Timber Note payable in money other than that stated in the New Timber Note;

(5) impair the right to institute suit for the enforcement of any payment on or with respect to any New Timber Note; or

(6) make any change in this Section 8.2.

(c) It shall not be necessary for the consent of the Noteholders under this Section 8.2 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

(d) After an amendment, supplement, waiver or other modification under this Section becomes effective, the Issuer shall mail to Noteholders a notice briefly describing such amendment. The failure to give such notice to all Noteholders, or any defect therein, shall not impair or affect the validity of an amendment, supplement, waiver or other modification under this Section. Any amendment, supplement, waiver or other modification shall be binding upon all subsequent transferees of Notes.

8.3 Compliance with Trust Indenture Act. Every amendment, supplement or other modification to this Indenture or the New Timber Notes shall comply with the TIA as then in effect.

8.4 Effect of Consents and Waivers; No Revocation of Consents. A consent to an amendment, supplement or other modification or a waiver by a Noteholder under or in connection with this Indenture or the Deed of Trust shall bind the Noteholder and every subsequent holder of that New Timber Note or portion of the New Timber Note that evidences the same debt as the consenting Noteholder's New Timber Note, even if notation of the consent

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or waiver is not made on the New Timber Note. Once such consent shall be given by a Noteholder, such consent may not be revoked by such Noteholder or any subsequent holder. After an amendment, supplement or other modification or waiver becomes effective, it shall bind every Noteholder, unless it makes a change described in any of clauses (1) through (6) of Section 8.2(b). In that case, the amendment, supplement, waiver or other modification shall bind each Noteholder who has consented to it and every subsequent Holder of a New Timber Note or a portion of a New Timber Note that evidences the same debt as the consenting Noteholder's New Timber Note.

The Issuer shall (or, if Definitive Notes have been issued, may, but shall not be obligated to) fix a record date for the purpose of determining the Noteholders entitled to give their consent or take any other action described above. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those persons who were Noteholders at such record date (or their duly designated proxies), and only those persons, shall be entitled to give such consent or to take any such action, whether or not such persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 130 days after such record date.

8.5 Notation on or Exchange of Notes. If an amendment changes the terms of a New Timber Note, the Trustee may require the Noteholder to deliver it to the Trustee. The Trustee may place an appropriate notation on the New Timber Note regarding the changed terms and return it to the Holder. Alternatively, if the Issuer or the Trustee so determines, the Issuer in exchange for the New Timber Note shall issue and the Trustee shall authenticate a new New Timber Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new New Timber Note shall not affect the validity of such amendment, supplement or other modification.

8.6 Trustee to Sign Amendments, Etc. The Trustee shall sign any amendment, supplement or other modification authorized pursuant to this Article 10 if the amendment, supplement or other modification does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not sign it. In signing such amendment, supplement or other modification the Trustee shall be entitled to receive, and (subject to Section 7.1) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment, supplement, waiver or other modification is authorized or permitted by this Indenture.

ARTICLE 9

MISCELLANEOUS

9.1 Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

9.2 Notices. Any notice or communication shall be in writing and delivered in person, transmitted by facsimile (confirmed in writing by mail simultaneously dispatched) or mailed by first-class mail addressed as follows:

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If to the Issuer:

[Newco]
[Newco Address]
Telecopy No.: [_____]]
Attention: [_____]]

With copies to:

[_____]]
Attention: [_____]]

and

if to the Trustee:

[_____]]
[_____]]
Attention: [_____]] ([Newco] Timber Collateralized Notes)
Telecopy No.: [_____]]

The Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Noteholder shall be mailed to the Noteholder at the Noteholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. Notwithstanding anything to the contrary in this Section 9.2, notices to the Issuer or the Trustee shall only be deemed given when received by the Issuer or the Trustee, as the case may be.

9.3 Communication by Holders with Other Noteholders. Noteholders may communicate pursuant to TIA Section 312(b) with other Noteholders with respect to their rights under this Indenture or the New Timber Notes and the Trustee will comply with TIA Section 312(b). The Issuer, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

9.4 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer to the Trustee to take any action under this Indenture, the Issuer shall furnish to the Trustee upon the Trustee's request:

- (i) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with (or will have been complied with upon the execution and delivery of designated instruments); and

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(ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with (or will have been complied with upon the execution and delivery of designated instruments).

except that in the case of any application or request as to which the furnishing of such Officers' Certificate or Opinion of Counsel is specifically required by any provisions of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

9.5 Statements Required in Certificate or Opinion.

(a) Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the person making such certificate or rendering such opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such covenant or condition has been complied with.

(b) Unless otherwise expressly provided herein, any application, request, order, certified resolution, certificate, notice, statement or other instrument of the Issuer or of any other Person required or permitted to be filed with the Trustee or to be made or given under this Indenture shall be dated and shall state the provision or provisions of this Indenture pursuant to which it is filed, made or given and shall be signed by a Responsible Officer of the Person taking such action.

(c) Any counsel giving an Opinion of Counsel that an instrument conforms to the requirements of this Indenture, or with respect to any similar matter, may state that such counsel is not passing upon the truth, accuracy or good faith of the facts or opinions stated in any application, request, order, certified resolution, Officer's Certificate, appraiser's certificate, notice, statement or other instrument required to be delivered to the Trustee signed by any Person other than such counsel.

(d) Any Officer's Certificate of the Issuer or certificate of an appraiser, forester or other expert may be based, insofar as the matters therein are of a legal nature, upon an Opinion of Counsel, unless such officer, appraiser or forester knows that such Opinion of Counsel is, or any of the facts upon which such Opinion of Counsel is based is, erroneous.

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(e) Any Opinion of Counsel may be based, insofar as it relates to factual matters or information in possession of the Issuer, upon an Officer's Certificate or representations of a Responsible Officer of the Issuer, unless such counsel knows that such Officer's Certificate or representations are erroneous.

(f) Any Opinion of Counsel may be based, insofar as it relates to appraisal matters, upon an appraiser's certificate, unless such counsel knows that the appraiser's certificate is erroneous.

(g) Any Opinion of Counsel may be based on the written opinion of other counsel reasonably satisfactory to the Trustee, in which event such Opinion of Counsel shall be accompanied by a copy of such other counsel's opinion addressed to the Trustee.

9.6 When New Timber Notes Disregarded. In determining whether the Holders of the required principal amount of New Timber Notes have concurred in any request, demand, authorization, direction, notice, consent or waiver under or in connection with this Indenture or the Deed of Trust, New Timber Notes owned by the Issuer shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only New Timber Notes which the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only New Timber Notes outstanding at the time shall be considered in any such determination.

9.7 Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Noteholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

9.8 Business Days. If a payment date is not a Business Day, payment shall be made on the next succeeding Business Day. If a regular record date is not a Business Day, the record date shall not be affected.

9.9 GOVERNING LAW; JURISDICTION; VENUE. EXCEPT TO THE EXTENT THAT FEDERAL LAW (INCLUDING, BUT NOT LIMITED TO, THE BANKRUPTCY CODE AND RULES PROMULGATED THEREUNDER) IS APPLICABLE OR THE PLAN OR THIS INDENTURE PROVIDES OTHERWISE, THE RIGHTS AND OBLIGATIONS ARISING UNDER THIS INDENTURE AND THE NEW TIMBER NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES. PURSUANT TO SECTIONS 105(C) AND 1142 OF THE BANKRUPTCY CODE, THE BANKRUPTCY COURT SHALL RETAIN JURISDICTION OVER ALL MATTERS ARISING OUT OF, AND RELATED TO, THIS INDENTURE AND THE NEW TIMBER NOTES TO THE FULLEST EXTENT PERMITTED BY LAW. IN THE EVENT THAT THE BANKRUPTCY COURT IS FOUND TO LACK JURISDICTION TO RESOLVE ANY MATTER, THEN SUCH MATTER MAY BE BROUGHT BEFORE ANY COURT HAVING SUCH JURISDICTION WITH REGARD THERETO; PROVIDED, HOWEVER, THAT ANY NOTEHOLDER HEREBY CONSENTS TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE

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SOUTHERN DISTRICT OF TEXAS, CORPUS CHRISTI DIVISION, AND TO VENUE IN NUECES COUNTY, TEXAS.

9.10 No Recourse Against Others. A manager, director, officer, employee, member or stockholder, as such, of the Issuer or the Trustee shall not have any liability for any obligations of the Issuer or the Trustee under the New Timber Notes or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a New Timber Note, each Noteholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the New Timber Notes.

9.11 Successors. All agreements of the Issuer in this Indenture and the New Timber Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

9.12 Severability. In case any provision of this Indenture or in the New Timber Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions thereof shall not in any way be affected or impaired thereby.

9.13 Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture. This Indenture may be executed in two or more counterparts, each of which shall be an original, but all of them together constitute the same agreement.

9.14 Table of Contents; Headings. The table of contents, cross reference sheet and headings of the Articles and Sections of this Indenture and the New Timber Notes have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify, restrict or otherwise affect the meaning or interpretation of any of the terms or provisions hereof.

9.15 Benefits of Indenture. Nothing in this Indenture or the Notes, express or implied, shall give to any person, other than the parties hereto, their successors hereunder and the Noteholders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

9.16 Limitations on Bankruptcy Petition Against Issuer. The Trustee and each of the Noteholders hereby covenant and agree that, prior to the date which is one year and one day after the payment in full of all outstanding New Timber Notes, it will not institute against, or join any other Persons in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other similar proceeding under any Bankruptcy Law, unless the consent of the Holders of 51% in aggregate outstanding principal amount of the New Timber Notes to the taking of such action is obtained.

9.17 Entire Agreement. This Indenture constitutes the entire agreement of the parties with respect to the subject matter hereof.

9.18 Concerning Paying Agents, Registrars, Securities Intermediaries and Collateral Agents. Whether or not any applicable provision of this Indenture or any other Operative Document expressly so provides, and notwithstanding any other provision of this

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Indenture or any other Operative Document to the contrary, any document, investment direction or other written or oral statement of any other Person on which the Trustee is entitled to rely may also be relied upon by any Paying Agent, Registrar or Collateral Agent.

ARTICLE 10

DISCHARGE

10.1 Discharge. This Indenture shall cease to be of further effect at such time as (i) all outstanding New Timber Notes have become due and payable, will become due and payable within six months (based upon the actual principal amount of the New Timber Notes previously paid and future payments of principal based upon Minimum Principal Amortization), or have been called for redemption on a redemption date that is within six months under arrangements satisfactory to the Trustee for giving the notice of redemption and the Issuer shall have irrevocably (i.e., without condition or right of withdrawal) deposited with the Trustee funds sufficient to pay all outstanding New Timber Notes, including unpaid principal thereof, accrued and unpaid Regular Interest, and accrued and unpaid Default Interest, if any, thereon, and the Issuer shall have paid in full all other sums payable hereunder and under the Deed of Trust by the Issuer and (ii) an Officer's Certificate and an Opinion of Counsel to the effect of the preceding clause (i) shall have been delivered to the Trustee; provided that the Issuer's obligations under Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 7.7 and 7.8 shall survive until the New Timber Notes have been paid in full, and thereafter the Issuer's obligations under Section 7.7 shall continue to survive. Upon satisfaction of the conditions in the preceding clauses (i) and (ii), the Trustee shall acknowledge in writing the discharge of the Issuer's obligations under the New Timber Notes and this Indenture except for those surviving obligations specified herein.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

[NEWCO]

By _____

Name: _____

Title: _____

[_____] ,

as Trustee

By _____

Name: _____

Title: _____

SCHEDULE A

DEFINITIONS

“Administrative Expense” has the meaning given it in the Plan.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition of “Affiliate,” “control,” when used with respect to any specified Person, means 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” have meanings correlative to the foregoing.

“Allowed” means Bankruptcy Court approval of a Claim or Interest.

“Assigned Proceeds” has the meaning given to such term in Section 2.1 of the Deed of Trust.

“Authenticating Agent” has the meaning given to such term in Section 2.2 of the Indenture.

“Bankruptcy Code” means title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as in effect on the Issue Date, together with all amendments and modifications thereto subsequently made.

“Bankruptcy Court” has the meaning given to such term in the Recitals of the Indenture.

“Bankruptcy Law” means any Federal or State bankruptcy, insolvency, reorganization or similar law for the relief of debtors from time to time in effect.

“Bankrupt or Insolvent” or “Bankruptcy or Insolvency” shall have occurred or exist with respect to any Person if:

(a) such Person shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property under any Bankruptcy Law, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other Bankruptcy Law, or (v) acquiesce in writing to any petition filed against it in an involuntary case under the Bankruptcy Code;

(b) a proceeding or case shall be commenced, without the application or consent of such Person, in any court of competent jurisdiction, seeking under any Bankruptcy Law (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person, or of all or any substantial part of its assets or (iii) similar relief in respect of such Person under any Bankruptcy Law, and such proceeding or case shall continue

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undismissed, or an order, judgment or decree approving or ordering any of the foregoing (other than an order referred to in clause (c) below) shall be entered and continue unstayed and in effect, for a period of 60 or more consecutive days; or

(c) an order for relief against such Person shall be entered in an involuntary case under the Bankruptcy Code.

“*Board of Managers*” means:

(a) the Board of Managers of the Issuer; or

(b) any Manager or committee of such Board of Managers duly authorized under applicable law to act on behalf of such Board of Managers.

“*Board Resolution*” means a resolution duly adopted by the Board of Managers of the Issuer.

“*Book-Entry Note*” means any beneficial interest in the New Timber Notes, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 2.6 of the Indenture; provided, that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Notes are issued to all Note Owners, such New Timber Notes shall no longer be “Book-Entry Notes.”

“*Business Day*” means any day other than a Saturday, a Sunday or a day on which banking institutions in the Borough of Manhattan, the City of New York, New York are authorized or required by law or executive order to close.

“*CERCLA*” means the Comprehensive Environmental Response, Compensation and Liability Act, as the same may be in effect from time to time, any successor statute, and the rules and regulations thereunder.

“*Certificate*” means a certificate conforming to the requirements of Section 9.5 of the Indenture and Section 10.9 of the Deed of Trust.

“*Claim*” has the meaning set forth in section 101(5) of the Bankruptcy Code, against any Debtor or Estate whether or not asserted.

“*Clearing Agency*” shall mean an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act, and meeting the requirements of the definition of the term “clearing corporation” in Article Eight of the Uniform Commercial Code of the State of New York, which is the Holder of any Book-Entry Note.

“*Clearing Agency Agreement*” shall mean the letter of representations dated on or prior to the Issue Date, among the Issuer, the Trustee and the initial Clearing Agency relating to the Book-Entry Notes, as the same may be amended, modified or supplemented.

“*Clearing Agency Participant*” shall mean a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency records in a book-

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entry system ownership, transfers and pledges of securities deposited with such Clearing Agency.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral Agent” means [_____], in its capacity as collateral agent for the Holders of the New Timber Notes pursuant to the Deed of Trust and the Indenture, together with its successors in such capacity.

“Collateral Agent Expenses” means any expenses or damages of or compensation owing to the Collateral Agent (including, without limitation, the reasonable fees and disbursements of counsel to the Collateral Agent) incurred with respect to the enforcement or administration of the Deed of Trust or owing to the Collateral Agent as part of the Secured Obligations.

“Collateral Mortgaged Property” means and includes all Mortgaged Property (including both those now and hereafter existing), to which Article 9 of the Uniform Commercial Code may now or hereafter apply, including, but not limited to, personal property (tangible and intangible), fixtures, goods, documents, instruments, general intangibles, chattel paper, accounts, deposit accounts, products and proceeds, and further including, without limitation, Company Timber, the Assigned Proceeds, the Data Processing Equipment, Data Processing Information and the Subject Contracts.

“Company Owned Timberlands” means:

(a) the parcels of land described in Exhibit A to the Deed of Trust, together with the entire right, title and interest of the Issuer in and to such parcels of land, subject to Permitted Encumbrances, together with (a) all right, title and interest of the Issuer in and to all buildings, structures and other improvements now standing, or at any time hereafter constructed or placed, upon such land, including, without limitation, all right in and to all equipment and fixtures of every kind and nature on such land or in any such buildings, structures or other improvements (such buildings, structures, other improvements, equipment and fixtures being herein collectively called the “Improvements”), (b) all right, title and interest of the Issuer in and to all and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances in and to such land belonging or in any way appertaining thereto, including without limitation, all right, title and interest of the Issuer in, to and under any streets, ways, alleys, vaults, gores or strips of land adjoining such land and (c) all claims or demands of the Issuer, in law or in equity, in possession or expectancy of, in and to such land together with all rents, income, revenues, issues and profits from and in respect of the property described above in this paragraph (a) and the present and continuing right to make claim for, collect, receive and receipt for the same as hereinafter provided. It is the intention of the Issuer that, so far as may be permitted by law, all of the foregoing, whether now owned or hereafter acquired by the Issuer, affixed, attached or annexed to such land shall be and remain or become and constitute a part of the Mortgaged Property and the security covered by and subject to the Lien of the Deed of Trust;

(b) all right, title and interest of the Issuer in and to (i) all extensions, improvements, betterments, renewals, substitutes and replacements of and on the property described in the foregoing clause (a) and (ii) all additions and appurtenances thereto not

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presently leased to or owned by the Issuer and hereafter leased to, acquired by or released to the Issuer or, constructed, assembled or placed upon the Company Owned Timberlands immediately upon such leasing, acquisition, release, construction, assembling or placement, and without any further grant or other act by the Issuer (including, without limitation, all lands added by lot line adjustment to any existing legal parcel constituting part of the Company Owned Timberlands); and

(c) all the estate, right, title and interest of the Issuer, in and to all contract rights, actions and rights in action, relating to the property described in clause (a), including, without limitation, all rights to insurance proceeds and unearned premiums arising from or relating to damage to such property.

“*Company Timber*” means (i) all trees and timber, including, without limitation, standing timber and crops, now located on or hereafter planted or growing in the soil of any Company Owned Timberlands, or any part or parcel thereof, and all additions, substitutions and replacements thereof and (ii) any and all Harvested Timber.

“*Company Timber Property*” means the Company Owned Timberlands and the Company Timber.

“*Contingent Obligation*” means, as to any Person, any obligation of such Person guaranteeing any Indebtedness, leases, dividends or other obligations (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligations of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business or obligations in connection with surety or appeal bonds.

“*Corporate Trust Office*” means the office of the Trustee, the Collateral Agent or the Registrar, as applicable, at which the trust created by this Indenture shall be principally administered.

“*Counsel*” means legal counsel reasonably satisfactory to the Trustee. Such legal counsel may be an employee, officer, manager or director of the Issuer or an Affiliate of the Issuer, unless otherwise indicated.

“*covenant defeasance*” shall have the meaning set forth in Section 6.3 of the Indenture.

“*Data Processing Equipment*” means all hardware, software, or other data processing systems or equipment, whether now owned or hereafter acquired by the Issuer, and wherever located.

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“*Data Processing Information*” means all information, programs, know-how, methods or methodology relating to the management of the Company Timber Property, the harvesting, severing or cutting of Company Timber, and the preparation of applications for Timber Harvesting Plans, including, without limitation, all such information, programs, know-how, methods or methodology relating to the GIS.

“*Deed of Trust*” means the Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment dated [_____], 2008 by [Newco], as trustor, in favor of the Deed of Trust Trustee for the benefit of the Collateral Agent, as beneficiary and agent for the Secured Parties, as the same may be amended, supplemented and otherwise modified and in effect from time to time.

“*Deed of Trust Trustee*” means [Fidelity National Title Insurance Company], and its successors in the trust created by the Deed of Trust.

“*Default*” means any occurrence or condition that, with notice or the lapse of time, or both, would become an Event of Default.

“*Default Interest*” means the interest accruing at the Default Rate on any amount of principal and/or Regular Interest on any New Timber Notes that was not paid when such amount became due and payable.

“*Default Rate*” means the Note Rate plus 2.00% per annum.

“*defeasance*” shall have the meaning set forth in Section 6.2 of the Indenture.

“*Defeased Notes*” shall have the meaning set forth in Section 6.1 of the Indenture.

“*Definitive Notes*” has the meaning given to such term in Section 2.5(b) of the Indenture.

“*Depository*” means, with respect to the Global Certificates, DTC or such other Person or Persons as shall be designated as Depository by the Registrar pursuant to Section 2.6(a) of the Indenture.

“*Dollars*” and “\$” means lawful money of the United States of America.

“*DTC*” means The Depository Trust Company, a New York corporation.

“*DTC Custodian*” has the meaning given to such term in Section 2.1 of the Indenture.

“*Environmental Laws*” means all federal, state or local statutes, laws, ordinances, regulations, rules, rulings, orders, restrictions, requirements, writs, injunctions, decrees or other official acts relating to the environment or hazardous or similar substances (including, without limitation, CERCLA and similar state laws), whether now or hereafter enacted or imposed by any Governmental Authority.

“*Event of Default*” has the meaning given to such term in Section 5.1 of the Indenture.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended and in effect from time to time.

“*Final Maturity Date*” means [_____], 2043.

“*Financial Asset*” means “*financial asset*” as defined in Section 8-102(a)(9) of the Uniform Commercial Code.

“*GIS*” means the geographical information system of the Issuer, including any Data Processing Equipment and/or Data Processing Information which is a part of such system, and any updates, upgrades or modifications thereto developed by the Issuer.

“*Global Notes*” has the meaning given to such term in Section 2.1 of the Indenture.

“*Governmental Authority*” means (a) the United States of America, (b) any State, commonwealth, county, parish, municipality, territory, possession or other governmental subdivision within the United States of America or under the jurisdiction of the United States of America and (c) any Tribunal.

“*Harvested Timber*” means all trees, timber and crops which have been severed, cut or harvested from the Company Timber Property, or any parcel thereof, and with respect to which title has not yet passed to a third party purchaser in compliance with the terms of the Indenture.

“*Holder*” means the Person in whose name a New Timber Note is registered on the Register.

“*Indebtedness*” means, as to any Person, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (ii) the face amount of all letters of credit issued for the account of such Person and all drafts drawn thereunder, (iii) the aggregate amount payable under all capital leases under which such person is the lessee, (iv) all Contingent Obligations of such Person, (v) all net obligations of such Person under any interest rate protection agreements, (vi) all obligations of such Person under “take-or-pay” or other similar agreements and (vii) all liabilities of the types described in clauses (i), (ii), (iii), (iv), (v) and (vi) secured by any Lien on any property owned by such Person, whether or not such liabilities have been assumed by such Person; provided, however, that Indebtedness shall not include (a) trade payables due within 90 days, accrued expenses and other current liabilities arising in the ordinary course of business in commercially reasonable amounts not inconsistent with industry standards, (b) compensation, pension obligations and other obligations arising from employee benefits and employee arrangements in commercially reasonable amounts not inconsistent with industry standards, (c) indebtedness consisting of letters of credit or otherwise required by law in respect of workers’ compensation obligations or similar social insurance and (d) indebtedness the occurrence of which is expressly contemplated by the terms of the Indenture or other Operative Documents.

“*Indenture*” shall mean the Indenture between the Issuer and the Trustee, pursuant to which the New Timber Notes have been issued, as the same may be amended, modified or supplemented.

“*Independent*” when used with respect to any specified Person, means that such Person:

- (a) is in fact independent of the Issuer and any other obligor upon the New Timber Notes;
- (b) is not an employee, officer, manager, director or an Affiliate of the Issuer or such other obligor; and
- (c) does not own, and that no Affiliate of such Person owns, directly or indirectly, any beneficial or other interest in the Issuer or such other obligor or in any Affiliate of the Issuer or such other obligor.

“*Issue Date*” shall mean the date on which the New Timber Notes are issued pursuant to the Indenture.

“*Issuer*” has the meaning given to such term in the recitals to the Indenture.

“*Issuer Taxes*” means (without duplication) all taxes, assessments, fees, levies, imposts, duties, deductions, withholdings or other charges, together with any interest and penalties payable in connection therewith, from time to time or at any time imposed or assessed by any statute, law, ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of any Governmental Authority (a) against the Issuer by reason of the Issuer’s ownership, harvesting, sale or other disposition or use of all or any part of the Mortgaged Property, (b) upon or with respect to, measured by or charged against, required to be deducted or withheld from or otherwise attributable to all or any part of the Mortgaged Property (or the use, sale or other disposition thereof) or (c) upon or against the Issuer, the Collateral Agent, the Trustee or any Beneficiary (as defined in the Deed of Trust) by reason of the Deed of Trust or the Liens created thereby, including, without limitation, yield, franchise, sales, transfer, gross receipts, profits, income (other than income taxes imposed on amounts paid or accrued on the Notes), property, ad valorem, production and severance taxes.

“*Lien*” means any deed of trust, security interest, assignment, pledge, hypothecation, charge or other encumbrance.

“*Lien of the Deed of Trust*” means the lien, assignment and security interest created or granted, or renewed, extended and continued in force and effect, by the Deed of Trust (including the after-acquired property provisions of the Deed of Trust), or created by any subsequent conveyance under the Deed of Trust or supplement to the Deed of Trust in favor of the Collateral Agent (whether made by the Issuer or any other Person), or otherwise created, effectively constituting any property a part of the security and Mortgaged Property held by the Collateral Agent for the benefit of the Secured Parties.

“*Majority Holders,*” at any date, means, subject to the provisions of Section 5.13 of the Indenture, the Holders of a majority in aggregate outstanding principal amount of New Timber Notes at such date.

“*Manager*” means a manager of the Issuer.

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“*Minimum Principal Amortization*” means the amount of principal payments on the New Timber Notes set forth under the column headed “Minimum Principal Amortization” in Schedule B to the Indenture.

“*Minimum Principal Amortization Amount*” means, as of any Note Payment Date, the excess, if any, of: (i) the sum of all amounts specified in Schedule B to the Indenture as Minimum Principal Amortization opposite the respective Note Payment Dates occurring on or prior to such Note Payment Date, over (ii) the aggregate principal amount that was paid on the New Timber Notes prior to such Note Payment Date.

“*Monthly Calculation Date*” means the last day of each calendar month.

“*Mortgaged Property*” means all of the rights, titles, interests and estates now owned or hereafter acquired by the Issuer in, to and under, each of the following:

- (a) the Company Owned Timberlands;
- (b) all Company Timber;
- (c) all the Subject Contracts, and all the Proceeds now or hereafter receivable, owing, deliverable, performable or attributable to or under the Subject Contracts;
- (d) all Data Processing Equipment and all other machinery, equipment and other tangible personal property and all fixtures and improvements now or hereafter situated upon any part of the Company Owned Timberlands;
- (e) all Data Processing Information and all other information, programs, know-how, methods or methodology relating to the management of the Company Timber Property and the harvesting, severing or cutting of Company Timber;
- (f) all existing and future permits, licenses, rights-of-way, easements, leases, franchises, certificates of public convenience and necessity, and all similar rights and privileges, that relate to or are appurtenant to any part of the Company Timber Property;
- (g) all Proceeds of and other rights relating to insurance or condemnation (including, without limitation, any judgments, insurance proceeds, awards of damages and settlements) receivable or accruing by reason of the loss of, damage to, diminution in the value of or income or revenues from, or taking (by power of eminent domain or otherwise) of all or any part of the properties or interests hereinabove or herein below described in this definition of the Mortgaged Property;
- (h) all documents, instruments, drafts, acceptances, general intangibles, chattel paper, deposit accounts, accounts, and all the Proceeds therefrom or attributable thereto, whether now or hereafter existing, arising out of or relating to the sale, use, exchange, development, operation, cutting, harvesting, storage, gathering, transportation, improvement, marketing, disposal, lease, handling or other dealings with or of all or any portion of the properties or interests hereinabove or herein below described in this definition of Mortgaged Property;

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(i) without limiting the foregoing descriptions, all equipment and inventory (as such terms are defined in the Uniform Commercial Code) and all documents (as defined in the Uniform Commercial Code) now and at any time or times hereafter obtained or acquired by the Issuer covering or representing all or any portion of the properties or interests hereinabove or herein below described in this definition of Mortgaged Property;

(j) all Timber Harvesting Plans and any other permits, documents or other governmental approvals pertaining to the harvesting, cutting, severing, transporting, storing, processing or handling of the Company Timber; and all plans, engineering reports, land planning, maps, surveys, and information and any other reports, plans, maps, surveys or information to be used in connection with the Company Owned Timberlands.

(k) all property of any kind or description that (i) may from time to time after the date of the Deed of Trust by delivery or by writing of any kind be conveyed, mortgaged, pledged, assigned or transferred to the Collateral Agent by the Issuer, or by any Person, with the consent of the Issuer, or otherwise as expressly permitted by the terms of the Deed of Trust and accepted by the Collateral Agent to be held as part of the Mortgaged Property or (ii) is required by the terms of the Indenture or the Deed of Trust to be subjected to the Lien of the Deed of Trust;

(l) each and every right, privilege, hereditament and/or appurtenance in anywise incident or appertaining to any of the properties or interests hereinabove or herein below described in this definition of the Mortgaged Property;

(m) the Proceeds from or attributable to the rights, titles, interests and estates hereinabove referred to in this definition of the Mortgaged Property (including, without limitation, all Assigned Proceeds), all guarantees and suretyship agreements relating to any such Proceeds, and the rights, titles and interests of the Issuer therein, and all security for payment or performance thereof, now or hereafter existing or arising;

(n) all other personal property used in connection with the above-described Mortgaged Property; and

(o) all extensions, renewals, proceeds, accessions, improvements, substitutions and replacements of and to any of the above-described Mortgaged Property.

Notwithstanding the foregoing, Mortgaged Property shall not include (i) any motor vehicles subject to a certificate of title law, (ii) any Timber Harvesting Plans, to the extent that the Issuer is prohibited from granting a security interest therein or (iii) any permits, documents or other governmental approvals other than Timber Harvesting Plans which the Issuer is prohibited by applicable law from granting a security interest in.

“*Mortgaged Property Redemption Threshold*” has the meaning set forth in Section 4.15(b)(i) of the Indenture.

“*Mortgaged Property Sales Account*” has the meaning given to such term in Section 4.15(b) of the Indenture.

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“*Mortgaged Property Sales Redemption*” has the meaning given to such term in Section 4.15(b) of the Indenture.

“*Mortgaged Property Sales Threshold*” has the meaning given to such term in Section 4.15(a) of the Indenture.

“*New Timber Note*” or “*Note*” means any of the 5.50% Timber Collateralized Notes.

“*New Timber Note Adjustment*” means a reduction dollar for dollar by the amount determined by the following equation: (a) the excess of the amount of the Allowed Scopac Loan Claim, any postpetition financing provided to Scopac and any other Secured Claim required to be paid by Scopac in excess of the outstanding balance as of the Effective Date in the SAR Account; plus (b) the excess of (i) the sum of (x) accrued by unpaid Scopac Administrative Expense Claims plus (y) Tax Claims that first arise after the Petition Date, including, without limitation, Tax Claims associated with the transfer of assets from Scopac, in excess of (ii) \$5,000,000, as such claims may be estimated as of the Effective Date; minus (c) any accrued but unpaid receivables arising after the Petition Date owed from Pacific Lumber to Scopac net of any accrued but unpaid receivables owed from Scopac to Pacific Lumber as of the Effective Date; provided that such New Timber Note Adjustment shall be upwardly adjusted based upon any net recovery by the Reorganized Entities of amounts paid by the Debtors or Reorganized Entities in respect of Tax Claims.

“*Note Owner*,” with respect to a Book-Entry Note, means the person who is the owner of such Book-Entry Note, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly or through a Clearing Agency Participant, in accordance with the rules of such Clearing Agency).

“*Note Payment Date*” means [_____], and the [___] day of each [_____] and [_____] thereafter through and including the Final Maturity Date. Notwithstanding the foregoing provisions of this definition, if any date or day that would constitute a Note Payment Date is not a Business Day, the next succeeding such date or day shall constitute the Note Payment Date (provided, however, that interest payable on such Note Payment Date, and all other calculations as of such Note Payment Date, shall be computed as of the date which would have been a Note Payment Date if such date were a Business Day).

“*Note Payment Account*” means account number _____ established pursuant to Section _____ of the Indenture with _____ and all successor accounts thereto.

“*Note Rate*” means 5.50% per annum.

“*Noteholder*” means a Holder.

“*Noteholder Certificate*” means a Certificate substantially in the form of Exhibit C to the Indenture.

“*Officer*” has the meaning given to such term in the definition of “*Responsible Officer*.”

“*Officer’s Certificate*” means a certificate that:

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(a) is signed by a Responsible Officer of the Person or Persons required to furnish or submit such certificate; and

(b) complies with the applicable requirements of Section 9.5 of the Indenture or Section 10.9 of the Deed of Trust, as the case may be.

“*Operating Agreement*” means the Agreement of Limited Liability Company of the Issuer, as amended from time to time.

“*Operative Documents*” means the Indenture, the Deed of Trust and the New Timber Notes from time to time outstanding.

“*Opinion of Counsel*” means a written opinion of Counsel which:

(a) complies with the applicable requirements of Section 9.5 of the Indenture or Section 10.9 of the Deed of Trust, as applicable;

(b) is addressed to the Trustee or the Collateral Agent, as applicable; and

(c) is in form and substance reasonably satisfactory to the addressee.

“*Original Indenture*” has the meaning given to such term in the Recitals.

“*outstanding*” when used with reference to any New Timber Notes, means, as of any particular time, all New Timber Notes theretofore authenticated and delivered by the Trustee, other than New Timber Notes in respect of which all outstanding or accrued principal of and Regular Interest and Default Interest on shall have been paid in full in accordance with the Indenture; New Timber Notes theretofore canceled by the Trustee, or surrendered to the Trustee for cancellation, pursuant to Section 2.8 of the Indenture; New Timber Notes in substitution for which other New Timber Notes shall theretofore have been authenticated and delivered pursuant to the Indenture; and solely for purposes of determining whether the holders of the requisite aggregate outstanding principal amount of New Timber Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, New Timber Notes registered in the name of (i) the Issuer or any other obligor upon the New Timber Notes, (ii) any nominee or Affiliate of the Issuer or such other obligor, (iii) any successor to the interest of the Issuer in all or substantially all of the Mortgaged Property or (iv) any nominee or Affiliate of any such successor.

“*Pacific Lumber*” has the meaning given it in the Recitals.

“*Paying Agent*” has the meaning given to such term in Section 2.3 of the Indenture.

“*Payment Default*” means any Event of Default specified in paragraph (1) or (2) of Section 5.1 of the Indenture.

“*Permitted Encumbrances*” means:

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(a) the specific matters, if any, to which the Deed of Trust is expressly made subject as set forth in a Schedule to a mortgagee title insurance policy in favor of the Trustee or Collateral Agent in respect of the Mortgaged Property;

(b) easements, restrictions, rights-of-way, servitudes, restrictive covenants, permits, licenses, use agreements, boundary agreements, surface leases, subsurface leases, or other similar encumbrances on, over or in respect of the Company Timber Property contained in or arising from or in respect of any document, instrument or agreement entered into by or with the consent of the Issuer in connection with any Timber Harvesting Plans, Timber Laws or Environmental Laws;

(c) discrepancies, conflicts in boundary lines, shortages in area, encroachments or any other facts which a correct survey would disclose, none of which, singly or in the aggregate, materially adversely affects the operation or value of the Mortgaged Property or materially adversely impairs the Issuer's or the Collateral Agent's right to receive and retain the proceeds of cutting, harvesting or severing of Company Timber;

(d) Liens for Issuer Taxes not yet delinquent or that are being diligently contested by the Issuer in good faith by appropriate proceedings and against which adequate reserves are being maintained in accordance with generally accepted accounting principles by the Issuer, provided that the enforcement or foreclosure of any such lien shall have been stayed pending the resolution of such proceedings;

(e) operators' liens or mechanics' or materialmen's liens arising in the ordinary course of business and incidental to the incurrence of reasonable expenses permitted by the Indenture or Deed of Trust with respect to the Mortgaged Property for amounts not yet due and payable or that are being diligently contested by the Issuer in good faith by appropriate proceedings and against which adequate reserves are being maintained by the Issuer, provided that the enforcement or foreclosure of any such lien shall have been stayed pending the resolution of such proceedings and such lien is fully subordinate to and subject in right of prior payment of the Secured Obligations;

(f) easements, restrictions, rights-of-way, servitudes, restrictive covenants, permits, licenses, use agreements, boundary agreements, surface leases, subsurface leases or other similar encumbrances on, over or in respect of the Company Timber or Company Owned Timberlands, none of which, singly or in the aggregate, materially adversely affects the operation or value of the Mortgaged Property or materially adversely impairs the Issuer's or the Collateral Agent's right to receive and retain the Proceeds of cutting, harvesting or severing Company Timber;

(g) such sales contracts and other similar agreements as are customarily found in connection with operating properties comparable to the Company Owned Timberlands, none of which, singly or in the aggregate, materially adversely affects the operation or value of the Mortgaged Property or materially adversely impairs the Issuer's or the Collateral Agent's right to receive and retain the Proceeds of cutting, harvesting or severing Company Timber; and

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(h) any lease, contract or other agreement or encumbrance granted or created by the Issuer after the date of the Deed of Trust that is specifically permitted and authorized under the terms of the Indenture and/or the Deed of Trust.

“*Person*” means an individual, a corporation, a partnership, a trust, an unincorporated organization, a limited liability company (including, without limitation, the Issuer), or a government or political subdivision thereof.

“*Plan*” has the meaning given to such term in the Recitals of the Indenture.

“*Post-Acceleration Date*” has the meaning given to such term in Section 5.7 of the Indenture.

“*Proceeding*” means any suit in equity, action at law or other judicial or administrative proceeding.

“*Proceeds*” means all proceeds, products, offspring, rents or profits of or derived from the Mortgaged Property. The term “*Proceeds*” includes whatever is receivable or received when any of the Mortgaged Property or Proceeds is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto.

“*qualifying trustee*” shall have the meaning set forth in Section 6.4 of the Indenture.

“*Record Date*” for any Note Payment Date, means the close of business on the fifth day of the month in which such Note Payment Date occurs. If a Record Date is not a Business Day, the Record Date shall not be affected.

“*Redemption Price*” has the meaning set forth in Section 3.5 of the Indenture.

“*Register*” shall have the meaning set forth in Section 2.3 of the Indenture.

“*Registrar*” shall have the meaning set forth in Section 2.3 of the Indenture.

“*Regular Interest*” means interest on the unpaid portions of the principal amounts of the outstanding New Timber Notes accruing at the Note Rate (computed on the basis of a 360-day year of twelve 30-day months).

“*Responsible Officer*” or “*Officer*”

(a) of any Person that is a corporation (other than the Trustee), means the chairman of the board of directors, the president or any vice president, the controller or any assistant controller, the treasurer or any assistant treasurer, or the secretary or any assistant secretary of such Person;

(b) of any Person that is a partnership (other than the Trustee), means any such officer of a corporate general partner of such Person or any individual general partner of such Person;

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(c) of any Person that is a limited liability company (other than the Trustee), means the chairman of the board of managers and any other person performing functions comparable to the functions of the officers enumerated in (a) of this definition); and

(d) of the Trustee or the Collateral Agent, means (i) any officer in the Corporate Trust Office of the Trustee and (ii) any other officer of the Trustee to whom a matter is referred because of such officer's knowledge of and familiarity with such matter.

“*SAR Account*” means funds held in a reserve account under the Original Indenture titled the Scheduled Amortization Reserve Account and used to support principal payments of the Timber Notes.

“*Scheduled Amortization*” means the amount of principal payments on the New Timber Notes set forth under the column headed “Scheduled Amortization” in Schedule B to the Indenture.

“*SEC*” means the Securities and Exchange Commission or any successor agency responsible for the administration of the Securities Act.

“*Secured Claim*” means any Claim that is (a) secured in whole or in part, as of the Petition Date, by a Lien against property of a Debtor that is valid, perfected, and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable nonbankruptcy law, or (b) subject to setoff under section 553 of the Bankruptcy Code; provided, however, with respect to both (a) and (b) above, a Claim is a Secured Claim only to the extent of value, net of any senior Lien, of the Estate's interest in the assets or property securing any such Claim or the amount subject to setoff, as the case may be.

“*Secured Obligations*” means all indebtedness, liabilities and other obligations described or referred to in and provided to be secured by the Deed of Trust as set forth in the granting clause of the Deed of Trust.

“*Secured Parties*” means any Persons who at any time or from time to time are holders of any of the Secured Obligations or any portion thereof.

“*Securities Act*” means the Securities Act of 1933, as amended and in effect from time to time.

“*Scopac*” has the meaning given the term in the Recitals.

“*Scopac Loan Claim*” means any Claim arising from the Scopac Loan Agreement, which Claim is classified in Class 5 and treated under Article IV of the Plan.

“*State*” means any one of the 50 states of the United States of America (and any additional states that may be admitted after the Issue Date) or the District of Columbia.

[“*Subject Contracts*” means (a) all presently existing and future contracts or leases relating in any manner to the purchase, sale, removal, regeneration, cutting, harvesting, hauling or storing of any Company Timber and (b) any other agreements entered into by the Issuer

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subsequent to the date of the Deed of Trust, whether or not of the same general nature as set forth in clause (a).]

“*Tax Claim*” means any Claim for any and all federal, state, county and local income, ad valorem, excise, stamp and other taxes of any type or nature whatsoever.

“*TIA*” means the Trust Indenture Act of 1939, as amended and in effect from time to time.

“*Timber Harvesting Plans*” means all permits, whether now existing or hereafter created, filed with any Governmental Authority with respect to the harvesting, cutting or severance of Timber.

“*Timber Laws*” means all applicable statutes, laws, ordinances, regulations, rules, rulings, orders, restrictions, requirements, writs, injunctions, decrees or other official acts relating to the harvesting, cutting, severance, handling or transporting of Company Timber, and the maintenance, operation and management of the Company Timber Property, whether now or hereafter enacted or imposed by any Governmental Authority, including, without limitation, those relating to streams, waterways, wildlife habitat and endangered species, exclusive of Environmental Laws.

“*Title Insurance Policy*” means any ALTA mortgagee’s policy of title insurance in favor of the Trustee or the Collateral Agent in respect of the Company Owned Timberlands subject to the Lien of the Deed of Trust.

“*Tribunal*” means any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or of any State, commonwealth, territory, possession, county, parish, municipality or other governmental subdivision within the United States of America or under the jurisdiction of the United States of America, whether now or hereafter constituted or existing.

“*Trustee*” means the Person named as “Trustee” in the recitals to the Indenture, in its capacity as trustee under the Indenture, together with its successors in such capacity.

“*Trustee’s Expenses*” means any fees, expenses, and damages of, or compensation to, the Trustee (including, without limitation, the reasonable fees and disbursements of counsel to the Trustee) incurred pursuant to the Indenture or owing to the Trustee as part of the Secured Obligations.

“*Uniform Commercial Code*” means the Uniform Commercial Code as now or hereafter in effect in the State of California.

“*U.S. Government Obligations*” shall have the meaning set forth in Section 6.4 of the Indenture.

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“*Working Capital Facility*” shall mean the Indebtedness of [Newco] to be entered into subsequent to the Issue Date pursuant to the Plan in the aggregate principal amount not to exceed \$50 million and secured by the Company Owned Timberlands.

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Schedule B

MINIMUM PRINCIPAL AMORTIZATION AND SCHEDULED AMORTIZATION SCHEDULES

[To Come]

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EXHIBIT A**

(FORM OF FACE OF NOTE)

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE IN INSTALLMENTS, AS SET FORTH HEREIN, WITHOUT SURRENDER OF THIS NOTE. ACCORDINGLY, THE UNPAID PRINCIPAL AMOUNT OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE INITIAL PRINCIPAL AMOUNT SET FORTH BELOW (DUE TO PRINCIPAL PAYMENTS BEFORE OR AFTER THE DATE OF THIS NOTE). ANYONE ACQUIRING BENEFICIAL OWNERSHIP OF THIS NOTE MAY ASCERTAIN THE CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE TRUSTEE.

No. A- \$ _____

CUSIP No. [_____]

[NEWCO]

5.50% Timber Collateralized Notes due 2043

[Newco], a [_____] limited liability company, promises to pay to _____, or registered assigns, the principal sum of _____ Dollars (or such other amount (not in excess of _____ Million (\$____,000,000) Dollars) as shall equal the unpaid principal amount of this Note) on [_____], 2043 (the “Final Maturity Date”) and, on each Note Payment Date, such amounts as provided in the Indenture.

Note Payment Dates: [_____] and [_____]

Record Dates: [_____] and [_____]

Note Rate: 5.50%

Reference is made to the further provisions of this Note set forth on the reverse hereof, which further provisions are incorporated and shall for all purposes have the same effect as if set forth at this place. Capitalized terms used and not defined in this Note which are defined in the Indenture referred to herein have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed manually or by facsimile by its duly authorized officers.

Dated: _____, _____

[NEWCO]

By _____
President or Vice President

By _____
Secretary or Assistance Secretary

TRUSTEE’S CERTIFICATE OF AUTHENTICATION

[_____], as Trustee,
certifies that this is one of the New Timber Notes referred to in the Indenture.

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by _____
Authorized Signatory

DRAFT – 3/15/2008 - SUBJECT TO MATERIAL REVISION**5.50% Timber Collateralized Notes due 2043****1. Interest; Principal**

[NEWCO], a [_____] limited liability company (such limited liability company, and its successors and assigns under the Indenture hereinafter referred to, being herein called the “Issuer”), promises to pay to the registered Holder hereof, or to its registered assigns, the initial principal amount indicated on the face hereof (or such lesser amount as shall equal the unpaid principal amount of this Note) on the Final Maturity Date indicated on the face hereof and, on each Note Payment Date that precedes the Final Maturity Date, (i) the principal amount required to be paid on such date by Section 2.10 of the Indenture, (ii) interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance hereof, from and including the most recent Note Payment Date on which interest has been duly paid to but excluding such Note Payment Date at the rate per annum indicated on the face hereof and (iii) without duplication of any amount payable pursuant to clause (ii), interest (computed on the basis of a 360-day year of twelve 30-day months) on any principal of this Note, and, to the extent lawful, interest payable under the foregoing clause (ii), that is not paid on the date such principal or interest becomes due and payable, for the period from and including the date such principal or interest becomes due and payable to but excluding the date such principal or interest is paid in full, at the Default Rate; provided, however, that, during the first 24 months following the Issue Date, on each Note Payment Date: (i) an amount equal to 50% of the accrued and unpaid Regular Interest and Default Interest, if any, on the New Timber Notes shall be capitalized and added to the principal amount of the New Timber Notes, in arrears; and (ii) the balance of the accrued and unpaid Regular Interest and Default Interest, if any, on the New Timber Notes (i.e. the other 50%) shall be paid in cash to Noteholders in arrears. If the date scheduled to be a Note Payment Date is not a Business Day, the next succeeding day that is a Business Day shall be the Note Payment Date, but all calculations of interest and other items will be as of the [____] day of the applicable month.

2. Method of Payment

The Issuer will pay the amounts payable on the Notes on each Note Payment Date to the persons who are registered Holders of Notes at the close of business on the fifth day of the month in which such Note Payment Date occurs (the “Record Date”), even if Notes are canceled after the Record Date and on or before such Note Payment Date. Holders need not surrender Notes to the Paying Agent to collect principal or other amounts payable in respect of the Notes, except that Notes must be surrendered to the Paying Agent after due notice to collect the final installment of principal thereon. The Issuer will pay all amounts payable on the Notes in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments on Definitive Notes will be made (i) by a U.S. dollar check drawn on a bank in New York City mailed to the Holder at such Holder’s registered address or (ii) upon application by a Holder of at least U.S. \$5,000,000 in principal amount of Definitive Notes to the Paying Agent not later than five Business Days prior to the related Record Date, by wire transfer in immediately available funds to a U.S. dollar account maintained by such Holder with a bank in New York City. Payments to Holders of the Global Notes will be made (i) by a U.S. dollar check drawn on a bank in New York City delivered to the registered owner of such Global Notes, at its registered address or (ii) by wire transfer in immediately available funds to a U.S. dollar account maintained by such registered owner with a bank in New York City. However, the final distribution with respect to the New Timber Notes will be made only against surrender of the New Timber Notes at the corporate trust office of the Paying Agent in New York, New York.

3. Paying Agent and Registrar

The Trustee will initially act as sole Paying Agent and the Trustee, initially, will act as Registrar. The Issuer may appoint and change any Registrar without notice. The Issuer may act as Registrar. The Issuer may appoint one or more other paying agents.

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4. **Indenture; Deed of Trust**

The Issuer has issued the Notes under an Indenture dated as of [_____], 2008 (the “Indenture”) between the Issuer and [_____], as Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture (the “TIA”). The Notes are subject to all such terms, and Noteholders are referred to the Indenture and the TIA for a statement of those terms.

The Notes and the obligations of the Issuer pursuant to the Indenture and the Deed of Trust are secured by a Deed of Trust, Security Agreement, Financing Statement, Fixture Filing and Assignment of Proceeds dated on or prior to [_____], 2008 (the “Deed of Trust”) by the Issuer, as trustor, in favor of a trustee under the Deed of Trust, for the benefit of [_____], in its capacity as collateral agent for the Holders of the New Timber Notes pursuant to the Deed of Trust. Noteholders are referred to the Deed of Trust for a statement of the terms thereof. Subject to certain exceptions set forth in the Deed of Trust, (i) the Deed of Trust may be amended with the written consent of the Majority Secured Parties (as defined in the Deed of Trust) and (ii) any default or noncompliance with any provision may be waived with the written consent of the Majority Secured Parties. Subject to certain exceptions set forth in the Deed of Trust, the Collateral Agent and the Issuer may amend the Deed of Trust to cure any ambiguity, omission, defect or inconsistency, to add to the covenants of the Issuer for the benefit of the Collateral Agent or the Secured Parties or to surrender any right or power conferred upon the Issuer or to make any change that does not adversely affect the rights of any Noteholder. The Indenture and the Deed of Trust impose certain restrictions upon, among other things, the ability of the Issuer to incur Indebtedness, to enter into agreements other than the Operative Documents and to create Liens on the Mortgaged Property.

5. **Collateral**

Pursuant to the Deed of Trust, the Issuer has pledged the Mortgaged Property.

6. **Optional Redemption or Prepayment**

The Issuer may redeem the Notes, in whole or in part, at any time, at a redemption price equal to the sum of (i) all unpaid principal amounts thereof as of the redemption date and (ii) all accrued and unpaid Regular Interest and Default Interest thereon as of the redemption date. The issuer may also make optional partial or total prepayments of principal on any Note Payment Date as provided in the Indenture.

7. **Notice of Redemption**

Notice of redemption will be mailed at least 15 days (or 30 days if required by DTC) but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at his or her registered address. If money sufficient to pay the redemption price of all Notes called for redemption is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after the redemption date interest shall cease to accrue on the Notes called for redemption.

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8. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of \$[1,000] original principal amount or any integral multiple of \$100 in excess thereof. A Holder may transfer or exchange Notes for Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate certificates, opinions, endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange (i) any Notes called for redemption or (ii) any Notes for a period of 15 days before a Note Payment Date.

9. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of it for all purposes.

10. Unclaimed Money

If money for the payment of principal of or interest on any Note remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuer at its request unless an abandoned property law designates another person. After any such payment, Holders entitled to the money must look only to the Issuer and not to the Trustee for payment.

11. Amendment; Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended with the written consent of the Majority Holders and (ii) any default or noncompliance with any provision may be waived with the written consent of the Majority Holders. Subject to certain exceptions set forth in the Indenture, without the consent of any Noteholder, the Issuer and the Trustee may amend the Indenture or the Notes to cure any ambiguity, omission, defect or inconsistency, to make any change that does not adversely affect the rights of any Noteholder, to add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power conferred upon the Issuer, to comply with the TIA, to comply with the provisions of Section 4.8 of the Indenture (in connection with certain consolidations or mergers) and to provide for uncertificated Notes in addition to or in place of certificated Notes.

12. Defaults and Remedies

The occurrence of any of the events enumerated in Section 5.1 of the Indenture shall constitute an Event of Default.

If an Event of Default under Section 5.1(6) of the Indenture shall occur, the Indenture provides that an amount equal to all amounts payable with respect to the Notes shall, without any demand, presentment or notice, become immediately due and payable. If any Event of Default described in any of Section 5.1(1) or (2) shall occur and be continuing, the Trustee may, or, if the Holders of 25% in aggregate outstanding principal amount of the Notes so elect, shall, declare all amounts payable with respect to the Notes to be immediately due and payable, and upon any such declaration of acceleration such amount shall become immediately due and payable. If any Event of Default described in clauses (3) through (5) of Section 5.1 of the Indenture shall occur and be continuing, if the Majority Holders so elect, the Trustee shall declare all amounts payable with respect to the Notes to be immediately due and payable, and upon any such declaration of acceleration such amount shall become immediately due and payable. If certain conditions set forth in Section 5.2(d) of the Indenture have been satisfied, the Majority Holders may rescind and annul a declaration of acceleration.

Noteholders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The

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Trustee may withhold from Noteholders notice of any continuing Default known to the Trustee (except a Default in payment of principal or interest) if it determines that withholding notice is in their interest.

Acceptance of this Note constitutes the waiver of certain rights of setoff, banker's lien, or the like against property of, or any amounts owing to, the Company as set forth in Section 5.9 of the Indenture.

13. Trustee Dealings with the Issuer

Subject to certain limitations imposed by the TIA if and when the Indenture is qualified under the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuer or its Affiliates and may otherwise deal with the Issuer of its Affiliates with the same rights it would have if it were not Trustee.

14. No Recourse Against Others

A director, manager, officer, employee, member or stockholder, as such, of the Issuer or the Trustee shall not have any liability for any obligations of the Issuer or the Trustee under the Notes or the Indenture or the Deed of Trust or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Noteholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

15. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent appointed by the Trustee and acceptable to the Issuer) manually signs the certificate of authentication on the other side of this Note.

16. Abbreviations

Customary abbreviations may be used in the name of a Noteholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

17. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Noteholders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuer will furnish to any Noteholder upon written request and without charge a copy of the Indenture and the Deed of Trust. Requests may be made to:

[Newco]
[Newco Address]
Attention: [_____]

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ASSIGNMENT FORM**

To assign this Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Note to

(Print or type assignee’s name, address and zip code)

(Insert assignee’s soc. sec. or tax I.D. No.)

and irrevocably appoint _____ attorney or agent to transfer this Note on the books of the Issuer. The attorney or agent may substitute another to act for him.

Date:

Your Signature: _____
Sign exactly as your name appears on the other side of this Note.

Signature Guarantee: _____
(Signature must be guaranteed by a member firm of the New York Stock Exchange, commercial bank or trust company or another entity with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15.)

IMPORTANT NOTICE: WHEN YOU SIGN YOUR NAME TO THIS ASSIGNMENT FROM WITHOUT FILLING IN THE NAME OF YOUR “ASSIGNEE” OR “ATTORNEY OR AGENT”, THIS NOTE BECOMES FULLY NEGOTIABLE, SIMILAR TO A CHECK ENDORSED IN BLANK. THEREFORE, TO SAFEGUARD A SIGNED NOTE, IT IS RECOMMENDED THAT YOU EITHER (i) FILL IN THE NAME OF THE NEW OWNER IN THE “ASSIGNEE” BLANK, OR (ii) IF YOU ARE SENDING THE SIGNED NOTE TO YOUR BANK OR BROKER, FILL IN THE NAME OF THE BANK OR BROKER IN THE “ATTORNEY OR AGENT” BLANK. ALTERNATIVELY, INSTEAD OF USING THIS ASSIGNMENT FORM, YOU MAY SIGN A SEPARATE “POWER OF ATTORNEY” FORM AND THEN MAIL THE UNSIGNED NOTE AND THE SIGNED “POWER OF ATTORNEY” IN SEPARATE ENVELOPES. FOR ADDED PROTECTION, USE CERTIFIED OR REGISTERED MAIL FOR A NOTE.

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**EXHIBIT B
TO INDENTURE**

**FORM OF REPORT OF
INDEPENDENT ACCOUNTANTS**

[Letterhead of Accountants]

_____, _____

[_____] ,
as Trustee under the Indenture
referred to below
[Trustee Address]

[Newco]
[Newco Address]

Ladies and Gentlemen:

This letter is delivered pursuant to Section 4.5(a) of the Indenture dated as of [_____] , 2008 (as amended, supplemented and otherwise modified and in effect on the date of this letter, the “Indenture”) between [Newco], a [_____] limited liability company (the “Issuer”), and [_____] , as trustee (the “Trustee”).

We confirm that we are an independent registered public accounting firm with respect to the Issuer, within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 and the applicable rules and regulations thereunder.

We have audited, in accordance with generally accepted auditing standards, the balance sheet of the Issuer as of December 31, ____ [insert last day of most recent fiscal year] and the related statements of operations, cash flows and changes in members’ capital for the year then ended [describe period covered] [date of most recent audited balance sheet] and have issued our report thereon dated _____, ____.

In connection with our audit, nothing came to our attention that caused us to believe that the Issuer was not in compliance with any of the terms, covenants, provisions or conditions of Section 5.1 of Article Five of the Indenture, insofar as they relate to accounting matters, [except as described below]. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

[describe exceptions, if any]

This letter is intended solely for the management of the Issuer and the Trustee and shall not be used for any other purposes. We have no responsibility to update this report to reflect any events or circumstances occurring after the date of this letter.

Very truly yours,