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

FORM 8-K

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED)
October 16, 2007 (October 11, 2007)

RAYONIER INC.

COMMISSION FILE NUMBER 1-6780

Incorporated in the State of North Carolina
I.R.S. Employer Identification Number 13-2607329

50 North Laura Street, Jacksonville, Florida 32202
(Principal Executive Office)

Telephone Number: (904) 357-9100

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a12 under the Exchange Act (17 CFR 240.14a12)

☐ Precommencement communications pursuant to Rule 14d2(b) under the Exchange Act (17 CFR 240.14d2(b))

☐ Precommencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e4(c))

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RAYONIER INC.

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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On October 11, 2007, Rayonier TRS Holdings Inc. ("TRS"), a wholly-owned subsidiary of Rayonier Inc. ("Rayonier"), entered into a purchase agreement (the "Purchase Agreement"), pursuant to which TRS sold an aggregate of $300 million principal amount (including $50 million principal amount pursuant to the purchasers' exercise of their overallotment option) of its 3.75% Senior Exchangeable Notes due 2012 (the "Notes") to the several purchasers named in the Purchase Agreement (the "Purchasers"). A copy of the Purchase Agreement is attached hereto as Exhibit 4.1, is incorporated herein by reference, and is hereby filed. The description of the Purchase Agreement in this report is a summary and is qualified in its entirety by the terms of the Purchase Agreement.

On October 16, 2007, TRS and Rayonier entered into an indenture (the "Indenture") among TRS, as issuer, Rayonier, as guarantor, and The Bank of New York Trust Company, N.A., as trustee, governing the Notes. A copy of the Indenture is attached hereto as Exhibit 4.2, is incorporated herein by reference and is hereby filed. The description of the Indenture in this report is a summary and is qualified in its entirety by the terms of the Indenture.

The Notes are fully and unconditionally guaranteed by Rayonier. The Notes are exchangeable into cash and, if applicable, shares of common stock of Rayonier ("Rayonier Common Shares"), based on an initial exchange rate of 18.2433 Rayonier Common Shares per $1,000 principal amount of Notes (which is equal to an initial exchange price of approximately $54.81 per share) subject to adjustment, during the 30 calendar days ending at the close of business on the business day immediately preceding the maturity date and prior thereto only under the following circumstances: (1) during any calendar quarter beginning after December 31, 2007 (and only during such calendar quarter), if the closing price per share of Rayonier Common Shares at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the then applicable exchange price per share; (2) during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of the Notes for each day of the five trading day period was less than 98% of the product of the closing sale price per share of Rayonier Common Shares and the then applicable exchange rate per $1,000 principal amount of the Notes; and (3) upon the occurrence of specified corporate transactions set forth in the Indenture. Upon exchange, a holder will receive an amount in cash based on a daily exchange value, calculated on a proportionate basis for each day of the 20 trading day reference period. If the exchange value exceeds the principal amount of the Note on the exchange date, Rayonier will also deliver Rayonier Common Shares for the exchange value in excess of $1,000.

The Notes bear interest at a rate of 3.75% per year payable semiannually on each April 15 and October 15 of each year, beginning April 15, 2008. The Notes mature on October 15, 2012.

The holders of the Notes who exchange their Notes in connection with certain fundamental changes, as defined in the Indenture, may be entitled to a make-whole premium in

the form of an increase in the exchange rate. Additionally, in the event of a fundamental change, the holders of the Notes may require TRS to purchase all or a portion of their Notes at a purchase price equal to 100% of the principal amount of Notes, plus accrued and unpaid interest, if any.

The Notes are TRS's unsubordinated unsecured obligations and rank equal in right of payment to all of TRS's other existing and future unsubordinated unsecured indebtedness. The Notes rank senior in right of payment to any future indebtedness of TRS that is expressly subordinated to the Notes. The Notes are effectively subordinated in right of payment to (i) any future secured indebtedness of Rayonier TRS, to the extent of the value of the collateral securing such obligation, and (ii) all indebtedness and liabilities (including trade credit) of the subsidiaries of TRS. Rayonier's guarantee of the Notes is unsecured and ranks equal in right of payment to all of Rayonier's other existing and future unsubordinated unsecured indebtedness. Rayonier's guarantee of the Notes ranks senior in right of payment to any future indebtedness of Rayonier that is expressly subordinated to the guarantee. The guarantee is effectively subordinated in right of payment to any future secured indebtedness of Rayonier, to the extent of the value of the collateral securing such obligation. The guarantee is effectively subordinated in right of payment to all indebtedness and liabilities (including trade credit) of the subsidiaries of Rayonier.

In connection with the sale of the Notes, TRS and Rayonier entered into a registration rights agreement, dated as of October 16, 2007, with Credit Suisse Securities (USA) LLC, as representative of the Purchasers named therein (the "Registration Rights Agreement"). Under the Registration Rights Agreement, TRS and Rayonier have agreed to (i) use their commercially reasonable efforts to file a shelf registration statement with respect to the resale of the Notes and Rayonier Common Shares issuable upon exchange of the Notes within 90 days after the closing of the offering of the Notes and (ii) use their commercially reasonable efforts to cause to become effective within 180 days after the closing of the offering of the Notes, a shelf registration statement with respect to the resale of the Notes and Rayonier Common Shares issuable upon exchange of the Notes. TRS and Rayonier will use their commercially reasonable efforts to keep the shelf registration statement effective until the earliest of (i) two years from the latest date of original issuance of the Notes; (ii) the date when the Notes and Rayonier Common Shares have been registered under the Securities Act; (iii) the date on which the Notes and the Rayonier Common Shares issuable upon exchange of the Notes may be sold by persons that are not affiliated with TRS or Rayonier pursuant to paragraph (k) of Rule 144 under the Securities Act; or (iv) the date on which all Notes and Rayonier Common Shares issuable upon exchange of the Notes cease to be outstanding. TRS and Rayonier will be required to pay liquidated damages, subject to some limitations, to the holders of the Notes if TRS and Rayonier fail to comply with their obligations to register the Notes and the Rayonier Common Shares issuable upon exchange of the Notes. A copy of the Registration Rights Agreement is attached hereto as Exhibit 4.3, is incorporated herein by reference, and is hereby filed. The description of the Registration Rights Agreement in this report is a summary and is qualified in its entirety by the terms of the Registration Rights Agreement.

In connection with the sale of the Notes, TRS entered into exchangeable note hedge transactions with respect to Rayonier Common Shares (the "Bond Hedge Transactions") with affiliates of Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc., as dealers (the "Dealers").

The Bond Hedge Transactions will cover, subject to customary anti-dilution adjustments, the net Rayonier Common Shares that would be deliverable to exchanging noteholders in the event of an exchange of the Notes. TRS paid an aggregate amount of approximately $28 million of the net proceeds from the sale of the Notes for the cost of the Bond Hedge Transactions.

Copies of the note hedge confirmations relating to the Bond Hedge Transactions (the “Bond Hedge Transaction Confirmations”) are attached hereto as Exhibits 4.4 and 4.5, are incorporated herein by reference, and are hereby filed. The description of the Bond Hedge Transaction Confirmations in this report are a summary and are qualified in their entirety by the terms of the Bond Hedge Transaction Confirmations.

Rayonier also entered into separate warrant transactions whereby Rayonier has sold to the Dealers warrants to acquire, subject to customary anti-dilution adjustments, approximately 5,472,991 Rayonier Common Shares (the “Warrants”) at an exercise price of $62.902 per share. On exercise of the Warrants, Rayonier has the option to deliver cash or Rayonier Common Shares equal to the difference between the then market price and strike price. Rayonier received aggregate proceeds of approximately $17 million from the sale of the Warrants. Copies of the issuer warrant transaction confirmations (the “Issuer Warrant Transaction Confirmations”) and issuer warrant transaction amendments (the “Issuer Warrant Transaction Amendments”) relating to the Warrants are attached hereto as Exhibits 4.6, 4.7, 4.8 and 4.9, are incorporated herein by reference, and are hereby filed. The description of the Issuer Warrant Transaction Confirmations and Issuer Warrant Transaction Amendments in this report are summaries and are qualified in their entirety by the terms of the Issuer Warrant Transaction Confirmations and Issuer Warrant Transaction Amendments.

The Bond Hedge Transactions and Warrants are separate contracts entered into by each of TRS and Rayonier with the Dealers, are not part of the terms of the Notes and will not affect the noteholders’ rights under the Notes. The Bond Hedge Transactions are expected to offset the potential dilution upon exchange of the Notes in the event that the market value per share of Rayonier Common Shares at the time of exercise is greater than the strike price of the Bond Hedge Transactions, which corresponds to the initial exchange price of the Notes and is simultaneously subject to certain customary adjustments.

If the market value per share of Rayonier Common Shares at the time of exchange of the Notes is above the strike price of the Bond Hedge Transactions, the Bond Hedge Transactions entitle Rayonier to receive from the Dealer net shares of Rayonier Common Shares (and cash for any fractional share cash amount), based on the excess of the then current market price of Rayonier Common Shares over the strike price of the Bond Hedge Transactions. Additionally, if the market price of Rayonier Common Shares at the time of exercise of the Warrants exceeds the strike price of the Warrants, TRS will owe the Dealers net shares of Rayonier Common Shares or cash, not offset by the Bond Hedge Transactions, in an amount based on the excess of the then current market price of Rayonier Common Shares over the strike price of the Warrants.

ITEM 2.03. CREATION OF DIRECT FINANCIAL OBLIGATION OR OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

On October 16, 2006, TRS issued $300 million aggregate principal amount of the Notes in reliance upon an exemption from the registration requirements under the Securities Act. On such date, Rayonier fully and unconditionally guaranteed TRS's obligations to pay the principal of, and interest on, the Notes. The Notes are governed by the Indenture.

Additional terms and conditions are contained in Item 1.01 and are incorporated herein by reference.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On October 16, 2006, TRS sold an aggregate principal amount of $300 million (including $50 million principal amount pursuant to the Purchasers' exercise of their overallotment option) of the Notes to the several Purchasers named in the Purchase Agreement. The net proceeds from the offering were estimated to be $294 million (after deducting the Purchasers' discount, but before other offering expenses). The Notes are fully and unconditionally guaranteed by Rayonier. TRS offered and sold the Notes to Purchasers in reliance on the exemption from the registration requirements under the Securities Act provided by Section 4(2) of the Securities Act. The Purchasers then sold the Notes to qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A under the Securities Act.

In connection with the sale of the Notes, TRS entered into the Bond Hedge Transactions with affiliates of the Purchasers. The Bond Hedge Transactions will cover, subject to customary anti-dilution adjustments, the net Rayonier Common Shares that would be deliverable to exchanging noteholders in the event of an exchange of the Notes.

In connection with the sale of the Notes, Rayonier entered into separate warrant transactions whereby Rayonier has sold the Warrants to affiliates of certain of the Purchasers. On exercise of the Warrants, Rayonier has the option to deliver cash or Rayonier Common Shares equal to the difference between the then market price and strike price. The Warrants and the underlying Rayonier Common Shares issuable upon exercise of the Warrants have not been registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Rayonier previously has reported substantially the same information as required by this item under its Current Report on Form 8-K dated October 11, 2007.

This report on Form 8-K does not constitute an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

Additional terms and conditions are contained in Item 1.01 and are incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Item
4.1	Purchase Agreement dated as of October 10, 2007 among Rayonier TRS Holdings Inc., Rayonier Inc. and Credit Suisse Securities (USA) LLC, as representative of the several purchasers named therein.
4.2	Indenture related to the 3.75% Senior Exchangeable Notes due 2012, dated as of October 16, 2007, among Rayonier TRS Holdings Inc., as issuer, Rayonier Inc., as guarantor, and The Bank of New York Trust Company, N.A., as trustee.
4.3	Registration Rights Agreement, dated October 16, 2007 among Rayonier TRS Holdings Inc., Rayonier Inc. and Credit Suisse Securities (USA) LLC, as representative of the several purchasers named therein.
4.4	Convertible Bond Hedge Transaction Confirmation, dated October 10, 2007 between Credit Suisse Capital LLC, as dealer, represented by Credit Suisse Securities (USA) LLC, as agent, and Rayonier TRS Holdings Inc.
4.5	Convertible Bond Hedge Transaction Confirmation, dated October 10, 2007 between JP Morgan Chase Bank, National Association, London Branch and Rayonier TRS Holdings Inc.
4.6	Issuer Warrant Transaction Confirmation dated October 10, 2007 between Credit Suisse Capital LLC, as dealer, represented by Credit Suisse Securities (USA) LLC, as agent, and Rayonier Inc.
4.7	Issuer Warrant Transaction Confirmation dated October 10, 2007 between JPMorgan Chase Bank, National Association, London Branch, as dealer, and Rayonier Inc.
4.8	Issuer Warrant Transaction Amendment dated October 15, 2007 between Rayonier Inc. and Credit Suisse Capital LLC, as dealer, represented by Credit Suisse Securities (USA) LLC, as agent.
4.9	Issuer Warrant Transaction Amendment dated October 15, 2007 between Rayonier Inc. and JPMorgan Chase Bank, National Association, London Branch, as dealer.

SIGNATURE

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

RAYONIER INC. (Registrant)

BY: /s/ HANS E. VANDEN NOORT
Hans E. Vanden Noort
Senior Vice President and Chief Financial Officer

October 17, 2007

EXHIBIT INDEX

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Exhibit 4.1

EXECUTION COPY

$250,000,000

RAYONIER TRS HOLDINGS INC.

3.75% Senior Exchangeable Notes due 2012

PURCHASE AGREEMENT

October 10, 2007

CREDIT SUISSE SECURITIES (USA) LLC ("**Credit Suisse**"),
As Representative of the Several Purchasers,
Eleven Madison Avenue,
New York, N.Y. 10010-3629

Dear Sirs:

1. *Introductory.* Rayonier TRS Holdings Inc., a Delaware corporation (the "**Company**"), agrees with the several initial purchasers named in Schedule A hereto (the "**Purchasers**"), subject to the terms and conditions stated herein, to issue and sell to the several Purchasers U.S.$250,000,000 principal amount of its 3.75% Senior Exchangeable Notes due 2012 ("**Firm Securities**") and also proposes to grant to the Purchasers an option exercisable from time to time by Credit Suisse to purchase an aggregate of up to an additional $50,000,000 in aggregate principal amount ("**Optional Securities**", and together with the Firm Securities, the "**Securities**") of its 3.75% Senior Exchangeable Notes due 2012, each to be issued under an indenture, to be dated as of October 16, 2007 (the "**Indenture**"), between the Company, the Guarantor and The Bank of New York, N.A., as Trustee. The Securities will be unconditionally guaranteed as to the payment of principal and interest by Rayonier Inc., a North Carolina corporation (the "**Guarantor**" and such guarantee, the "**Guarantee**"). The Firm Securities and the Optional Securities which the Purchasers may elect to purchase pursuant to Section 3, together with the Guarantee, are herein collectively called the "**Offered Securities**".

The Securities will be exchangeable, subject to certain conditions set forth in the Indenture, at the option of the holder for shares of common stock, no par value, of the Guarantor (the "**Common Stock**"), in accordance with the terms of the Offered Securities.

The holders of the Offered Securities will be entitled to the benefits of a Registration Rights Agreement of even date herewith among the Company and the Purchasers (the "**Registration Rights Agreement**"), pursuant to which the Company agrees to file a registration statement with the Commission registering the resale of the Offered Securities and the Underlying Shares, as hereinafter defined, under the Securities Act.

The Company hereby agrees with the several Purchasers as follows:

2. *Representations and Warranties of the Company and the Guarantor.* Each of the Company and the Guarantor represents and warrants to, and agrees with, the several Purchasers that:

(a) *Offering Circulars; Certain Defined Terms*. The Company has prepared or will prepare a Preliminary Offering Circular and a Final Offering Circular.

For purposes of this Agreement:

"**Applicable Time**" means 5:30 pm (New York City time) on the date of this Agreement.

"**Closing Date**" has the meaning set forth in Section 3 hereof.

"**Commission**" means the Securities and Exchange Commission.

"**Exchange Act**" means the United States Securities Exchange Act of 1934.

"**Final Offering Circular**" means the final offering circular relating to the Offered Securities to be offered by the Purchasers that discloses the offering price and other final terms of the Offered Securities and is dated as of the date of this Agreement (even if finalized and issued subsequent to the date of this Agreement).

"**Free Writing Communication**" means a written communication (as such term is defined in Rule 405) that constitutes an offer to sell or a solicitation of an offer to buy the Offered Securities and is made by means other than the Preliminary Offering Circular or the Final Offering Circular.

"**General Disclosure Package**" means the Preliminary Offering Circular together with any Issuer Free Writing Communication existing at the Applicable Time and the information in which is intended for general distribution to prospective investors, as evidenced by its being specified in Schedule B hereto.

"**Issuer Free Writing Communication**" means a Free Writing Communication prepared by or on behalf of the Company, used or referred to by the Company or containing a description of the final terms of the Offered Securities or of their offering, in the form retained in the Company's records.

"**Preliminary Offering Circular**" means the preliminary offering circular, dated October 9, 2007, relating to the Offered Securities to be offered by the Purchaser.

"**Rules and Regulations**" means the rules and regulations of the Commission.

"**Securities Act**" means the United States Securities Act of 1933.

"**Securities Laws**" means, collectively, the Sarbanes-Oxley Act of 2002 ("**Sarbanes-Oxley**"), the Securities Act, the Exchange Act, the Rules and Regulations and the rules of the New York Stock Exchange ("**Exchange Rules**").

"**Supplemental Marketing Material**" means any Issuer Free Writing Communication other than any Issuer Free Writing Communication specified in Schedule B hereto. Supplemental Marketing Materials include, but are not limited to, any Issuer Free Writing Communication listed on Schedule B hereto.

"**Underlying Shares**" shall mean shares of Common Stock into which the Offered Securities are exchangeable.

Unless otherwise specified, a reference to a "rule" is to the indicated rule under the Act.

(b) *Disclosure*. As of the date of this Agreement, the Final Offering Circular does not, and on and as of each Closing Date, the General Disclosure Package and the Final Offering Circular will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the Applicable Time neither (i) the General Disclosure Package, nor (ii) any individual Supplemental Marketing Material, when considered together with the General Disclosure Package, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding two sentences do not

apply to statements in or omissions from the Preliminary or Final Offering Circular, the General Disclosure Package or any Supplemental Marketing Material based upon written information furnished to the Company by any Purchaser through Credit Suisse specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(b) hereof. Except as disclosed in the General Disclosure Package, on the date of this Agreement, the Company's or the Guarantor's Annual Report on Form 10-K most recently filed with the Commission and all subsequent reports through the date of this Agreement (collectively, the "**Exchange Act Reports**") which have been filed by the Company or the Guarantor with the Commission or sent to shareholders pursuant to the Exchange Act do not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such documents, when they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the Rules and Regulations.

(c) *Good Standing of the Company and the Guarantor*. Each of the Company and the Guarantor has been duly incorporated and is existing and in good standing under the laws of the jurisdiction of its organization, with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package; and the Company and the Guarantor is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except to the extent the failure to do so would not reasonably be expected to, individually or in the aggregate, have a material adverse effect or a prospective material adverse effect on the condition (financial or otherwise), results of operation, business or properties of the Company or Guarantor, taken as a whole (a "**Material Adverse Effect**").

(d) *Subsidiaries*. Each Significant Subsidiary (as defined below), including any off-balance sheet entity, has been duly organized and is existing and in good standing under the laws of the jurisdiction of its organization, with power and authority (corporate, partnership, limited liability company or other) to own its properties and conduct its business as described in the General Disclosure Package; and each Significant Subsidiary is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification; all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock of each Significant Subsidiary owned by the Company or the Guarantor, directly or through subsidiaries, is owned free from liens, encumbrances and defects, other than any liens or encumbrances in favor of the Guarantor or a Significant Subsidiary. "**Significant Subsidiaries**" means the Company and the entities listed on Schedule D hereto.

(e) *Indenture*. The Indenture has been duly authorized; the Offered Securities have been duly authorized; and when the Offered Securities are delivered and paid for pursuant to this Agreement on the Closing Date, the Indenture will have been duly executed and delivered, such Offered Securities will have been duly executed, authenticated, issued and delivered (assuming due authentication of the Offered Securities by the Trustee), and the Indenture and such Offered Securities will conform to the information in the General Disclosure Package and will conform to the description of such Offered Securities contained in the Final Offering Circular and the Indenture and such Offered Securities will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing and entitled to the benefits provided by the Indenture.

(f) *Underlying Shares*. The Underlying Shares initially issuable upon exchange of such Securities have been duly authorized and reserved for issuance upon such exchange, will conform, in all material respects, to the information in the General Disclosure Package and to the description of such Underlying Shares contained in the Final Offering Circular; the authorized

equity capitalization of the Guarantor is as set forth in the General Disclosure Package; all outstanding shares of capital stock of the Guarantor are, and when issued upon exchange the Underlying Shares will be, validly issued, fully paid and nonassessable; and the stockholders of the Guarantor have no preemptive rights with respect to the Underlying Shares, and none of the outstanding shares of capital stock of the Guarantor have been issued in violation of any preemptive or similar rights of any security holder.

(g) *No Finder's Fee*. Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Purchaser for a brokerage commission, finder's fee or other like payment.

(h) *Registration Rights Agreement*. The Registration Rights Agreement has been duly authorized by the Company and the Guarantor; and, when the Offered Securities are delivered and paid for pursuant to this Agreement on the Closing Date, the Registration Rights Agreement will have been duly executed and delivered and will be the valid and legally binding obligations of the Company and the Guarantor, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing and except as rights to indemnification and contribution under the Registration Rights Agreement may be limited under applicable law.

(i) *Guarantee*. The Guarantee to be endorsed on the Offered Securities by the Guarantor has been duly authorized by such Guarantor; and, when the Offered Securities are delivered and paid for pursuant to this Agreement on the Closing Date and issued, executed and authenticated in accordance with the terms of the Indenture, the Guarantee of the Guarantor endorsed thereon will have been duly executed and delivered by the Guarantor, will conform to the description thereof contained in General Disclosure Package and the Final Offering Circular and will constitute valid and legally binding obligations of such Guarantor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing.

(j) *No Registration Rights*. Except pursuant to the Registration Rights Agreement, there are no contracts, agreements or understandings between the Company or the Guarantor and any person granting such person the right to require the Company or such Guarantor to file a registration statement under the Securities Act with respect to any securities of the Company or such Guarantor or to require the Company or such Guarantor to include such securities with the Securities and Guarantee registered pursuant to any Registration Statement.

(k) *Absence of Further Requirements*. No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required for the consummation of the transactions contemplated by this Agreement, the Indenture and the Registration Rights Agreement in connection with the offering, issuance and sale of the Offered Securities and the Guarantee by the Company and the Guarantor except for the order of the Commission declaring effective the Exchange Offer Registration Statement or, if required, the Shelf Registration Statement (each as defined in the Registration Rights Agreement) and for such as may be required under state securities or "blue sky" laws.

(l) *Title to Property*. Except as disclosed in the General Disclosure Package, the Company, the Guarantor and the Significant Subsidiaries have good and marketable title to all real properties and title to all other properties and assets owned by them, in each case free from liens, charges, encumbrances and defects that would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and except as disclosed in the General Disclosure Package, the Company, the Guarantor and the Significant Subsidiaries hold their leased real or personal property under valid and enforceable leases, except where the failure to do so would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(m) *Absence of Defaults and Conflicts Resulting from Transaction*. The execution, delivery and performance of the Indenture, this Agreement and the Registration Rights Agreement, and the issuance and sale of the Offered Securities and Guarantee and compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company, the Guarantor or any of their respective subsidiaries pursuant to, the charter or by-laws of the Company, the Guarantor or any of their respective subsidiaries, any statute, any rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, the Guarantor or any of their respective subsidiaries or any of their properties, or any agreement or instrument to which the Company, the Guarantor or any of their respective subsidiaries is a party or by which the Company, the Guarantor or any of their respective subsidiaries is bound or to which any of the properties of the Company, the Guarantor or any of their respective subsidiaries is subject, except where the failure to do so would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; a "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company, the Guarantor or any of their respective subsidiaries.

(n) *Absence of Existing Defaults and Conflicts*. None of the Company, the Guarantor or their respective subsidiaries is in violation of its respective charter or by-laws or in default (or with the giving of notice or lapse of time would be in default) under any existing obligation agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of the properties of any of them is subject, except such violation or defaults that would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(o) *Authorization of Agreement.* This Agreement has been duly authorized, executed and delivered by the Company and the Guarantor.

(p) *Possession of Licenses and Permits*. The Company, the Guarantor and their respective subsidiaries possess, and are in compliance with the terms of, all adequate certificates, authorizations, franchises, licenses and permits ("**Licenses**") necessary or material to the conduct of the business now conducted or proposed in the General Disclosure Package to be conducted by them and have not received any notice of proceedings relating to the revocation or modification of any Licenses that would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(q) *Absence of Labor Dispute*. No labor dispute with the employees of the Company, the Guarantor or any of their respective subsidiaries exists or, to the knowledge of the Company or the Guarantor, is imminent that would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(r) *Possession of Intellectual Property*. The Company, the Guarantor and their respective subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know how, patents, copyrights, confidential information and other intellectual property (collectively, "**intellectual property rights**") necessary to conduct the business now operated by them, or presently employed by them, and have not received any notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(s) *Environmental Laws*. Except as disclosed in the General Disclosure Package, none of the Company, the Guarantor or their respective subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**environmental laws**"), owns or operates any real property contaminated with any substance that is subject to regulation under any environmental laws, is liable for any off site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and the Company is not aware of any pending investigation which might lead to such a claim, which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

(t) *Accurate Disclosure*. The statements in the General Disclosure Package and the Final Offering Circular under the headings "Description of the Notes" and "Certain United States Federal Income Tax Considerations", insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and fair summaries, in all material respects, of such legal matters, agreements, documents or proceedings.

(u) *Absence of Manipulation.* None of the Company, the Guarantor and their respective affiliates has, either alone or with one or more other persons, bid for or purchased for any account in which it or any of its affiliates had a beneficial interest any Offered Securities or attempt to induce any person to purchase any Offered Securities.

(v) *Statistical and Market-Related Data*. Any third-party statistical and market-related data included in a Preliminary Offering Circular, a Final Offering Circular, or any Issuer Free Writing Communication are based on or derived from sources that the Company and the Guarantor believe to be reliable and accurate.

(w) *Internal Controls and Compliance with the Sarbanes-Oxley Act*. Except as set forth in the General Disclosure Package, the Guarantor and its Board of Directors (the "**Board**") are in compliance, in all material respects, with Sarbanes-Oxley and all applicable Exchange Rules. The Company and the Guarantor maintain a system of internal controls, including, but not limited to, disclosure controls and procedures, internal controls over accounting matters and financial reporting, an internal audit function, and legal and regulatory compliance controls (collectively, "**Internal Controls**"), that comply with the Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(x) *Litigation*. Except as disclosed in the General Disclosure Package, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Company, the Guarantor, any of their respective subsidiaries or any of their respective properties would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, or would materially and adversely affect the ability of the Company or the Guarantor to perform their obligations under the Indenture, this Agreement, or the Registration Rights Agreement, or which are otherwise material in the context of the sale of the Offered Securities and the Guarantee; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened.

(y) *Financial Statements*. The financial statements included in the General Disclosure Package present fairly the financial position of the Company, the Guarantor and their respective consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and, except as otherwise disclosed in the General Disclosure Package, such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis.

(z) *No Material Adverse Change in Business*. Except as disclosed in the General Disclosure Package, since the end of the period covered by the latest audited financial statements included in the General Disclosure Package (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company, the Guarantor and their respective subsidiaries, taken as a whole, that has had a Material Adverse Effect; (ii) except as disclosed in or contemplated by the General Disclosure Package, there has been no dividend or distribution of any kind declared, paid or made by the Company or the Guarantor on any class of their capital stock, except for dividend distributions from the Company to the Guarantor and (iii) except as disclosed in or contemplated by the General Disclosure Package, there has been no material adverse change in the capital stock, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company, the Guarantor and their respective subsidiaries.

(aa) *Investment Company Act*. Neither the Company nor the Guarantor is an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the United States Investment Company Act of 1940 (the "**Investment Company Act**"); and neither the Company nor the Guarantor is and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package, will be an "investment company" as defined in the Investment Company Act.

(bb) *Regulations T, U, X*. Neither the Company nor the Guarantor nor any of their respective subsidiaries nor any agent thereof acting on their behalf has taken, and none of them will take, any action that might cause this Agreement or the issuance or sale of the Offered Securities to violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System.

(cc) *Ratings*. No "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) (i) has imposed (or has informed the Company or the Guarantor that it is considering imposing) any condition (financial or otherwise) on the Company's or the Guarantor's retaining any rating assigned to the Company or the Guarantor or any securities of the Company or the Guarantor or (ii) has indicated to the Company or the Guarantor that it is considering any of the actions described in Section 7(b)(ii) hereof.

(dd) *Class of Securities Not Listed*. No securities of the same class (within the meaning of Rule 144A(d)(3)) as the Offered Securities are listed on any national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

(ee) *No Registration*. The offer and sale of the Offered Securities in the manner contemplated by this Agreement will be exempt from the registration requirements of the Securities Act by reason of Section 4(2) thereof, and Regulation D thereunder; and it is not necessary to qualify an indenture in respect of the Offered Securities under the United States Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**").

(ff) *No General Solicitation; No Directed Selling Efforts*. Neither the Company nor the Guarantor has entered and neither the Company nor the Guarantor will enter into any contractual arrangement with respect to the distribution of the Offered Securities except for this Agreement.

(gg) *Reporting Status*. The Company and the Guarantor are subject to Section 13 or 15(d) of the Exchange Act.

(hh) Each of the Company and the Guarantor represents and warrants on behalf of such entity and their respective subsidiaries, affiliates and any of their respective officers, directors, supervisors, managers, agents, or employees, that it has instituted and maintains policies and procedures designed to ensure continued compliance with the laws referenced herein at subparagraphs (a) through (c) and that, except to the extent that any such violation would not cause or result in a Material Adverse Effect, it has not violated, and its participation in the offering will not violate each of the following laws: (a) anti-bribery laws, including but not limited to, any applicable law, rule, or regulation of any locality in which the foregoing entities or individuals do business on behalf of the Company, the Guarantor or its subsidiaries, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any other applicable law, rule or regulation of similar purpose and scope, (b) anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code section 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (c) laws and regulations imposing U.S. economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the United Nations Participation Act, and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended, or any orders or licenses issued thereunder.

(ii) *Taxes.* The Company, the Guarantor and their respective subsidiaries have filed all federal, state, local and non-U.S. tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect); and, except as set forth in the General Disclosure Package, the Company, the Guarantor and their respective subsidiaries have paid all taxes (including any assessments, fines or penalties) required to be paid by them, except for any such taxes, assessments, fines or penalties currently being contested in good faith or as would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(jj) *Insurance.* The Company, the Guarantor and their respective subsidiaries are insured by insurers with appropriately rated claims paying abilities against such losses and risks and in such amounts as are prudent and customary for the businesses in which they are engaged; all material policies of insurance and fidelity or surety bonds insuring the Company, the Guarantor or any of their respective subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect; the Company, the Guarantor and their respective subsidiaries are in compliance with the terms of such policies and instruments in all material respects.

3. *Purchase, Sale and Delivery of Offered Securities.* On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company agrees to sell to the several Purchasers, and each of the Purchasers agrees, severally and not jointly, to purchase from the Company, at a purchase price of 98.00% of the principal amount thereof plus accrued interest from October 16, 2007 to the First Closing Date (as hereinafter defined), U.S. $250,000,000 principal amount of the Firm Securities.

The Company will deliver against payment of the purchase price the Firm Securities to be purchased by the several Purchasers hereunder and to be offered and sold by the Purchasers in reliance on Rule 144A (the "**Firm 144A Securities**") in the form of one permanent global security in definitive form without interest coupons (the "**Firm Restricted Global Securities**") deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Firm Restricted

Global Securities shall be assigned separate CUSIP numbers. The Firm Restricted Global Securities shall include the legend regarding restrictions on transfer set forth under "Transfer Restrictions" in the Final Offering Circular. Interests in any permanent global Securities will be held only in book-entry form through Euroclear, Clearstream, Luxembourg or DTC, as the case may be, except in the limited circumstances described in the Final Offering Circular.

Payment for the Firm 144A Securities shall be made by the Purchasers in Federal (same day) funds by wire transfer to an account at a bank acceptable to Credit Suisse drawn to the order of the Company at the office of Cravath, Swaine & Moore LLP, 825 Eighth Avenue, New York, NY 10019, at 10:00 A.M., (New York City time), on October 16, 2007, or at such other time not later than seven full business days thereafter as Credit Suisse and the Company determine, such time being herein referred to as the "**First Closing Date**", against delivery to the Trustee as custodian for DTC of the Firm Restricted Global Securities representing all of the Firm 144A Securities. The Firm Restricted Global Securities will be made available for checking at the above office of Cravath, Swaine & Moore LLP at least 24 hours prior to the First Closing Date.

In addition, upon written notice from the Representative given to the Company from time to time not more than 13 days subsequent to the date of this Agreement, the Purchasers may purchase all or less than all of the Optional Securities at the purchase price per principal amount of Offered Securities (including any accrued interest thereon to the related Optional Closing Date) to be paid for the Firm Securities. The Company agrees to sell to the several Purchasers the principal amount of Optional Securities specified in such notice and the Purchasers agree to purchase such Optional Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by Credit Suisse to the Company.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as the "**Optional Closing Date**", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "**Closing Date**"), shall be determined by the Representative on behalf of the several Purchasers but shall not be later than seven full business days after written notice of election to purchase Optional Securities is given, provided that any Optional Closing Date shall occur within the thirteen day period beginning on, and including the First Closing Date. Payment for the Optional Securities being purchased on such Optional Closing Date by the Purchasers hereunder and to be offered and sold by the Purchasers in reliance on Rule 144A ("**Optional 144A Securities**") shall be made by the Purchasers by in Federal (same day) funds by wire transfer to an account at a bank acceptable to Credit Suisse drawn to the order of the Company at the above office of Cravath, Swaine & Moore LLP, against delivery to the Trustee of the Restricted Global Securities representing all of the Optional Rule 144A Securities being purchased on such Optional Closing Date.

4. *Representations by Purchasers; Resale by Purchasers.* (a) Each Purchaser severally represents and warrants to the Company that it is an "accredited investor" within the meaning of Regulation D under the Securities Act.

(b) Each Purchaser agrees that it and each of its affiliates has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Securities except with the prior written consent of the Company.

(c) Each Purchaser agrees that it and each of its affiliates will not offer or sell the Offered Securities in the United States by means of any form of general solicitation or general advertising within the meaning of Rule 502(c), including, but not limited to (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. Each Purchaser agrees, with respect to resales made in reliance on Rule 144A of any of the Offered Securities, to deliver either with the confirmation of such resale or otherwise prior to settlement of such resale a notice to the effect that the resale of such Offered Securities has been made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

5. *Certain Agreements of the Company and the Guarantor.* The Company and the Guarantor agree with the several Purchasers that:

(a) *Amendments and Supplements to Offering Circulars*. The Company and the Guarantor will promptly advise the Representative of any proposal to amend or supplement the Preliminary or Final Offering Circular and will not effect such amendment or supplementation without the Representative's consent. If, at any time prior to the completion of the resale of the Offered Securities by the Purchasers, there occurs an event or development as a result of which any document included in the Preliminary or Final Offering Circular, the General Disclosure Package or any Supplemental Marketing Material, if republished immediately following such event or development, included or would include an untrue statement of a material fact or omitted or would omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any such time to amend or supplement the Preliminary or Final Offering Circular, the General Disclosure Package or any Supplemental Marketing Material to comply with any applicable law, the Company and the Guarantor promptly will notify the Representative of such event and promptly will prepare and furnish, at its own expense, to the Purchasers and the dealers and to any other dealers at the request of the Representative, an amendment or supplement which will correct such statement or omission or effect such compliance. Neither the Representative's consent to, nor its delivery to offerees or investors of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7.

(b) *Furnishing of Offering Circulars*. The Company and the Guarantor will furnish to the Representative copies of the Preliminary Offering Circular, each other document comprising a part of the General Disclosure Package, the Final Offering Circular, all amendments and supplements to such documents and each item of Supplemental Marketing Material, in each case as soon as available and in such quantities as the Representative may reasonably request. At any time when the Company is not subject to Section 13 or 15(d), the Company and the Guarantor will promptly furnish or cause to be furnished to the Representative (and, upon request of holders and prospective purchasers of the Offered Securities, to such holders and purchasers, copies of the information required to be delivered to holders and prospective purchasers of the Offered Securities pursuant to Rule 144A(d)(4) (or any successor provision thereto) in order to permit compliance with Rule 144A in connection with resales by such holders of the Offered Securities. The Company will pay the expenses of printing and distributing to the Purchasers all such documents.

(c) *Blue Sky Qualifications*. The Company and the Guarantor will arrange for the qualification of the Offered Securities for sale and the determination of their eligibility for investment under the laws of such jurisdictions in the United States and Canada as the Representative designates and will continue such qualifications in effect so long as required for the resale of the Offered Securities by the Purchasers, provided that the Company will not be required to qualify as a foreign corporation or to file a general consent to service of process in any such state.

(d) *Reporting Requirements*. For so long as the Offered Securities remain outstanding, the Company and the Guarantor will furnish to the Representative and, upon request, to each of the other Purchasers, as soon as practicable after the end of each fiscal year, a copy of their respective annual report to shareholders for such year; and the Company and the Guarantor will furnish to the Representative (i) as soon as available, a copy of each report and any definitive proxy statement of the Company and the Guarantor filed with the Commission under the Exchange Act or mailed to shareholders, and (ii) from time to time, such other information concerning the Company and the Guarantor as the Representative may reasonably request. However, so long as (x) the Company is subject to the reporting requirements of either Section 13

or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system ("**EDGAR**") and (y) with respect to the annual report to shareholders, has furnished such annual report on the Guarantor's website, it is not required to furnish such reports or statements to the Purchasers.

(e) *Transfer Restrictions*. During the period of two years after the Closing Date, the Company will, upon request, furnish to the Representative and any holder of Offered Securities a copy of the restrictions on transfer applicable to the Offered Securities.

(f) *No Resales by Affiliates*. During the period of two years after the Closing Date, the Company will not, and will not permit any of its affiliates (as defined in Rule 144) to, resell any of the Offered Securities that have been reacquired by any of them.

(g) *Investment Company*. During the period of two years after the Closing Date, the neither the Company nor the Guarantor will be or become, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act.

(h) *Payment of Expenses*. The Company and the Guarantor will pay all expenses incidental to the performance of their respective obligations under this Agreement, the Indenture and the Registration Rights Agreement, including but not limited to (i) the fees and expenses of the Trustee and its professional advisers; (ii) all expenses in connection with the execution, issue, authentication, packaging and initial delivery of the Offered Securities, the preparation and printing of this Agreement, the Registration Rights Agreement, the Offered Securities, the Indenture, the Preliminary Offering Circular, any other documents comprising any part of the General Disclosure Package, the Final Offering Circular, all amendments and supplements thereto, each item of Supplemental Marketing Material and any other document relating to the issuance, offer, sale and delivery of the Offered Securities; (iii) the cost of qualifying the Offered Securities for trading and any expenses incidental thereto; (iv) any expenses (including fees and disbursements of counsel to the Purchasers) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions in the United States and Canada as the Representative designates and the preparation and printing of memoranda relating thereto, (v) any fees charged by investment rating agencies for the rating of the Offered Securities, and (vi) expenses incurred in distributing the Preliminary Offering Circular, any other documents comprising any part of the General Disclosure Package, the Final Offering Circular (including any amendments and supplements thereto) and any Supplemental Marketing Material to the Purchasers. The Company and the Guarantor will also pay or reimburse the Purchasers (to the extent incurred by them) for costs and expenses of the Purchasers and the Company's officers and employees and any other expenses of the Purchasers, the Company and the Guarantor relating to investor presentations on any "road show" in connection with the offering and sale of the Offered Securities including, without limitation, any travel expenses of the Company's and the Guarantor's officers and employees and any other expenses of the Company and the Guarantor including the chartering of airplanes.

(i) *Use of Proceeds*. The Company will use the net proceeds received in connection with this offering in the manner described in the "Use of Proceeds" section of the General Disclosure Package.

(j) *Absence of Manipulation*. In connection with the offering, until Credit Suisse shall have notified the Company of the completion of the resale of the Offered Securities, neither the Company, the Guarantor nor any of their affiliates will, either alone or with one or more other persons, bid for or purchase for any account in which it or any of its affiliates has a beneficial interest any Offered Securities or attempt to induce any person to purchase any Offered Securities; and neither the Company, the Guarantor nor any of their affiliates will make bids or purchases for the purpose of creating actual, or apparent, active trading in, or of raising the price of, the Offered Securities.

(k) *Restriction on Sale of Securities*. For a period of 90 days after the date hereof, neither the Company nor the Guarantor will, directly or indirectly, take any of the following actions with respect to any United States dollar-denominated debt securities issued or guaranteed by the Company or the Guarantor and having a maturity of more than one year from the date of issue or its Common Stock, or any securities (other than the Offered Securities) convertible into or exchangeable or exercisable for any of the Guarantor's Common Stock ("**Lock-Up Securities**"), except as described in the General Disclosure Package and the transactions contemplated thereby: (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of Lock-Up Securities, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (v) file with the Commission a registration statement under the Securities Act relating to Lock-Up Securities or publicly disclose the intention to take any such action, without the prior written consent of Credit Suisse except grants of employee stock options pursuant to the terms of a plan in effect on the date hereof, issuances of Lock-Up Securities pursuant to the exercise of such options or the exercise of any other employee stock options outstanding on the date hereof or issuances of Lock-Up Securities pursuant to the Company's or the Guarantor's dividend reinvestment plan. Neither the Company nor the Guarantor will at any time directly or indirectly, take any action referred to in clauses (i) through (v) above with respect to any securities under circumstances where such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbor of Regulation S thereunder to cease to be applicable to the offer and sale of the Offered Securities.

6. *Free Writing Communications*. (a) *Issuer Free Writing Communications*. The Company and the Guarantor each represents and agrees that, unless it obtains the prior consent of Credit Suisse, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Communication.

(b) *Term Sheets*. The Company consents to the use by any Purchaser of a Free Writing Communication that (i) contains only (A) information describing the preliminary terms of the Offered Securities or their offering or (B) information that describes the final terms of the Offered Securities or their offering and that is included in or is subsequently included in the Final Offering Circular, including by means of a pricing term sheet, the form of which is attached to Schedule B hereto, or (ii) does not contain any material information about the Company or the Guarantor or their securities that was provided by or on behalf of the Company or the Guarantor, it being understood and agreed that the Company and the Guarantor shall not be responsible to any Purchaser for liability arising from any inaccuracy in such Free Writing Communications referred to in clause (i) or (ii) as compared with the information in the Preliminary Offering Circular, the Final Offering Circular or the General Disclosure Package.

7. *Conditions of the Obligations of the Purchasers*. The obligations of the several Purchasers to purchase and pay for the Firm Securities on the First Closing Date and for the Optional Securities on each Optional Closing Date will be subject to the accuracy of the representations and warranties of the Company and the Guarantor herein (as though made on such Closing Date), to the accuracy of the statements of officers of the Company and the Guarantor made pursuant to the provisions hereof, to the performance by the Company and the Guarantor of their obligations hereunder and to the following additional conditions precedent:

(a) *Accountants' Comfort Letter*. The Purchasers shall have received letters, dated, respectively, the date hereof on the General Disclosure Package and the First Closing Date on the Final Offering Circular, of Deloitte & Touche LLP confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and substantially in the form of Schedule E hereto (except that, in any letter dated a Closing Date, the specified date referred to in Schedule E hereto shall be a date no more than three days prior to such Closing Date).

(b) *No Material Adverse Change*. Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company, the Guarantor and their respective subsidiaries taken as a whole which, in the judgment of the Representative, is material and adverse and makes it impractical or inadvisable to market the Offered Securities; (ii) any downgrading in the rating of any debt securities of the Company or the Guarantor by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g)), or any public announcement that any such organization has under surveillance or review its rating of any debt securities of the Company or the Guarantor (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating) or any announcement that the Company or the Guarantor has been placed on negative outlook; (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representative, impractical to market or to enforce contracts for the sale of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market, (iv) any suspension or material limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum or maximum prices for trading on such exchange; (v) or any suspension of trading of any securities of the Company or the Guarantor on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S. federal or New York authorities; (vii) any major disruption of settlements of securities, payment, or clearance services in the United States or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of the Representative, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it in the judgment of the Representative impractical or inadvisable to market the Offered Securities or to enforce contracts for the sale of the Offered Securities.

(c) *Opinion of Vinson & Elkins L.L.P*. The Purchasers shall have received an opinion, dated such Closing Date, of Vinson & Elkins L.L.P., counsel for the Company and the Guarantor, that:

(i) The Company has been duly incorporated and is existing and in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the General Disclosure Package and the Exchange Act Reports; and each of the Company, the Guarantor and each Significant Subsidiary is duly qualified to do business as a foreign corporation in good standing in all jurisdictions set forth in a schedule annexed to such opinion.

(ii) The Indenture has been duly authorized, executed and delivered by the Company; and the Indenture delivered on such Closing Date constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing and entitled to the benefits provided by the Indenture. Assuming due authorization and execution under the laws of the State of North Carolina by the Guarantor, the Indenture delivered on such Closing Date constitutes a valid and legally binding obligation of the Guarantor, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing and entitled to the benefits provided by the Indenture.

(iii) The Indenture conforms in all material respects to the requirements of the Trust Indenture Act, and the rules and regulations of the Commission applicable to an indenture that is qualified thereunder.

(iv) The Securities delivered on the applicable Closing Date have been duly authorized, executed, authenticated, issued and delivered by the Company and conform, in all material respects, to the information in the General Disclosure Package and the description thereof contained in the Final Offering Circular. When the Securities are paid for in accordance with this Agreement, executed, authenticated, issued and delivered in accordance with the terms of the Indenture, the Securities will be entitled to the benefits of the Indenture and will be the valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing.

(v) When the Securities have been issued, executed and authenticated in accordance with the Indenture and delivered to and paid for by the Purchasers in accordance with the terms of this Agreement, the Guarantee of the Guarantor endorsed thereon, assuming that the Guarantee has been duly authorized, executed and delivered under the laws of the State of North Carolina, will constitute the valid and legally binding obligation of the Guarantor, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing.

(vi) The Registration Rights Agreement has been duly authorized, executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing and entitled to the benefits provided by the Registration Rights Agreement and except as rights to indemnification and contribution under the Registration Rights Agreement may be limited under applicable law and by public policy. Assuming due authorization and execution under the laws of the State of North Carolina by the Guarantor, the Registration Rights Agreement constitutes a valid and legally binding obligation of the Guarantor enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and implied covenants of good faith and fair dealing and entitled to the benefits provided by the Registration Rights Agreement and except as rights to indemnification and contribution under the Registration Rights Agreement may be limited under applicable law and public policy.

(vii) Neither the Company nor the Guarantor is and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package, neither the Company nor the Guarantor will be an "investment company" as defined in the Investment Company Act.

(viii) No consent, approval, authorization or order of, or filing with, any U.S. federal or New York State governmental agency or body or any court is required for the consummation of the transactions contemplated by this Agreement, the Indenture and the Registration Rights Agreement in connection with the offering, issuance and sale of the Offered Securities and Underlying Shares by the Company and the Guarantor, except such as may be required under state securities or "blue sky" laws and except for the filing of the Shelf Registration Statement with the Commission and the order of the Commission declaring effective the Shelf Registration Statement.

(ix) The execution, delivery and performance of the Indenture, this Agreement and the Registration Rights Agreement, and the issuance and sale of the Offered Securities and compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to the charter or by-laws of the Company or any of its subsidiaries, any U.S. Federal or New York State statute, rule, regulation or the Delaware General Corporation Law or any order thereunder known to such counsel of any U.S. Federal or New York State governmental agency or body or any court having jurisdiction over the Guarantor or any of its subsidiaries or any of their properties, or any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties of the Company or any of its subsidiaries is subject, or any agreement or instrument filed as an exhibit to the Guarantor's Annual Report on Form 10-K for the year ended December 31, 2006 to which the Guarantor is a party or by which the Guarantor is bound or to which any of the properties of the Guarantor is subject, and the Company has requisite power and authority to authorize, issue and sell the Offered Securities and contemplated by this Agreement.

(x) The statements set forth in the General Disclosure Package and in the Final Offering Circular under the captions "Description of the Notes" and "Certain United States Federal Income Tax Considerations" insofar as they purport to be summaries of legal matters and agreements described therein are accurate summaries thereof in all material respects.

(xi) This Agreement has been duly authorized, executed and delivered by the Company.

(xii) Assuming the accuracy and completeness of the representations of the parties hereto set forth herein, it is not necessary in connection with (i) the offer, sale and delivery of the Offered Securities by the Company to the several Purchasers pursuant to this Agreement or (ii) the initial resales of the Offered Securities by the several Purchasers in the manner contemplated by this Agreement and the Indenture, to register the Offered Securities under the Securities Act or to qualify an indenture in respect thereof under the Trust Indenture Act, it being understood that no opinion is expressed as to any subsequent resales of the Offered Securities.

In addition, such counsel shall state that it has participated in conferences with officers and other representatives of the Company and the Guarantor, representatives of the auditors for the Company and the Guarantor and with the Purchasers' representatives at which the contents of the General Disclosure Package and the Final Offering Circular and related matters were discussed. Such counsel did not participate in the preparation of any of the documents incorporated by reference in the Preliminary Offering Circular or the Final Offering Circular. Although such counsel has not independently verified the information in the Preliminary Offering Circular or the Final Offering Circular, and is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the General Disclosure Package or the Final Offering Circular, on the basis of the foregoing, nothing has come to such counsel's attention which would lead such counsel to believe that the General Disclosure Package, as of the Applicable time, or that the Final Offering Circular as of its date or on the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (it being understood that such counsel expresses no belief as to the financial statements and related notes, financial statement schedules and other financial and accounting data included in or omitted from the General Disclosure Package or the Final Offering Circular).

In rendering the opinion expressed in paragraph (i) above as to valid existence, good standing and foreign qualification, such counsel may rely solely on certificates of governmental agencies.

In rendering the opinion expressed in paragraph (viii), such counsel may assume that no court of competent jurisdiction would construe the provisions in the Registration Rights Agreement or related provisions in the Indenture providing for liquidated damages or additional interest as commercially unreasonable or a penalty or forfeiture.

(d) *Opinion of Alston and Bird LLP*. The Purchasers shall have received an opinion, dated such Closing Date, of Alston and Bird LLP, North Carolina counsel for the Guarantor, that:

(i) *Good Standing of the Guarantor*. The Guarantor has been duly incorporated and is validly existing and in good standing under the laws of the State of North Carolina, with corporate power and authority to own its properties and conduct its business as described in the General Disclosure Package and the Exchange Act Reports.

(ii) *Indenture*. The Indenture has been duly authorized, executed and delivered by the Guarantor.

(iii) *Guarantee*. The Guarantee has been duly authorized, executed and delivered by the Guarantor.

(iv) *Underlying Shares*. The shareholders of the Guarantor have no preemptive rights with respect to the issuance of the Underlying Shares upon the exchange of the Securities; and all Underlying Shares, when issued upon exchange of the Securities, will be validly issued, fully paid and nonassessable.

(v) *Authorization of Registration Rights Agreement*. The Registration Rights Agreement has been duly authorized, executed and delivered by the Guarantor.

(vi) *Absence of Defaults and Conflicts Resulting from Transaction*. The execution, delivery and performance of the Indenture, this Agreement and the Registration Rights Agreement, and the issuance of the Underlying Shares upon exchange of the Securities and compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Guarantor pursuant to the charter or by-laws of the Guarantor, any North Carolina statute, rule, regulation or order of any North Carolina governmental agency, body or court having jurisdiction over the Guarantor or its properties, and the Guarantor has full power and authority to authorize and issue the Guarantee.

(vii) *Authorization of Agreement*. This Agreement has been duly authorized, executed and delivered by the Guarantor.

(e) *Opinion of General Counsel*. The Purchasers shall have received an opinion, dated such Closing Date, of Michael R. Herman, Vice President and General Counsel for the Company and the Guarantor, that:

(i) *Subsidiaries*. Each Significant Subsidiary (including any special purpose entity) has been duly incorporated and is existing and in good standing under the laws of the jurisdiction of its organization, with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package;

and all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued and is fully paid and nonassessable; the capital stock of each Significant Subsidiary owned by the Company and the Guarantor, directly or through subsidiaries, is owned free from liens, encumbrances and defects.

(ii) *Underlying Shares*. The shares of such Common Stock initially issuable upon exchange of the Securities delivered on such Closing Date have been duly authorized and reserved for issuance upon such exchange, conform to the information in the General Disclosure Package and conform to the description of such Common Stock contained in the General Disclosure Package and the Final Offering Circular in all material respects.

(iii) *Offered Securities*. The Offered Securities have been duly authorized by the Company and the Guarantor; and when the Offered Securities are issued, executed and authenticated in accordance with the terms of the Indenture, the Offered Securities will be entitled to the benefits of the Indenture and will be the valid and legally binding obligations of the Company and the Guarantor, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(iv) *Guarantee*. The Guarantee to be endorsed on the Offered Securities by the Guarantor has been duly authorized by the Guarantor, and have been duly executed and delivered by the Guarantor and conform to the description thereof contained in the Final Offering Circular.

(v) *No Registration Rights*. Other than the Registration Rights Agreement, there are no contracts, agreements or understandings between the Company or the Guarantor and any person granting such person the right to require the Company or the Guarantor to file a registration statement under the Securities Act with respect to any securities of the Company or the Guarantor or to require the Company or the Guarantor to include such securities with the Securities and Guarantee registered pursuant to any Registered Statement.

(vi) *Litigation*. There are no pending actions, suits or proceedings against or affecting the Company, the Guarantor or any of their respective subsidiaries or any of their respective properties that, if determined adversely to the Company, the Guarantor or any of their respective subsidiaries, would individually or in the aggregate have a Material Adverse Effect, or would materially and adversely affect the ability of the Company or the Guarantor to perform their obligations under the Indenture, this Agreement or the Registration Rights Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings are threatened.

(vii) *Absence of Existing Defaults and Conflicts*. Neither the Company nor the Guarantor nor any of their respective subsidiaries is in violation of its charter or by-laws and, to the best of such counsel's knowledge, no default (or event which, with the giving of notice or lapse of time would be a default) has occurred in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument that is described or referred to in a Preliminary Offering Circular, the Final Offering Circular or the General Disclosure Package, except such defaults and violations that would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(f) *Opinion of Counsel for Purchasers*. The Purchasers shall have received from Cravath Swaine & Moore LLP, counsel for the Purchasers, such opinion or opinions, dated the Closing Date, with respect to such matters as the Representative may require, and the Company and the Guarantor shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(g) *Officers' Certificate*. The Purchasers shall have received certificates, dated such Closing Date, of an executive officer of the Company and the Guarantor and a principal financial or accounting officer of the Company and the Guarantor in which such officers shall state that the representations and warranties of the Company and the Guarantor in this Agreement are true and correct, that the Company and the Guarantor have complied with all agreements and satisfied all conditions on their part to be performed or satisfied hereunder at or prior to such Closing Date, and that, subsequent to the date of the most recent financial statements in the General Disclosure Package and the Exchange Act Reports there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company, the Guarantor and their respective subsidiaries taken as a whole except as set forth in the General Disclosure Package and the Exchange Act Reports or as described in such certificate.

Documents described as being "in the agreed form" are documents which are in the forms which have been initialed for the purpose of identification by Cravath Swaine & Moore LLP, copies of which are held by the Company, the Guarantor and Credit Suisse, with such changes as Credit Suisse may approve.

The Company and the Guarantor will furnish the Purchasers with such conformed copies of such opinions, certificates, letters and documents as the Purchasers reasonably request. Credit Suisse may in its sole discretion waive on behalf of the Purchasers compliance with any conditions to the obligations of the Purchasers hereunder, whether in respect of an Optional Closing Date or otherwise.

8. *Indemnification and Contribution*. (a) *Indemnification of Purchasers*. The Company and the Guarantor will indemnify and hold harmless each Purchaser, its officers, employees, agents, partners, members, directors and its affiliates and each person, if any, who controls such Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each, an "**Indemnified Party**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Securities Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Offering Circular or the Final Offering Circular, in each case as amended or supplemented, or any Issuer Free Writing Communication (including with limitation, any Supplemental Marketing Material), or the Exchange Act Reports, or arise out of or are based upon the omission or alleged omission of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating, preparing or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto) whether threatened or commenced and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; provided, however, that the Company and the Guarantor will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Purchaser through Credit Suisse specifically for use therein, it being understood and agreed that the only such information consists of the information described as such in subsection (b) below.

(b) *Indemnification of Company*. Each Purchaser will severally and not jointly indemnify and hold harmless each of the Company, the Guarantor, each of their respective directors and officers and each person, if any, who controls the Company or the Guarantor within the meaning of Section

15 of the Securities Act or Section 20 of the Exchange Act (each, a "**Purchaser Indemnified Party**"), against any losses, claims, damages or liabilities to which such Purchaser Indemnified Party may become subject, under the Securities Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Offering Circular or the Final Offering Circular, in each case as amended or supplemented, or any Issuer Free Writing Communication or arise out of or are based upon the omission or the alleged omission of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Purchaser through the Representative specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Purchaser Indemnified Party in connection with investigating, preparing or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Purchaser Indemnified Party is a party thereto) whether threatened or commenced based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Purchaser consists of the following information in the Preliminary and Final Offering Circular: the third, ninth, tenth and eleventh paragraphs and the first, second and fourth sentences of the fifteenth paragraph under the caption "Plan of Distribution"; provided, however, that the Purchasers shall not be liable for any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(a) of this Agreement.

(c) *Actions against Parties; Notification*. Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. It is understood and agreed that the indemnifying party shall not be, in connection with any proceeding or related proceeding the same jurisdiction, liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for each indemnified party, and that all such fees and expenses shall be reasonable and shall be reimbursed as they are incurred. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes (i) an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any indemnified party.

(d) *Contribution*. If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Purchasers on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above

is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantor on the one hand and the Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantor on the one hand and the Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Purchasers from the Company under this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantor or the Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Purchaser shall not be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities purchased by it were resold exceeds the amount of any damages which such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The Purchasers' obligations in this subsection (d) to contribute are several in proportion to their respective purchase obligations and not joint. The Company, the Guarantor and the Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(d).

9. *Survival of Certain Representations and Obligations.* The respective indemnities, agreements, representations, warranties and other statements of the Company, the Guarantor or their respective officers and of the several Purchasers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Purchaser, the Company, the Guarantor or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If for any reason the purchase of the Offered Securities by the Purchasers is not consummated, the Company and the Guarantor shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 5 and the respective obligations of the Company, the Guarantor and the Purchasers pursuant to Section 8 shall remain in effect. If the purchase of the Offered Securities by the Purchasers is not consummated for any reason other than solely because of the occurrence of any event specified in clause (iii), (iv), (vi), (vii) or (viii) of Section 7(b), the Company and the Guarantor will reimburse the Purchasers for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by it in connection with the offering of the Offered Securities.

10. *Notices.* All communications hereunder will be in writing and, if sent to the Purchasers will be mailed, delivered or telegraphed and confirmed to the Purchasers at Eleven Madison Avenue, New York, N.Y. 10010-3629, Attention: LCD-IBD, or, if sent to the Company or the Guarantor, will be mailed, delivered or telegraphed and confirmed to it at 50 North Laura Street, Jacksonville, FL 32202, Attention: Vice President and General Counsel.

11. *Successors.* This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the controlling persons referred to in Section 8, and no other person will have any right or obligation hereunder, except that holders of Offered Securities shall be entitled to enforce the agreements for their benefit contained in the second and third sentences of Section 5(b) hereof against the Company as if such holders were parties thereto.

12. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

13. *Absence of Fiduciary Relationship.* The Company and the Guarantor acknowledge and agree that:

(a) *No Other Relationship*. The Representative has been retained solely to act as initial purchaser in connection with the initial purchase, offering and resale of the Offered Securities and that no fiduciary, advisory or agency relationship between the Company or the Guarantor and the Representative has been created in respect of any of the transactions contemplated by this Agreement or the Preliminary or Final Offering Circular, irrespective of whether the Representative has advised or is advising the Company or the Guarantor on other matters;

(b) *Arm's-Length Negotiations*. The purchase price of the Offered Securities set forth in this Agreement was established by the Company and the Guarantor following discussions and arms-length negotiations with the Representative and the Company and the Guarantor are capable of evaluating and understanding and understand and accept the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose*. The Company and the Guarantor have been advised that the Representative and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company or the Guarantor and that the Representative has no obligation to disclose such interests and transactions to Company or the Guarantor by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver*. The Company and the Guarantor waive, to the fullest extent permitted by law, any claims it may have against the Representative for breach of fiduciary duty or alleged breach of fiduciary duty and agree that the Representative shall have no liability (whether direct or indirect) to the Company or the Guarantor in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company or the Guarantor.

14. *Applicable Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company and the Guarantor hereby submit to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company and the Guarantor irrevocably and unconditionally waive any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in The City of New York and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum.

If the foregoing is in accordance with the Purchasers' understanding of our agreement, kindly sign and return to us one of the counterparts hereof, whereupon it will become a binding agreement between the Company, the Guarantor and the several Purchasers in accordance with its terms.

Very truly yours,

RAYONIER TRS HOLDINGS INC.

By _____
Name:
Title:

RAYONIER INC.

By: _____
Name:
Title:

The foregoing Purchase Agreement
is hereby confirmed and accepted
as of the date first above written.

CREDIT SUISSE SECURITIES (USA) LLC

By: _____
Name:
Title:

Acting on behalf of itself
and as the Representative
of the several Purchasers

SCHEDULE A

Purchaser	Principal Amount of 3.75 % Senior Exchangeable Notes due 2012
Credit Suisse Securities (USA) LLC	$ 162,500,000
J. P. Morgan Securities Inc.	$ 50,000,000
Banc of America Securities LLC	$ 25,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	12,500,000
Total	$ 250,000,000

SCHEDULE B

1. Issuer Free Writing Communications (included in the General Disclosure Package)

1. Final term sheet, dated October 10, 2007, a copy of which is attached hereto.
2. Information contained in the final table, a copy of which is attached hereto, setting forth the stock price, effective date and the increase in the exchange rate, expressed as a number of additional shares of the Guarantor's common stock to be received per $1,000 principal amount of Securities, upon an exchange in connection with a "make-whole fundamental change" (as defined in the Offering Circular) that occurs in the corresponding period.

2. Other Information Included in the General Disclosure Package

The following information is also included in the General Disclosure Package:

None.

SCHEDULE C

Supplemental Marketing Materials

None.

SCHEDULE D

Significant Subsidiaries of the Company and Guarantor

Significant Subsidiaries Rayonier TRS Holdings Inc.
Rayonier Performance Fibers LLC
Rayonier Wood Products LLC
TerraPointe LLC
Rayonier Forest Operations LLC
Rayonier Wood Procurement LLC

Significant Subsidiaries of Rayonier Inc. (other than the Company)
Rayonier Forest Resources, L.P.
Rayonier Timberlands Management LLC
Rayonier Canterbury LLC

SCHEDULE E

The Purchasers shall have received letters, dated, respectively, the date hereof and the Closing Date, of Deloitte & Touche LLP confirming that Deloitte & Touche LLP is a registered public accounting firm and independent public accountants within the meaning of the Securities Laws to the effect that:

(i) in their opinion the audited consolidated financial statements and schedules examined by them and included in the Preliminary and Final Offering Circular and in the Exchange Act Reports comply as to form in all material respects with the applicable accounting requirements of the Securities Laws;

(ii) with respect to the period(s) covered by the unaudited quarterly consolidated financial statements included in the Preliminary and Final Offering Circular, they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in AU 722, Interim Financial Information, on the unaudited quarterly consolidated financial statements (including the noted thereto) of the Company and its consolidated subsidiaries included in the Preliminary and Final Offering Circular, and have made inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its consolidated subsidiaries as to whether such unaudited quarterly consolidated financial statements comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the related published rules and regulations; they have read the latest unaudited monthly consolidated financial statements (including the notes thereto) and the supplementary summary unaudited financial information of the Company and the Guarantor and their consolidated subsidiaries made available by the Company and the Guarantor and the minutes of the meetings of the stockholders, Board of Directors and committees of the Board of Directors of the Company and the Guarantor; and have made inquiries of certain officials of the Company and the Guarantor who have responsibility for financial and accounting matters of the Company and the Guarantor and its consolidated subsidiaries as to whether the unaudited monthly financial statements are stated on a basis substantially consistent with that of the audited consolidated financial statements included in the Preliminary and Final Offering Circular; and on the basis thereof, nothing came to their attention which caused them to believe that:

(A) the unaudited financial statements included in the Preliminary and Final Offering Circular do not comply as to form in all material respects with the applicable accounting requirements of the Securities Laws, or that any material modifications should be made to the unaudited quarterly consolidated financial statements for them to be in conformity with generally accepted accounting principles;

(B) with respect to the period subsequent to the date of the most recent unaudited quarterly consolidated financial statements included in the Preliminary and Final Offering Circular, at a specified date at the end of the most recent month, there were any increases in the short-term debt or long-term debt of the Company, the Guarantor and their consolidated subsidiaries, or any change in stockholders' equity or the consolidated capital stock of the Company, the Guarantor and their consolidated subsidiaries or any decreases in the net current assets or net assets of the Company, the Guarantor and their consolidated subsidiaries, as compared with the amounts shown on the latest balance sheet included in the General Disclosure Package or for the period from the day after the date of the most recent unaudited quarterly consolidated financial statements included in the General Disclosure Package for such entities to such specified date, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated net sales, net operating income, or in the total or per share amounts of consolidated net income of the Company, the Guarantor and their consolidated subsidiaries, except for such changes, increases or decreases set forth in such letter which the General Disclosure Package disclose have occurred or may occur;

(iii) With respect to any period as to which officials of the Company and the Guarantor have advised that no consolidated financial statements as of any date or for any period subsequent to the specified date referred to in (ii)(B) above are available, they have made inquiries of certain officials of the Company and the Guarantor who have responsibility for the financial and accounting matters of the Company, the Guarantor and their consolidated subsidiaries as to whether, at a specified date not more than three business days prior to the date of such letter, there were any increases in the short-term debt or long-term debt of the Company, the Guarantor and their consolidated subsidiaries, or any change in stockholders' equity or the consolidated capital stock of the Company, the Guarantor and their consolidated subsidiaries or any decreases in the net current assets or net assets of the Company, the Guarantor and their consolidated subsidiaries, as compared with the amounts shown on the most recent balance sheet for such entities included in the General Disclosure Package; or for the period from the day after the date of the most recent unaudited quarterly financial statements for such entities included in the General Disclosure Package to such specified date, there were any decreases, as compared with the corresponding period in the preceding year, in net sales, net operating income, or in the total or per share amounts of consolidated net income of the Company, the Guarantor and their consolidated subsidiaries and, on the basis of such inquiries and the review of the minutes described in paragraph (ii) above, nothing came to their attention which caused them to believe that there was any such change, increase, or decrease, except for such changes, increases or decreases set forth in such letter which the General Disclosure Package disclose have occurred or may occur; and

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial and statistical information contained in the Preliminary Offering Circular, each other document comprising any part of the General Disclosure Package, the Final Offering Circular and each item of Supplemental Marketing Material (other than any Supplemental Marketing Material that is an electronic road show and the Exchange Act Reports (in each case to the extent that such dollar amounts, percentages and other financial and statistical information are derived from the general accounting records of the Company and its subsidiaries or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial and statistical information to be in agreement with such results.

Exhibit 4.2

RAYONIER TRS HOLDINGS INC.,

as ISSUER,

RAYONIER INC.,

as GUARANTOR,

and

THE BANK OF NEW YORK TRUST COMPANY, N.A,

AS TRUSTEE

3.75% SENIOR EXCHANGEABLE NOTES DUE 2012

INDENTURE

DATED AS OF OCTOBER 16, 2007

CROSS-REFERENCE TABLE*

TIA Indenture Section	Section
Section 310(a)(1)	9.9
(a)(2)	9.9
(a)(3)	N.A.**
(a)(4)	N.A.
(a)(5)	9.9
(b)	9.8; 9.10
(c)	N.A.
Section 311(a)	9.13
(b)	9.13
(c)	N.A.
Section 312(a)	2.5
(b)	12.3
(c)	12.3
Section 313(a)	9.15
(b)(1)	N.A.
(b)(2)	9.15
(c)	9.15; 16.2
(d)	9.15
Section 314(a)	6.2; 6.3
(b)	N.A.
(c)(1)	12.4(a)
(c)(2)	12.4(a)
(c)(3)	N.A.
(d)	N.A.
(e)	12.4(b)
(f)	N.A.
Section 315(a)	9.1(a); 9.1(b)(i)
(b)	9.14; 9.2
(c)	9.1(a)
(d)	9.1(b)
(e)	11.11
Section 316(a) (last sentence)	2.9
(a)(1)(A)	8.5
(a)(1)(B)	8.4
(a)(2)	N.A.
(b)	8.7
(c)	12.5
Section 317(a)(1)	8.8
(a)(2)	8.9
(b)	2.4
Section 318(a)	12.1

* Cross-Reference Table shall not, for any purpose, be deemed a part of this Indenture.

** N.A. means Not Applicable.

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THIS INDENTURE, dated as of October 16, 2007, is among RAYONIER TRS HOLDINGS INC., a Delaware corporation (the "Company"), RAYONIER INC., a North Carolina corporation (the "Guarantor"), and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association, as trustee (in such capacity and not in its individual capacity, the "Trustee").

In consideration of the premises and the purchase of the Securities by the Holders thereof, the parties hereto agree as follows for the benefit of the others and for the equal and ratable benefit of the Holders of the Securities.

ARTICLE I

Definitions and Incorporation by Reference

SECTION 1.1. Definitions.

"Additional Interest" has the meaning set forth in Section 5(a) of the Registration Rights Agreement. Unless the context otherwise requires, all references herein or in the Securities to "interest" accrued or payable as of any date shall include, without duplication, any Additional Interest accrued or payable as of such date as provided in the Registration Rights Agreement.

"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 purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Agent" means any Registrar, Paying Agent or Exchange Agent.

"Applicable Procedures" means, with respect to any transfer or exchange of beneficial ownership interests in a Global Security, the rules and procedures of the Depositary, in each case to the extent applicable to such transfer or exchange.

"Board of Directors" means either the board of directors of the Guarantor or any duly authorized committee of such board of directors.

"Business Day" means each day that is not a Legal Holiday.

"Cash" means such coin or currency of the United States as at any time of payment is legal tender for the payment of public and private debts.

"Certificated Security" means a Security that is in substantially the form attached hereto as Exhibit A and that does not include the information or the schedule called for by footnotes 1 and 6 thereof.

"Close of Business" means 5:00 p.m., New York City time.

"Closing Sale Price" of the Common Stock on any Trading Day means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if there is more than one bid or ask price, the average of the average bid and the average ask prices)

on such Trading Day as reported in composite transactions on the NYSE or, if the Common Stock is not listed on the NYSE, on the principal national or regional securities exchange on which the Common Stock is listed or, if the Common Stock is not listed on a national or regional national securities exchange, as available in any over-the-counter market or, if not available on any over-the-counter market, the Closing Sale Price shall be such price as the Board of Directors of the Guarantor shall determine in good faith.

"Common Stock" means any stock of any class of the Guarantor which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor and which is not subject to redemption by the Guarantor. Subject to the provisions of Section 4.11, however, shares issuable on exchange of Securities shall include only shares of the class designated as Common Stock of the Guarantor, no par value per share, at the date of this Indenture or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor and which are not subject to redemption by the Guarantor; *provided*, *however*, that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Company" means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Company.

"Corporate Trust Office" means the office of the Trustee at which at any time the trust created by this Indenture shall be principally administered, which office at the date of the execution of this Indenture is located at 10161 Centurion Parkway, Jacksonville, FL 32256, or such other office as the Trustee may designate by written notice to the Company.

"Daily Exchange Value" means, for each of the 20 consecutive Trading Days during the Exchange Reference Period, one-twentieth (1/20) of the product of (i) the Exchange Rate on such day and (ii) the Daily VWAP on such day.

"Daily VWAP" means, for each of the 20 Trading Days during the Exchange Reference Period, the per share Volume-Weighted Average Price.

"Default" means, when used with respect to the Securities, any event which is or, after notice or passage of time or both, would be an Event of Default.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

"Exchange Price" means, at any time, an amount equal to $1,000 divided by the Exchange Rate in effect at such time rounded to the nearest cent.

"Exchange Reference Period" means (a) for Securities that are exchanged on or after September 10, 2012, the 20 consecutive Trading Days beginning on the 22nd Scheduled Trading Day prior to the Final Maturity Date; and (b) in all other instances, the 20 consecutive Trading Days beginning on the third Trading Day following the Exchange Date.

"Final Maturity Date" means October 15, 2012.

"GAAP" means generally accepted accounting principles in the United States as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession in the United States, which are in effect from time to time and consistently applied.

"Global Security" means a permanent Global Security that is in substantially the form attached hereto as Exhibit A and that includes the information and schedule called for by footnotes 1 and 6 thereof and which is deposited with the Depositary or its custodian and registered in the name of the Depositary or its nominee.

"Guarantee" means the full and unconditional guarantee of the due and punctual payment of the principal of, and interest, if any, on the Securities by the Guarantor pursuant hereto.

"Guarantor" means the party named as such in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture, and thereafter "Guarantor" shall mean such successor Guarantor.

"Holder" or "Securityholder" means the person in whose name a Security is registered in the Register.

"Indenture" means this Indenture as amended or supplemented from time to time pursuant to the terms of this Indenture, including the provisions of the TIA that are explicitly incorporated into this Indenture by reference to the TIA.

"Initial Purchasers" means Credit Suisse Securities (USA), LLC, J.P. Morgan Securities Inc., Banc of America Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

"Initial Securities" means the Securities issued on the date hereof in the aggregate Principal Amount of $300,000,000 (which Principal Amount includes the $50,000,000 Principal Amount of Securities issued pursuant to the over-allotment option exercised by the Initial Purchasers in accordance with the Purchase Agreement) and any Securities issued in replacement thereof.

"Interest Payment Date" has the meaning set forth in the Securities.

"Interest Payment Record Date" has the meaning set forth in the Securities.

"Market Disruption Event" means (a) a failure by the primary exchange or quotation system on which the Common Stock trades or is quoted to open for trading during its regular trading session or (b) the occurrence or existence prior to 1:00 p.m., New York City time on any Trading Day for the Common Stock of an aggregate one half hour period, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Common Stock or in any options, contracts or future contracts relating to the Common Stock.

"Nasdaq" means the Nasdaq Global Market.

"NYSE" means the New York Stock Exchange.

"Offering Circular" means the Confidential Offering Circular dated October 10, 2007 relating to the Securities.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Assistant Secretary or any Vice President of such Person.

"Officers' Certificate" means a certificate signed by at least two Officers of the Company; *provided*, *however*, that for purposes of Section 4.11 and Section 6.3, "Officers' Certificate" means a certificate signed by the principal executive officer, principal financial officer or principal accounting officer of the Company and at least one other Officer of the Company.

"Opinion of Counsel" means a written opinion from legal counsel containing, as applicable, the information specified in Section 12.4. The counsel may be an employee of or counsel to the Company who is reasonably satisfactory to the Trustee.

"Person" or "person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, statutory trust, unincorporated organization, government or any agency or political subdivision thereof.

"Principal Amount" of a Security means the Principal Amount as set forth on the face of the Security.

"Purchase Agreement" means that certain Purchase Agreement, dated October 10, 2007, among the Company, the Guarantor and the Initial Purchasers.

"QIB" means a qualified institutional buyer as defined in Rule 144A.

"Record Date" means (i) with respect to any payment of interest on the Securities, each April 1 and October 1 (whether or not a Business Day) and (ii) with respect to the events specified in Section 4.6, the meaning specified in Section 4.6.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date hereof, among the Company, the Guarantor and the Initial Purchasers.

"Restricted Certificated Security" means a Certificated Security that is a Restricted Security.

"Restricted Global Security" means a Global Security that is a Restricted Security.

"Restricted Security" means a Security required to bear the Restricted Legend called for by footnotes 2 and 3 to the form of Security set forth in Exhibit A of this Indenture.

"Rule 144" means Rule 144 under the Securities Act or any successor to such rule, as it may be amended from time to time.

"Rule 144A" means Rule 144A under the Securities Act or any successor to such rule, as it may be amended from time to time.

"Scheduled Trading Day" means any day that is scheduled to be a Trading Day.

"SEC" means the United States Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Indenture the SEC is not existing and performing the duties now assigned to it under the TIA, then the body performing such duties at such time.

"Security" or "Securities" means the Company's 3.75% Senior Exchangeable Notes due 2012, as amended or supplemented from time to time pursuant to the terms of this Indenture, that are issued under this Indenture.

"Securities Act" means the United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as in effect from time to time.

"Securities Custodian" means the Trustee, as custodian with respect to the Global Securities, or any successor thereto.

"Significant Subsidiary" means any of the Subsidiaries of the Company or the Guarantor (other than the Company) which is a "significant subsidiary" of the Guarantor as such term is defined in Rule 1-02(w) of Regulation S-X.

"Subsidiary" means, in respect of any Person, any corporation, association, partnership or other business entity of which more than 50% of the outstanding voting stock (as defined in Section 3.1) or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof, or persons performing similar functions, is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

"TIA" means the United States Trust Indenture Act of 1939, as amended, and the rules and regulations thereunder as in effect on the date of this Indenture; *provided*, *however*, that in the event the Trust Indenture Act of 1939 is amended after such date, then "TIA" means, to the extent required by such amendment, the Trust Indenture Act of 1939 as so amended.

"Trading Day" means (A) a day during which (i) trading in the Common Stock generally occurs on the NYSE or if, the Common Stock is not listed on the NYSE, the principal U.S. national or regional securities exchange on which the Guarantor's common stock is listed, is open for trading or, if the Common Stock is not so listed, admitted for trading or quoted, any Business Day and (ii) there is no Market Disruption Event; and (B) includes only those days that have a scheduled closing time of 4:00 p.m. (New York City time) or the then standard closing time for regular trading on the relevant exchange or trading system.

"Trading Price" of the Securities means, on any date of determination, the average of the secondary market bid quotations per Security obtained by the Trustee for $1,000,000 Principal Amount of the Securities at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers that the Company selects; *provided* that if at least three such bids cannot reasonably be obtained by the Trustee, but two such bids can reasonably be obtained, then the average of these two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, that one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for $1,000,000 Principal Amount of the Securities from an independent nationally recognized securities dealer, then the Trading Price per $1,000 Principal Amount of the Securities shall be deemed to be less than 98% of the product of the Closing Sale Price of the Common Stock and the Exchange Rate on such day.

"Trust Officer" means, with respect to the Trustee, any officer within the Corporate Trust Administration department (or any successor department) of the Trustee located at the Corporate Trust Office of the Trustee, who shall have direct responsibility for the administration of this Indenture, and also means, with respect to any particular corporate trust matter, any other officer of the Trustee to whom such corporate trust matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Trustee" means The Bank of New York Trust Company, N.A., not in its individual capacity, but solely in its capacity as trustee hereunder, until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor Trustee.

"Unrestricted Certificated Security" means a Certificated Security that is not a Restricted Security.

"Unrestricted Global Security" means a Global Security that is not a Restricted Security.

"Vice President" when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Volume-Weighted Average Price," on any Trading Day, means the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page RYN.N <EQUITY><AQR> (or its equivalent successor if such page is not available) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one share of the Common Stock on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company). The volume-weighted average price shall be rounded to the nearest whole cent.

SECTION 1.2. Other Definitions.

Term	Section
"Additional Securities"	2.2(d)
"Additional Shares"	4.1(c)
"Agent Members"	2.1(d)
"Aggregate Amount"	4.6(e)
"Bankruptcy Law"	8.1
"beneficial owner"	3.1(a)
"capital stock"	3.1(a)
"Cash Percentage"	4.13(d)
"Company Order"	2.2(d)
"continuing director"	3.1(a)
"Current Market Price"	4.6(f)
"Custodian"	8.1
"Daily Settlement Amount"	4.13(b)
"Daily Share Amount"	4.13(b)
"Depositary"	2.1(b)
"Dividend Threshold"	4.6(d)
"Effective Date"	4.1(c)
"Event of Default"	8.1

“Ex Date”	4.6(f)
“Exchange Agent”	2.3
“Exchange Date”	4.2(a)
“Exchange Notice”	4.2(a)
“Exchange Rate”	4.1(a)
“Expiration Date”	4.6(e)
“Expiration Time”	4.6(e)
“Fundamental Change”	3.1(a)
“Fundamental Change Company Notice”	3.1(b)
“Fundamental Change Repurchase Date”	3.1(a)
“Fundamental Change Repurchase Notice”	3.1(c)
“Fundamental Change Repurchase Price”	3.1(a)
“Guaranteed Obligations”	5.1
“Indebtedness”	8.1(7)
“Legal Holiday”	12.7
“Make-Whole Fundamental Change”	3.1(a)
“Measurement Period”	4.1(a)(ii)
“Notice of Default”	8.1
“Paying Agent”	2.3
“Purchased Shares”	4.6(e)
“Reference Property”	4.11
“Register”	2.3
“Registrar”	2.3
“Restricted Legend”	2.12(f)
“Rule 144A Information”	6.2(b)
“Settlement Amount”	4.13(a)
“Stock Price”	4.1(c)
“Underlying Shares”	4.6(b)
“voting stock”	3.1(a)

SECTION 1.3. Trust Indenture Act Provisions. Whenever this Indenture refers to a provision of the TIA, that provision is incorporated by reference in and made a part of this Indenture. The Indenture shall also include those provisions of the TIA required to be included herein by the provisions of the TIA. The following TIA terms used in this Indenture have the following meanings:

“Commission” means the SEC;

“indenture securities” means the Securities;

“indenture security Holder” means a Securityholder;

“indenture to be qualified” means this Indenture;

“indenture trustee” or “institutional trustee” means the Trustee; and

“obligor” on the indenture securities means the Company and any successor obligor on the Securities.

All other terms used in this Indenture that are defined in the TIA, defined by TIA reference to another statute or defined by any SEC rule and not otherwise defined herein have the meanings assigned to them therein.

SECTION 1.4. Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it herein;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) words in the singular include the plural, and words in the plural include the singular;

(d) provisions apply to successive events and transactions;

(e) the term "merger" includes a statutory share exchange and the term "merged" has a correlative meaning;

(f) the masculine gender includes the feminine and the neuter;

(g) references to agreements and other instruments include subsequent amendments thereto;

(h) references to "interest" include Additional Interest;

(i) "herein," "hereof," "hereunder," "hereinafter" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(j) unless context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or Section, as the case may be, of this Indenture;

(k) "or" is not exclusive; and

(l) "including" means including without limitation.

ARTICLE II

The Securities

SECTION 2.1. Form and Dating. (a) The Securities and the corresponding Trustee's certificate of authentication shall be substantially in the respective forms set forth in Exhibit A, which Exhibit is incorporated in and made part of this Indenture. The Securities may have notations, legends or endorsements required by law, exchange rule, Applicable Procedures or usage. The Company shall provide any such notations, legends or endorsements to the Trustee in writing. Each Security shall be dated the date of its authentication.

The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantor and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby; *provided*, *however*, to the extent permitted by applicable law, if any provision of any Security conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) Restricted Global Securities. All of the Securities shall be issued initially in the form of one or more Restricted Global Securities, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Securities Custodian, as custodian for the depositary, The Depository Trust Company (such depositary, or any successor thereto, being hereinafter referred to as the "Depositary"), and registered in the name of its nominee, Cede & Co., or as otherwise instructed by the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate Principal Amount of the Restricted Global Securities may from time to time be increased or decreased by adjustments made on the records of the Securities Custodian and the Depositary as hereinafter provided, subject in each case to compliance with the Applicable Procedures and the provisions of this Indenture.

(c) Global Securities in General. Each Global Security shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate amount of outstanding Securities from time to time endorsed thereon and that the aggregate amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect repurchases or exchanges of such Securities, in each case in accordance with this Indenture. Any adjustment of the aggregate Principal Amount of a Global Security to reflect the amount of any increase or decrease in the amount of outstanding Securities represented thereby shall be made by the Trustee in accordance with instructions given by the Holder thereof as required by Section 2.12 hereof, or otherwise in accordance with this Indenture, and shall be made on the records of the Trustee and the Depositary.

The Company shall issue and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver in accordance with Section 2.2, initially one or more Global Securities that (i) shall be registered in the name of Cede & Co. or as otherwise instructed by the Depositary, (ii) shall be delivered by the Trustee to the Depositary or to the Securities Custodian pursuant to the Depositary's instructions and (iii) shall bear legends required for Global Securities as set forth in footnote 1 to Exhibit A hereto.

(d) Book-Entry Provisions. Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary or under the Global Security, and the Depositary (including, for this purpose, its nominee) may be treated by the Company, the Guarantor, the Trustee and any agent of the Company, the Guarantor or the Trustee as the absolute owner and Holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall (A) prevent the Company, the Guarantor, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary, or such nominee, as the case may be, or (B) impair, as between the Depositary and its Agent Members, the Applicable Procedures or the operation of customary practices governing the exercise of the rights of a Holder of any Security.

None of the Company, the Guarantor, the Trustee, the Registrar, any Paying Agent or any agent of any of them shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Securities, for maintaining, supervising or reviewing any records relating to such beneficial owner interests, or for any acts or omissions of a Depository or for any transactions between a Depository and any

beneficial owner or between or among beneficial owners. No owner of a beneficial interest in the Securities shall have any rights under this Indenture, and the Depository or its nominee, if any, shall be deemed and treated by the Company, the Guarantor, the Trustee, the Registrar, any Paying Agent or any agent of any of them as the absolute owner and Holder of such Securities for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Guarantor, the Trustee, the Registrar, any Paying Agent or any agent of any of them from giving effect to any written certification, proxy or other authorization furnished by a Depository, or any of its members and any other Person on whose behalf such member may act, the operation of customary practices of such Persons governing the exercise of the rights of a beneficial owner of any Securities.

(e) Certificated Securities. Certificated Securities shall be issued only under the circumstances provided in Section 2.12(a)(i).

SECTION 2.2. Execution and Authentication. (a) A duly authorized Officer of the Company shall sign the Securities for the Company by manual or facsimile signature.

(b) If an Officer of the Company whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

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

(d) The Trustee shall initially authenticate and make available for delivery Securities for original issue in the aggregate Principal Amount of up to $300,000,000 (which Principal Amount includes the $50,000,000 Principal Amount of Securities issued pursuant to the over-allotment option exercised by the Initial Purchasers in accordance with the Purchase Agreement) upon receipt of a written order or orders of the Company signed by an Officer of the Company (a "Company Order"). The Trustee shall authenticate additional Securities (the "Additional Securities") thereafter in an unlimited aggregate Principal Amount (so long as permitted by the terms of this Indenture) for original issue upon a Company Order of the Company in aggregate Principal Amount as specified in such order (except as provided in Section 2.7). Each such Company Order shall specify the amount of Securities to be authenticated and the date on which the Securities are to be authenticated. Such Additional Securities shall have identical terms to the Initial Securities except for issuance dates and prices and with respect to interest accruing prior to their date of issuance, and will constitute the same series as the Initial Securities for all purposes hereunder, including, without limitation, waivers, amendments and offers to purchase. At the option of the Company, the Additional Securities may have the same CUSIP number as the Initial Securities; *provided* that if any Additional Securities are issued at a price that causes such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the United States Internal Revenue Code of 1986, as amended, such Additional Securities shall not have the same CUSIP number as the Initial Securities.

(e) The Trustee shall act as the initial authenticating agent. Thereafter, the Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent shall have the same rights as an Agent to deal with the Company or an Affiliate of the Company.

The Securities shall be issuable only in registered form without coupons and only in denominations of $1,000 Principal Amount and any integral multiple thereof.

SECTION 2.3. Registrar, Paying Agent and Exchange Agent. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange ("Registrar"), an office or agency in the Borough of Manhattan in New York, New York where Securities may be presented for repurchase or payment ("Paying Agent"), an office or agency where Securities may be presented for exchange into Underlying Shares ("Exchange Agent") and an office or agency where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Registrar shall keep a register of the Securities ("Register") and of their transfer and exchange.

The Company may have one or more co-registrars, one or more additional paying agents, and one or more additional exchange agents. The term "Registrar" includes any co-registrar, including any named pursuant to Section 6.6. The term "Paying Agent" includes any additional paying agent, including any named pursuant to Section 6.6. The term "Exchange Agent" includes any additional exchange agent, including any named pursuant to Section 6.6.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. If the Company fails to maintain a Registrar, Paying Agent or Exchange Agent or agent for service of notices and demands in any place required by this Indenture, or fails to give the foregoing notice, the Trustee shall act as such. The Company or any Affiliate of the Company may act as Paying Agent.

The Company hereby initially appoints the Trustee as Registrar, Paying Agent and Exchange Agent in connection with the Securities.

SECTION 2.4. Paying Agent to Hold Money and Securities in Trust. Prior to 11:00 a.m., New York City time, on each due date of payments in respect of, or delivery of Cash in an amount sufficient to make such payments or deliveries when so becoming due on, any Security, as well as Cash or a combination of Cash and shares of Common Stock, as applicable and as provided herein, upon exchange of such Security, the Company shall deposit with the Paying Agent Cash (in immediately available funds if deposited on the due date) or with the Exchange Agent such number of shares of Common Stock or other consideration sufficient to make such payments or deliveries when so becoming due. The Company shall require each Paying Agent or Exchange Agent, as applicable (other than the Trustee), to agree in writing that such Agent shall hold in trust for the benefit of Securityholders or the Trustee all Cash, Common Stock or other consideration, as applicable, held by such Agent for the making of payments or deliveries in respect of the Securities and shall notify the Trustee in writing of any default by the Company in making any such payment or delivery. If the Company or an Affiliate of the Company acts as Paying Agent or Exchange Agent, as applicable, it shall segregate the Cash, Common Stock and other consideration, as applicable, held by it as Paying Agent or Exchange Agent, as applicable, and hold it as a separate trust fund.

The Company at any time may require a Paying Agent or Exchange Agent, as applicable, to pay all Cash, Common Stock or other consideration, as applicable, held by it to the Trustee, and the Trustee may at any time during the continuance of any Default, upon written request to the Paying Agent or the Exchange Agent, as applicable, require such Paying Agent or Exchange Agent, as applicable, to pay forthwith to the Trustee all Cash, Common Stock or other consideration, as applicable, so held in trust by such Paying Agent or Exchange Agent. Upon doing so, the Paying Agent or the Exchange Agent, as applicable, shall have no further liability for such Cash, Common Stock or other consideration, as applicable.

SECTION 2.5. Securityholder 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 Securityholders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee on or before each Interest Payment Date, and at such other times as the Trustee may request in writing, a list of the names and addresses of the Securityholders in such form and as of such date as the Trustee may reasonably request.

SECTION 2.6. Transfer and Exchange. (a) Subject to compliance with any applicable additional requirements contained in Section 2.12, when a Security is presented to a Registrar with a request to register a transfer thereof or to exchange such Security for an equal Principal Amount of Securities of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested; *provided*, *however*, that every Security presented or surrendered for registration of transfer or exchange shall, if such Security is a Certificated Security, be duly endorsed or accompanied by an assignment form, in the form included in Exhibit A attached hereto and, if applicable, a transfer certificate, in the form included in Exhibit B attached hereto, and in form reasonably satisfactory to the Registrar duly executed by the Holder thereof or its attorney duly authorized in writing. To permit registration of transfers and exchanges, upon surrender of any Security for registration of transfer or exchange at an office or agency maintained pursuant to Section 2.3, the Company shall execute and the Trustee shall, upon receipt of a Company Order, authenticate Securities of a like aggregate Principal Amount at the Registrar's request. Any exchange or transfer shall be without charge, except that the Company or the Registrar may require payment of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in relation thereto, other than exchanges pursuant to Section 2.10, Section 10.5, Article III or Article IV, in each case, not involving any transfer.

Neither the Company, any Registrar nor the Trustee shall be required to exchange or register a transfer of any Securities or portions thereof in respect of which a Fundamental Change Repurchase Notice has been delivered and not validly withdrawn by the Holder thereof (except, in the case of the purchase of a Security in part, the portion thereof not to be purchased).

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

(b) Any Registrar appointed pursuant to Section 2.3 or Section 6.6 hereof shall provide to the Trustee such information as the Trustee may reasonably request in connection with the delivery by such Registrar of Securities upon transfer or exchange of Securities.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Agent Members or other beneficial owners of interests in any Global Security) other than to require delivery of such opinions of counsel, certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture (including if so requested by the Company exercising a right to require the delivery of such items), and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Any Holder of a Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interests in such Global Security may be effected only through a book-entry system maintained by the Depository (or its agent), and that ownership of a beneficial interest in a Global Security shall be required to be reflected in a book-entry system.

SECTION 2.7. Replacement Securities. If (a) any mutilated security is surrendered to the Company, a Registrar or the Trustee, or (b) the Company, the Registrar and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and, in either case, there is delivered to the Company, the Registrar and the Trustee such security or indemnity as shall be reasonably required by them to save each of them harmless, then, in the absence of notice to the Company, such Registrar or the Trustee that such Security has been acquired by a bona fide or protected purchaser, the Company shall issue, and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Principal Amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable or repurchased by the Company pursuant to Article III, the Company in its discretion may, instead of issuing a new Security, pay or repurchase such Security, as the case may be, in accordance herewith.

Upon the issuance of any new Securities under this Section 2.7, the Company may require the payment of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the reasonable fees and expenses of the Trustee or the Registrar) in connection therewith.

Every new Security issued pursuant to this Section 2.7 in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued and outstanding hereunder.

The provisions of this Section 2.7 are (to the extent lawful) exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 2.8. Outstanding Securities. Securities outstanding at any time are all Securities authenticated by the Trustee, except for those canceled by it, those paid or repurchased pursuant to Section 2.7, those delivered to it for cancellation and those described in this Section 2.8 as not outstanding.

If a Security is replaced pursuant to Section 2.7 (other than a mutilated Security surrendered for replacement), it ceases to be outstanding unless the Trustee receives, subsequent to the new Security's authentication, proof satisfactory to the Company that the replaced Security is held by a bona fide or protected purchaser. A mutilated Security ceases to be outstanding upon surrender and replacement thereof pursuant to Section 2.7.

If the Paying Agent holds, in accordance with the terms of this Indenture, prior to 11:00 a.m., New York City time, on the Final Maturity Date or a Fundamental Change Repurchase Date, as the case may be, Cash sufficient to pay all Initial Securities and all Additional Securities then payable, then on and after such Final Maturity Date or Fundamental Change Repurchase Date, as the case may be, such Securities shall cease to be outstanding and interest on such Securities shall cease to accrue.

If a Security is exchanged in accordance with Article IV, then on the Exchange Date, such Security shall cease to be outstanding and interest on such Security shall cease to accrue, unless there shall be a default in the delivery of the consideration payable hereunder upon such exchange.

Subject to the restrictions contained in Section 2.9, a Security does not cease to be outstanding solely because the Company or an Affiliate of the Company holds the Security.

SECTION 2.9. Treasury Securities. In determining whether the Holders of the required Principal Amount of Securities have given or concurred in any notice, request, demand, authorization, direction, waiver or consent, Securities owned by the Company or any other obligor on the Securities or by any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be outstanding for such purposes, except that, for purposes of determining whether the Trustee shall be protected in relying on any such notice, request, demand, authorization, direction, waiver or consent, only Securities which a Trust Officer actually knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to the Securities and that the pledgee is not, and is not acting on the behalf of, the Company or any other obligor on the Securities or any Affiliate of the Company or of such other obligor. The Company agrees to notify the Trustee in writing of the existence of any such Treasury Securities or Securities owned by the Company, any other obligor on the Securities, or any Affiliate of the Company.

SECTION 2.10. Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and execute, and, upon receipt of a Company Order, the Trustee shall authenticate and deliver, temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company reasonably considers appropriate for temporary Securities. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.3, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver in exchange therefor a like Principal Amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

SECTION 2.11. Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar, the Paying Agent and the Exchange Agent shall forward to the Trustee or its agent any Securities surrendered to them for transfer, exchange, payment or exchange. The Trustee and no one else shall cancel, in accordance with its standard procedures, all Securities surrendered for transfer, exchange, payment, exchange or cancellation and shall deliver the canceled Securities to the Company. The Company may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation or that any Holder has exchanged pursuant to Article IV.

All Securities that are repurchased pursuant to Article III or otherwise acquired by the Company shall be delivered to the Trustee for cancellation. If the Company shall acquire any of the Securities, such acquisition shall not operate as satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

SECTION 2.12. Legend; Additional Transfer and Exchange Requirements. (a) Transfer and Exchange of Global Securities. (i) Certificated Securities shall be issued in exchange for interests in the Global Securities only (x) if the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for the Global Securities or if it at any time ceases to be a "clearing agency" registered under the Exchange Act, if so required by applicable law or regulation, and a successor Depositary is not appointed by the Company within 90 days of such notice or (y) if an Event of Default has occurred and is continuing, each of clauses (x) and (y) in accordance with the Applicable Procedures. In any such case, the Company shall execute, and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver Certificated Securities in an aggregate Principal Amount equal to the Principal Amount of such Global Securities in exchange therefor. Only Restricted Certificated Securities shall be issued in exchange for beneficial interests in Restricted Global Securities, and only Unrestricted Certificated Securities shall be issued in exchange for beneficial interests in Unrestricted Global Securities. Certificated Securities issued in exchange for beneficial interests in Global Securities shall be registered in such names and shall be in such authorized denominations as the Depositary, pursuant to instructions from its Agent Members or otherwise in accordance with the Applicable Procedures, shall instruct the Trustee. The Trustee shall deliver or cause to be delivered such Certificated Securities to the Persons in whose name such Securities are so registered. Such exchange shall be effected in accordance with the Applicable Procedures. In the event that the Certificated Securities are not issued to each such beneficial owner promptly after the Registrar has received a request from the Depositary to issue such Certificated Securities, the Company expressly acknowledges, with respect to the right of any Holder to pursue a remedy pursuant to Section 8.6 or 8.7 hereof, the right of any beneficial holder of Securities to pursue such remedy with respect to the portion of the Global Security that represents such Beneficial Owner's Securities as if such Certificated Securities had been issued.

(ii) Notwithstanding any other provisions of this Indenture other than the provisions set forth in Section 2.12(a)(i), a Global Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(b) Transfer and Exchange of Certificated Securities. In the event that Certificated Securities are issued in exchange for beneficial interests in Global Securities in accordance with Section 2.12(a)(i), and, on or after such event, Certificated Securities are presented by a Holder to the Registrar with a request:

(x) to register the transfer of the Certificated Securities to a person who shall take delivery thereof in the form of Certificated Securities only; or

(y) to exchange such Certificated Securities for an equal Principal Amount of Certificated Securities of other authorized denominations,

such Registrar shall register the transfer or make the exchange as requested; *provided, however*, that the Certificated Securities presented or surrendered for register of transfer or exchange:

(i) shall be duly endorsed or accompanied by a written instrument of transfer in accordance with the proviso to the first sentence of Section 2.6(a); and

(ii) in the case of a Restricted Certificated Security, such request shall be accompanied by the following additional information and documents, as applicable:

(1) if such Restricted Certificated Security is being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, or such Restricted Certificated Security is being transferred to the Company or a Subsidiary of the Company, a certification to that effect from such Holder (in substantially the form set forth in Exhibit B);

(2) if such Restricted Certificated Security is being transferred to a person the Holder reasonably believes is a QIB in accordance with Rule 144A, or pursuant to an effective registration statement under the Securities Act a certification to that effect from such Holder (in substantially the form set forth in Exhibit B); or

(3) if such Restricted Certificated Security is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 or pursuant to and in compliance with another exemption from the registration requirements under the Securities Act, a certification to that effect from the Holder (in substantially the form set forth in Exhibit B) and, if the Company or the Registrar so requests, an Opinion of Counsel, certificates and other information reasonably acceptable to the Company to the effect that such transfer does not require registration under the Securities Act.

(c) Transfer of a Beneficial Interest in a Restricted Global Security for a Beneficial Interest in an Unrestricted Global Security. Any person having a beneficial interest in a Restricted Global Security may upon request, subject to the Applicable Procedures, transfer such beneficial interest to a Person who is required or permitted to take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security. Upon receipt by the Trustee of written instructions, or such other form of instructions as is customary for the Depositary, from the Depositary or its nominee on behalf of any Person having a beneficial interest in a Restricted Global Security and the following additional information and documents in such form as is customary for the Depositary from the Depositary or its nominee on behalf of the Person having such beneficial interest in the Restricted Global Security (all of which may be submitted by facsimile or electronically):

(i) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certification to that effect from the Holder (in substantially the form set forth in Exhibit B); or

(ii) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certification to that effect from the Holder (in substantially the form set forth in Exhibit B) and, if the Company or the Trustee so requests, an Opinion of Counsel, certificates and other information reasonably acceptable to the Company to the effect that such transfer does not require registration under the Securities Act;

the Registrar shall reduce or cause to be reduced the aggregate Principal Amount of the Restricted Global Security by the appropriate Principal Amount and shall increase or cause to be increased the aggregate Principal Amount of the Unrestricted Global Security by a like Principal Amount. Such transfer shall otherwise be effected in accordance with the Applicable Procedures. If no

Unrestricted Global Security is then outstanding, the Company shall execute and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver an Unrestricted Global Security.

(d) Global Security for a Beneficial Interest in a Restricted Global Security. Any person having a beneficial interest in an Unrestricted Global Security may upon request, subject to the Applicable Procedures, transfer such beneficial interest to a person who is required or permitted to take delivery thereof in the form of a beneficial interest in a Restricted Global Security. Upon receipt by the Trustee of written instructions, or such other form of instructions as is customary for the Depositary, from the Depository or its nominee on behalf of any person having a beneficial interest in an Unrestricted Global Security and the following additional information and documents in such form as is customary for the Depositary, from the Depositary or its nominee on behalf of the person having such beneficial interest in the Unrestricted Global Security (all of which may be submitted by facsimile or electronically):

(i) a certification from the Holder (in substantially the form set forth in Exhibit B) to the effect that such beneficial interest is being transferred to a person that the transferor reasonably believes is a QIB in accordance with Rule 144A;

(ii) if such beneficial interest in such Unrestricted Global Security is being transferred in compliance with any other exemption from registration under the Securities Act, certification to that effect from such Holder (in substantially the form set forth in Exhibit B) and if the Company or the Trustee so requests, an Opinion of Counsel, certificates and other information reasonably acceptable to the Company to the effect that such transfer does not require registration under the Securities Act; or

(iii) a certification (in substantially the form set forth in Exhibit B) to the effect that such beneficial interest is being transferred to the Company or a Subsidiary of the Company,

the Registrar shall reduce or cause to be reduced the aggregate Principal Amount of the Unrestricted Global Security by the appropriate Principal Amount and shall increase or cause to be increased the aggregate Principal Amount of the Restricted Global Security by a like Principal Amount. Such transfer shall otherwise be effected in accordance with the Applicable Procedures. If no Restricted Global Security is then outstanding, the Company shall execute and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver a Restricted Global Security.

(e) Transfers of Certificated Securities for Beneficial Interest in Global Securities. In the event that Certificated Securities are issued in exchange for beneficial interests in Global Securities and, thereafter, the events or conditions specified in Section 2.12(a)(i) which required such exchange shall cease to exist, the Company shall mail notice to the Trustee and to the Holders (i) stating that Holders may exchange Certificated Securities for interests in Global Securities by complying with the procedures set forth in this Indenture and (ii) briefly describing such procedures and the events or circumstances requiring that such notice be given. Thereafter, if Certificated Securities are presented by a Holder to a Registrar with a request:

(x) to register the transfer of such Certificated Securities to a Person who will take delivery thereof in the form of a beneficial interest in a Global Security, which request shall specify whether such Global Security will be a Restricted Global Security or an Unrestricted Global Security; or

(y) to exchange such Certificated Securities for an equal Principal Amount of beneficial interests in a Global Security, which beneficial interests will be owned by the Holder transferring such Certificated Securities (provided that in the case of such an exchange, Restricted Certificated Securities may be exchanged only for Restricted Global Securities and Unrestricted Certificated Securities may be exchanged only for Unrestricted Global Securities),

the Registrar shall register the transfer or make the exchange as requested by canceling such Certificated Security and causing the aggregate Principal Amount of the applicable Global Security to be increased accordingly and, if no such Global Security is then outstanding, the Company shall issue and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly) authenticate and deliver a new Global Security; *provided, however*, that the Certificated Securities presented or surrendered for registration of transfer or exchange:

(i) shall be duly endorsed or accompanied by a written instrument of transfer in accordance with the proviso to Section 2.6(a);

(ii) in the case of a Restricted Certificated Security to be transferred for a beneficial interest in an Unrestricted Global Security, shall be accompanied by the following additional information and documents, as applicable:

(1) if such Restricted Certificated Security is being transferred pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form set forth in Exhibit B); or

(2) if such Restricted Certificated Security is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certification to that effect from such Holder (in substantially the form set forth in Exhibit B) and an Opinion of Counsel, certificates and other information reasonably acceptable to the Company to the effect that such transfer does not require registration under of the Securities Act;

(iii) in the case of a Restricted Certificated Security to be transferred to another person for a beneficial interest in a Restricted Global Security, shall be accompanied by the following information and documents, if such Restricted Certificated Security is being transferred to a person the Holder reasonably believes is a QIB in accordance with Rule 144A, a certification to that effect from such Holder (in substantially the form set forth in Exhibit B);

(iv) in the case of an Unrestricted Certificated Security to be transferred or exchanged for a beneficial interest in an Unrestricted Global Security, or in the case of a Restricted Certificated Security to be exchanged (and not transferred) for a beneficial interest in a Restricted Global Security, such request need not be accompanied by any additional information or documents; and

(v) in the case of an Unrestricted Certificated Security to be transferred or exchanged for a beneficial interest in a Restricted Global Security, such request shall be accompanied by the following additional information and documents, as applicable:

(1) if such Unrestricted Certificated Security is being transferred to a person the Holder reasonably believes is a QIB (which, in the case of an ex- change, shall be such Holder) in accordance with Rule 144A, a certification to that effect from such Holder (in substantially the form set forth in Exhibit B);

(2) if such Unrestricted Certificated Security is being transferred in compliance with any other exemption from registration under the Securities Act, certification to that effect from such Holder (in substantially the form set forth in Exhibit B) and an Opinion of Counsel, certificates and other information reasonably acceptable to the Company to the effect that such transfer does not require registration under the Securities Act; or

(3) if such Unrestricted Certificated Security is being transferred to the Company or a Subsidiary of the Company, a certification to that effect from such Holder (in substantially the form set forth in Exhibit B).

(f) Legends. (i) Except as permitted by the following paragraphs (ii), (iii) and (iv), each Global Security and Certificated Security (and all Securities issued in exchange therefor or upon registration of transfer or replacement thereof) shall bear a legend in substantially the form called for by footnotes 2 and (3) to Exhibit A attached hereto (the "Restricted Legend"), for so long as it is required by this Indenture to bear such legend.

(ii) Upon any sale or transfer of a Restricted Security (x) after the expiration of the holding period applicable to sales of the Securities under Rule 144(k) of the Securities Act, (y) pursuant to Rule 144 or (z) pursuant to an effective registration statement under the Securities Act:

(1) in the case of any Restricted Certificated Security, each Registrar shall permit the Holder thereof to transfer such Restricted Certificated Security to a transferee who, unless such transferee is an Affiliate of the Company, shall take such Security in the form of an Unrestricted Certificated Security or (under the circumstances described in Section 2.12(e)) an Unrestricted Global Security, and in each case shall rescind any restriction on the transfer of such Security; *provided*, *however*, that the Holder of such Restricted Certificated Security shall, in connection with such exchange or transfer, comply with the other applicable provisions of this Section 2.12; and

(2) in the case of a Restricted Global Security, each Registrar shall permit the Holder thereof to transfer such beneficial interest in a Restricted Global Security to a transferee who, unless such transferee is an Affiliate of the Company, shall take such Security in the form of a beneficial interest in an Unrestricted Global Security and shall rescind any restriction on transfer of such Security; *provided*, *however*, that such Unrestricted Global Security shall continue to be subject to the provisions of Section 2.12(a)(ii); and *provided further*, *however*, that the owner of such beneficial interest shall, in connection with such transfer, comply with the other applicable provisions of this Section 2.12.

If the Applicable Procedures so require, prior to the removal of any restrictive legend at the end of the holding period applicable to sales of the Securities under Rule 144(k) of the Securities Act, such requesting Holder shall deliver an Opinion of Counsel in form reasonably acceptable to the Company to the effect that the restrictions on transfer contained herein and the restrictive legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Upon the exchange, registration of transfer or replacement of Securities not bearing the Restricted Legend, the Company shall issue, and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver, Securities that do not bear such Restricted Legend.

(iv) After the expiration of the holding period pursuant to Rule 144(k) of the Securities Act, the Company may with the consent of any Holder of a Restricted Global Security or a Restricted Certificated Security that is not an Affiliate of the Company, remove any restriction of transfer on such Security, and the Company shall issue, and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver Securities that do not bear the Restricted Legend.

(v) Until the expiration of the holding period applicable to sales of the Securities under Rule 144(k) of the Securities Act or a transfer pursuant to Rule 144 or pursuant to an effective registration statement under the Securities Act, the shares of Common Stock issued upon exchange of the Securities shall bear a legend substantially to the same effect as the Restricted Legend; *provided* that all Securities held by Affiliates of the Company shall bear the Restricted Legend at all times, unless registered under the Securities Act or resold pursuant to an exemption from the registration requirements of the Securities Act in a transaction which results in such Security no longer being "restricted securities" (as defined under Rule 144).

(g) Transfers to the Company. Nothing contained in this Indenture or in the Securities shall prohibit the sale or other transfer of any Securities (including beneficial interests in Global Securities) to the Company, or any of its Subsidiaries or any of its Affiliates.

SECTION 2.13. CUSIP Numbers. The Company in issuing the Securities may use one or more "CUSIP," "ISIN" or other similar numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP," "ISIN" or other similar numbers in notices of redemption or purchase as a convenience to Holders; *provided*, *however*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption or purchase and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption or purchase shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the "CUSIP," "ISIN" or other similar numbers.

SECTION 2.14. Ranking. The obligations of the Company arising under or in connection with this Indenture and every outstanding Security issued under this Indenture from time to time constitutes and shall constitute an unsubordinated unsecured general obligation of the Company, ranking equally in right of payment to all our existing and future unsubordinated unsecured indebtedness of the Company and ranking senior in right of payment to any future indebtedness of the Company that is expressly made subordinate to the Securities by the terms of such indebtedness.

SECTION 2.15. Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal or Fundamental Change Repurchase Price, and interest on the Security, for the purpose of receiving Common Stock or Cash and for all other purposes, including without limitation, for purposes of giving notices hereunder, whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary. The registered Holder of a Global Security may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action that a Holder is entitled to take under this Indenture or the Securities.

SECTION 2.16. Defaulted Interest. If the Company defaults on a payment of interest on the Securities, it shall pay the defaulted interest, plus (to the extent permitted by law) any interest payable on the defaulted interest, in accordance with the terms hereof, to the Persons who are Holders on a subsequent special record date, which date shall be at least five Business Days prior to the payment date. The Company shall fix such special record date and payment date in a reasonable manner. At least 10 days before such special record date, the Company shall mail to each Holder a notice that states the special record date, the payment date and the amount of defaulted interest, and interest payable on defaulted interest, if any, to be paid. The Company may make payment of any defaulted interest in any other lawful manner not inconsistent with the requirements (if applicable) of any securities exchange on which the Securities may be listed and, upon such notice as may be required by such exchange.

ARTICLE III

Repurchase of Securities at Option of Holders

SECTION 3.1. Repurchase of Securities at Option of the Holder upon a Fundamental Change. (a) In the event a Fundamental Change shall occur at any time when any Securities remain outstanding, the Securities shall be repurchased by the Company, at the option of any Holder thereof, in accordance with the provisions of paragraph 6 of the Securities on a date specified by the Company (the "Fundamental Change Repurchase Date") that is not less than 20 nor more than 45 Business Days after the date the Company mails the Fundamental Change Company Notice pursuant to Section 3.1(b), at a repurchase price in Cash equal to 100% of the Principal Amount of the Securities tendered for purchase, plus accrued and unpaid interest (including Additional Interest, if any) to, but not including, the Fundamental Change Repurchase Date (the "Fundamental Change Repurchase Price") (subject to the right of Holders on a Record Date to receive interest on the applicable Interest Payment Date), subject to satisfaction by or on behalf of any Holder of the requirements set forth in Section 3.1(c).

A "Fundamental Change" shall be deemed to have occurred upon the occurrence of any of the following:

(1) any "person" or "group" (other than the Company or the Guarantor, or one or more Subsidiaries of the Company or the Guarantor or employee benefit plans of either the Company or the Guarantor) becomes the "beneficial owner," directly or indirectly, of shares of the Guarantor's voting stock representing 50% or more of the total voting power of all outstanding classes of the Guarantor's voting stock or has the power, directly or indirectly, to elect a majority of the members of the Board of Directors of the Guarantor and (i) such "person" or "group" files a Schedule 13D or Schedule TO, or any successor schedule, form or report under the Exchange Act, disclosing the same or (ii) the Company or the Guarantor otherwise becomes aware of any such person or group, in any case other than through a transaction that otherwise would be subject to clause (2) below, but for subclauses (i), (ii) or (iii) thereof;

(2) the Guarantor consolidates with, or merges with or into, another Person or the Guarantor sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of the Guarantor's assets, or any Person consolidates with, or merges with or into, the Guarantor; *provided*, *however*, that a transaction described in this clause (2) will be deemed not to be a Fundamental Change so long as (i) the persons that "beneficially owned," directly or indirectly, shares of the Guarantor's voting stock immediately prior to such transaction beneficially own, directly or indirectly, shares of

voting stock representing a majority of the total voting power of all outstanding classes of voting stock of the surviving or transferee person or a Parent thereof, (ii) such transaction is effected solely for the purpose of changing the Guarantor's jurisdiction of incorporation and resulting in a reclassification, exchange or exchange of outstanding shares of common stock, if at all, solely into shares of the surviving entity or a direct or indirect parent of the surviving entity or (iii) the consolidation or merger, or the sale, assignment, conveyance, transfer, lease or other disposition, is between or among the Company, the Guarantor or the respective Subsidiaries of the Company or the Guarantor;

(3) the Guarantor's Common Stock or the common stock into which the Securities are then exchangeable ceases to be listed on the NYSE, the Nasdaq or another national securities exchange and is not then quoted on an established automated over-the-counter trading market in the United States;

(4) continuing directors cease to constitute a majority of the Guarantor's Board of Directors; or

(5) the Guarantor's stockholders approve any plan or proposal for the Guarantor's liquidation or dissolution.

A "Make-Whole Fundamental Change" shall be deemed to have occurred upon the occurrence of a Fundamental Change described in clauses (1) and (2) above.

Notwithstanding anything to the contrary set forth in this Section 3.1, a merger or consolidation shall be deemed not to constitute a Fundamental Change or a Make-Whole Fundamental Change if at least 90% of the consideration (excluding Cash payments for fractional shares and Cash payments pursuant to dissenters' appraisal rights) in the merger or consolidation constituting the Fundamental Change consists of common stock or depositary shares or receipts in respect thereof traded on the NYSE, Nasdaq or another national securities exchange (or which shall be so traded when issued or exchanged in connection with such merger or consolidation).

For purposes of this Section 3.1:

- "person" and "group" shall have the meanings given to them for purposes of Sections 13(d) and 14(d) of the Exchange Act or any successor provisions, and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, or any successor provision;
- a "beneficial owner" shall be determined in accordance with Rule 13d-3 under the Exchange Act, as in effect on the date of this Indenture;
- "beneficially own" and "beneficially owned" have meanings correlative to that of beneficial owner;
- "board of directors" means the board of directors or other governing body charged with the ultimate management of any person;
- "capital stock" means: (i) in the case of a corporation, corporate stock; (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (iii) in the case of a partnership or limited liability company, partnership interests (whether general

or limited) or membership interests; or (iv) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person;

- "continuing director" means a director who either was a member of the Guarantor's Board of Directors on the date of the Offering Circular or who becomes a member of the Guarantor's Board of Directors subsequent to that date and whose election, appointment or nomination for election by the Guarantor's stockholders is duly approved by a majority of the continuing directors on the Guarantor's Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Guarantor on behalf of its entire Board of Directors in which such individual is named a nominee for director; and
- "voting stock" means any class or classes of capital stock or other interests then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors.

(b) Notice of Fundamental Change. No later than 30 days after the effective date of a Fundamental Change, the Company shall notify the Trustee of the Fundamental Change Repurchase Date and shall mail a written notice of the Fundamental Change (the "Fundamental Change Company Notice") to each Holder (and to beneficial owners as required by applicable law) in accordance with Section 12.2. The notice shall include the form of a Fundamental Change Repurchase Notice to be completed by the Holder and shall state, as applicable:

(1) the events causing such Fundamental Change and the date of such Fundamental Change;

(2) that the Holder has a right to require the Company to repurchase the Holder's Securities;

(3) the date by which the Fundamental Change Repurchase Notice must be delivered to the Paying Agent in order for a Holder to exercise the Fundamental Change purchase right;

(4) the Fundamental Change Repurchase Date;

(5) the Fundamental Change Repurchase Price;

(6) the procedures that the Holder must follow to exercise its Fundamental Change purchase right under this Section 3.1;

(7) the names and addresses of the Paying Agent and the Exchange Agent;

(8) that the Securities must be surrendered to the Paying Agent to collect payment of the Fundamental Change Repurchase Price;

(9) that the Fundamental Change Repurchase Price for any Security as to which a Fundamental Change Repurchase Notice has been duly given and not withdrawn shall be paid promptly following the later of the Fundamental Change Repurchase Date and the time of surrender of such Security;

(10) the current Exchange Rate, including any increases to the Exchange Rate that resulted from the Fundamental Change;

(11) that the Securities with respect to which a Fundamental Change Repurchase Notice has been given may be exchanged pursuant to Article IV of this Indenture only if either (i) the Fundamental Change Repurchase Notice has been withdrawn in accordance with the terms of this Indenture or (ii) there shall be a default in the payment of the Fundamental Change Repurchase Price;

(12) the procedures for withdrawing a Fundamental Change Repurchase Notice;

(13) that, unless the Company defaults in making payment of such Fundamental Change Repurchase Price, interest on Securities surrendered for purchase by the Company shall cease to accrue on and after the Fundamental Change Repurchase Date;

(14) the CUSIP number(s) of the Securities; and

(15) the procedures that Holders must follow to exercise their right to require the Company to purchase such Holder's Securities.

If any of the Securities are in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the Applicable Procedures for repurchases.

At the Company's request, the Trustee shall give the Fundamental Change Company Notice on behalf of the Company and at the Company's expense; *provided*, *however*, that the Company makes such request at least three Business Days (unless a shorter period shall be consented to in writing by the Trustee) prior to the date by which such Fundamental Change Company Notice must be given to the Holders in accordance with this Section 3.1(b); *provided further*, *however*, that the text of such notice shall be prepared by the Company.

(c) Fundamental Change Repurchase Notice. A Holder may exercise its right specified in Section 3.1(a) upon delivery of a written notice (which shall be in substantially the form included in Exhibit A hereto and which may be delivered by letter, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Securities, may be delivered electronically or by other means in accordance with the Applicable Procedures) of the exercise of such rights (a "Fundamental Change Repurchase Notice") to and actually received by a Paying Agent at any time prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date. The Fundamental Change Repurchase Notice must state:

(1) if Certificated Securities are to be delivered, the certificate numbers of the Securities that the Holder shall deliver to be purchased;

(2) the portion of the Principal Amount of the Securities that the Holder shall deliver to be purchased, which portion must be in Principal Amounts of $1,000 or an integral multiple thereof; and

(3) that such Securities shall be purchased by the Company on the Fundamental Change Repurchase Date pursuant to the terms and conditions specified in paragraph 6 of the Securities and in this Indenture.

The delivery of such Security to any Paying Agent (together with all necessary endorsements) at the office of such Paying Agent shall be a condition to the receipt by the Holder of the Fundamental Change Repurchase Price; *provided*, *however*, that such Fundamental Change Repurchase Price shall be paid pursuant to this Section 3.1 only if the Security so delivered to the Paying Agent shall conform in all material respects to the description thereof in the related Fundamental Change Repurchase Notice.

The Company shall purchase from the Holder thereof, pursuant to this Section 3.1, a portion of a Security if the Principal Amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Article III that apply to the purchase of all of a Security also apply to the purchase of such a portion of such Security.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Repurchase Notice contemplated by this Section 3.1(c) shall have the right to withdraw such Fundamental Change Repurchase Notice at any time prior to 5:00 p.m., New York City time, on the Business Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.2(b).

A Paying Agent shall promptly notify the Company once each Business Day of the receipt by it of any Fundamental Change Repurchase Notices or written notices of withdrawal thereof.

(d) Notwithstanding anything herein to the contrary, in the case of Global Securities, any Fundamental Change Repurchase Notice may be delivered or withdrawn, and such Securities may be surrendered or delivered for purchase, in accordance with the Applicable Procedures.

SECTION 3.2. Effect of Fundamental Change Repurchase Notice. (a) Upon receipt by any Paying Agent of a Fundamental Change Repurchase Notice, the Holder of the Security in respect of which such Fundamental Change Repurchase Notice was given shall (unless such Fundamental Change Repurchase Notice is withdrawn as specified below) thereafter be entitled to receive the Fundamental Change Repurchase Price with respect to such Security. Such Fundamental Change Repurchase Price shall be paid to such Holder promptly following the later of (i) the Fundamental Change Repurchase Date (provided such Holder has satisfied the conditions in Section 3.1(c)), with respect to such Security and (ii) the time of delivery of such Security to a Paying Agent by the Holder thereof in the manner required by Section 3.1(c). A Security in respect of which a Fundamental Change Repurchase Notice has been given by the Holder thereof may not be exchanged pursuant to Article IV hereof on or after the date of the delivery of such Fundamental Change Repurchase Notice, unless either (i) such Fundamental Change Repurchase Notice has first been validly withdrawn in accordance with Section 3.2(b); or (ii) there shall be a default in the payment of the Fundamental Change Repurchase Price; *provided*, that the exchange right with respect to such Security shall terminate at Close of Business, on the date such default is cured and such Security is purchased in accordance herewith.

(b) A Fundamental Change Repurchase Notice may be withdrawn by any Holder delivering such Fundamental Change Repurchase Notice upon delivery of a written notice of withdrawal (which may be delivered by mail, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Securities, may be delivered electronically or by other means in accordance with the Applicable Procedures) to and actually received by Paying Agent at any time prior to Close of Business, on the Business Day immediately preceding the Fundamental Change Repurchase Date, specifying:

(1) if Certificated Securities are to be withdrawn, the certificate numbers of the Securities in respect of which such notice of withdrawal is being submitted;

(2) the Principal Amount of the Securities in respect of which such notice of withdrawal is being submitted, which Principal Amount must be $1,000 or an integral multiple thereof; and

(3) the Principal Amount, if any, of the Securities that remains subject to the original Fundamental Change Repurchase Notice and that has been or shall be delivered for purchase by the Company.

SECTION 3.3. Deposit of Fundamental Change Repurchase Price. Prior to 11:00 a.m., New York City time, on a Fundamental Change Repurchase Date, the Company shall deposit with the Paying Agent (or if the Company or an Affiliate of the Company is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 2.4) an amount in Cash (in immediately available funds if deposited on such Fundamental Change Repurchase Date) sufficient to pay the aggregate Fundamental Change Repurchase Price of all the Securities or portions thereof that are to be purchased on that Fundamental Change Repurchase Date.

If a Paying Agent holds, in accordance with the terms hereof, at 11:00 a.m., New York City time, on a Fundamental Change Repurchase Date, Cash sufficient to pay the aggregate Fundamental Change Repurchase Price of all Securities for which a Fundamental Change Repurchase Notice has been delivered and not validly withdrawn in accordance with this Indenture, then, on and after such Fundamental Change Repurchase Date, such Securities shall cease to be outstanding and interest on such Securities shall cease to accrue, whether or not such Securities are delivered to the Paying Agent, and the rights of the Holders in respect thereof shall terminate (other than the right to receive the Fundamental Change Repurchase Price upon delivery of such Securities by their Holders to the Paying Agent).

SECTION 3.4. Securities Purchased in Part. Any Certificated Security that is to be purchased only in part shall be surrendered at the office of a Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form reasonably satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and promptly after a Fundamental Change Repurchase Date, the Company shall issue and the Trustee shall, upon receipt of a Company Order (which the Company agrees to deliver promptly), authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities, of such authorized denomination or denominations as may be requested by such Holder, in aggregate Principal Amount equal to, and in exchange for, the portion of the Principal Amount of the Security so surrendered that is not purchased.

SECTION 3.5. Repayment to the Company. To the extent that the aggregate amount of Cash deposited by the Company pursuant to Section 3.2 exceeds the aggregate Fundamental Change Repurchase Price of the Securities or portions thereof that the Company is obligated to purchase on the Fundamental Change Repurchase Date, then, within one day after the Fundamental Change Repurchase Date, the Paying Agent shall return any such excess Cash to the Company.

SECTION 3.6. Compliance with Securities Laws upon Purchase of Securities. When complying with the provisions of Article III hereof (provided that such offer or purchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), and subject to any exemptions available under applicable law, the Company shall:

(a) comply with Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act that may then be applicable; and

(b) otherwise comply with all federal and state securities laws so as to permit the rights and obligations in connection with any purchase pursuant to this Article III to be exercised in the time and in the manner specified herein.

ARTICLE IV

Exchange

SECTION 4.1. Exchange Privilege. (a) Subject to and upon compliance with the provisions of this Article IV and paragraph 7 of the Security, at the option of the Holder thereof, any Security, in whole or in part, may be exchanged into the Settlement Amount, at a rate (the "Exchange Rate"), initially equivalent to 18.2433 shares of Common Stock per $1,000 Principal Amount of Securities, subject to adjustment pursuant to Section 4.6, on or prior to the Close of Business on the second Business Day immediately preceding the Final Maturity Date.

(b) The Securities shall be exchangeable (i) at any time during the period beginning on July 15, 2012 and ending at the Close of Business on the second Business Day immediately preceding the Final Maturity Date and (ii) prior thereto, at any time up to the Close of Business on the second Business Day immediately preceding the Final Maturity Date, only upon the occurrence of one of the events and during the applicable time period set forth below:

(i) During any calendar quarter beginning after December 31, 2007 and only during such calendar quarter, if the Closing Sale Price of the Common Stock for at least 20 Trading Days in a period of 30 consecutive Trading Days ending on the last Trading Day of the preceding calendar quarter exceeds 130% of the Exchange Price per share of Common Stock on such last Trading Day. For each calendar quarter commencing at any time after December 31, 2007, the Exchange Agent shall determine, on the Company's behalf, whether the Securities are exchangeable as the result of the satisfaction of this condition in the preceding calendar quarter and shall promptly notify the Company and the Trustee accordingly. The Trustee shall, in turn, notify the Holders in each calendar quarter but in no event later than seven Business Days after receiving notification from the Company, as to the satisfaction of this condition.

(ii) During the five Business Day period after any five consecutive Trading Day period (the "Measurement Period") in which the Trading Price per $1,000 Principal Amount of Securities for each day of such Measurement Period was less than 98% of the product of the Closing Sale Price on such date and the Exchange Rate on such date, all as determined by the Trustee. The Trustee shall have no obligation to determine the Trading Price of Securities unless requested by the Company to do so in writing, and the Company shall have no obligation to make such request unless a Holder provides the Company with reasonable evidence that the Trading Price per $1,000 Principal Amount of Securities would be less than 98% of the product of (a) the Exchange Rate of the Securities and (b) the Closing Sale Price at such time, at which time the Company shall instruct the Trustee to determine the Price of the Securities beginning on the next Trading Day and on each successive Trading Day until the Trading Price per $1,000 Principal Amount of Securities is greater than or equal to 98% of the product of (a) the Exchange Rate of the Securities and (b) the Closing Sale Price on such date. If the Trading Price condition set forth

above has been met, the Company shall so notify the Holders. If, at any time after the Trading Price condition set forth above has been met, the Trading Price per $1,000 Principal Amount of Securities is greater than or equal to 98% of the product of (a) the Exchange Rate of the Securities and (b) the Closing Price on such date, the Company shall so notify the Holders.

(iii) If the Guarantor elects to distribute to all or substantially all holders of Common Stock:

(1) rights (including rights under a stockholder rights agreement, but only following the distribution of separate certificates evidencing such rights), warrants or options entitling them to purchase for a period expiring within 60 days of the date of distribution, shares of its Common Stock at less than the average of the Closing Sale Price of a share of its Common Stock for the five consecutive Trading Day period ending on the Trading Day immediately preceding the announcement date for such distribution; or

(2) Cash, assets, debt securities or other evidence of Indebtedness or rights or warrants to purchase its securities, which distribution has a per share value exceeding 20% of the Closing Sale Price of its Common Stock as of the Trading Day immediately preceding the announcement date for such distribution;

the Company must notify the Holders at least 20 Trading Days prior to the ex-dividend date for such distribution, provided that if the Guarantor distributes separate certificates evidencing rights pursuant to a stockholder rights agreement, the Company will notify the Holders of the Securities on the Business Day after the Guarantor is required to give notice generally to its stockholders pursuant to such stockholder rights agreement if such date is less than 20 Trading Days prior to the date of such distribution. Once the Company has given such notice, a Holder may surrender its Securities for exchange at any time until the earlier of the Close of Business on the Business Day prior to the ex-dividend date or the Company's announcement that such distribution will not take place. Notwithstanding the foregoing, this provision shall not apply if the Holder of a Security otherwise participates in the distribution on an as-exchanged basis (assuming for such purposes that exchange was made solely into shares of the Guarantor's Common Stock at the then applicable Exchange Rate) without the exchange of such Holder's Securities.

(iv) If the Guarantor is a party to any transaction or an event occurs that constitutes a Fundamental Change, a Holder may surrender Securities for exchange at any time from and after the date which is the effective date of a Fundamental Change until and including the Trading Day prior to the related Fundamental Change Repurchase Date. The Company shall give notice in writing to all record Holders and the Trustee of a Fundamental Change no later than 10 Trading Days prior to the anticipated effective date of the Fundamental Change that the Company knows or reasonably should know will occur. If the Company does not know, and should not reasonably know, that a Fundamental Change will occur until a date that is within 10 Trading Days before the anticipated effective date of such Fundamental Change, the Company shall give notice in writing to all record Holders and the Trustee of the Fundamental Change within five Business Days after the Company has knowledge of such Fundamental Change. The Board of Directors shall determine in good faith the anticipated effective date of the Fundamental Change, and such determination shall be conclusive and binding on the Holders.

(c) If a Holder elects to exchange its Securities in connection with a Make-Whole Fundamental Change, then the Exchange Rate of the Securities being exchanged by such Holder shall be increased in the manner set forth below; provided that if the Stock Price in such transaction is equal to or greater than $80.00 or less than $44.93, no increase in the Exchange

Rate shall be made, subject to adjustment in the same manner as the Exchange Price as set forth in Section 4.6. For the avoidance of doubt, the increases provided for in this Section 4.1(c) shall only be made with respect to the Securities being exchanged in connection with such Make-Whole Fundamental Change and shall not be effective as to any Securities not so exchanged. For purposes of this Section 4.1, an exchange shall be deemed to be "in connection" with a Fundamental Change to the extent that such exchange is effected from and after the date which is the effective date of a Fundamental Change until and including the Trading Day prior to the related Fundamental Change Repurchase Date. (regardless of whether the provisions of clause (b)(i), (b)(ii) or (b)(iii) of this Section 4.1 shall apply to such exchange).

The increase in the Exchange Rate pursuant to this Section 4.1(c), expressed as a number of additional shares (the "Additional Shares") of the Common Stock to be received per $1,000 Principal Amount of Securities, will be determined by the Company by reference to the table attached as Schedule A hereto, based on the date the Make-Whole Fundamental Change occurs or becomes effective (the "Effective Date") and the price paid, or deemed to be paid, per share of Common Stock in the transaction constituting Make-Whole Fundamental Change (the "Stock Price"). If a Holder of the Common Stock receives only Cash in connection with a Fundamental Change described in clause (ii) of the definition thereof contained in Section 3.1(a), the Stock Price shall be the Cash amount paid per share. In all other cases, the Stock Price will be the average of the Closing Sale Price of the Common Stock on the five consecutive Trading Days ending on the Trading Day preceding the Effective Date, *provided further* that if the Stock Price is between two Stock Price amounts in the table or the Effective Date is between two Effective Dates in the table, the Company shall determine the increased Exchange Rate by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Stock Price amounts and next earliest and next latest Effective Dates, based on a 365-day year, as applicable. The numbers of Additional Shares of Common Stock set forth in the table in Schedule A shall be adjusted as of any date on which the Exchange Rate is adjusted pursuant to Section 4.6, in the same manner as the Exchange Rate is so adjusted. The Stock Prices set forth in the table in Schedule A shall be adjusted, as of any date on which the Exchange Rate is adjusted, to equal the Stock Price applicable immediately prior to such adjustment multiplied by a fraction, of which the numerator shall be the Exchange Rate immediately prior to the adjustment and the denominator shall be the Exchange Rate as so adjusted. If (1) the Stock Price is greater than $80.00 per share of Common Stock (subject to adjustment in the same manner as set forth in Section 4.6), no Additional Shares will be added to the Exchange Rate, or (2) the Stock Price is less than $44.93 per share (subject to adjustment in the same manner as set forth in Section 4.6), no Additional Shares will be added to the Exchange Rate. Notwithstanding the foregoing, in no event will the number of Additional Shares exceed 4.0135 per $1,000 Principal Amount of Securities (subject to adjustment in the same manner as set forth in Section 4.6.

SECTION 4.2. Exchange Procedure. (a) The right of exchange attaching to any Security may be exercised at any time during which exchange is permitted, in accordance with Section 4.1, (i) if such Security is represented by a Global Security, by book-entry transfer to the Exchange Agent through the facilities of the Depositary in accordance with the Applicable Procedures, or (ii) if such Security is represented by a Certificated Security, by delivery of such Security at the specified office of the Exchange Agent, accompanied, in either case, by: (1) a duly signed and completed exchange notice, in the form as set forth on the reverse of Security attached hereto as Exhibit A (an "Exchange Notice"); (2) if such Certificated Security has been lost, stolen, destroyed or mutilated, a notice to the Exchange Agent in accordance with Section 2.7 regarding the loss, theft, destruction or mutilation of the Security; (3) appropriate endorsements and transfer documents if required by the Exchange Agent; and (4) payment of any tax or duty, in accordance with Section 4.4, which may be payable in respect of any transfer involving the issue

or delivery of the Common Stock in the name of a Person other than the Holder of the Security. The date on which the Holder of any Security satisfies all of those requirements under this Indenture to exchange such Security is the "Exchange Date." The Securities will be deemed to be exchanged immediately prior to the Close of Business of the Exchange Date. The Company shall deliver to the Holder through an Exchange Agent Cash and, if applicable, a certificate for the number of whole shares of Common Stock issuable upon the exchange (and Cash in lieu of any fractional shares pursuant to Section 4.3) on the applicable date specified for such delivery in Section 4.13(f) hereof.

(b) The Person in whose name the Security is registered shall be deemed to be a stockholder of record on the Exchange Date; provided that no surrender of a Security on any date when the Register of the Company shall be closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such exchange as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the Close of Business on the next succeeding day on which such Register is open; *provided further* that such exchange shall be at the Settlement Amount calculated with respect to the date that such Security shall have been surrendered for exchange, as if the Register of the Company had not been closed. Upon exchange of a Security, such Person shall no longer be a Holder of such Security. No separate payment or adjustment will be made for accrued but unpaid interest on an exchanged Security, or for dividends or distributions on shares of Common Stock issued upon exchange of a Security, except as provided in this Indenture.

(c) Upon surrender of a Security that is exchanged in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Security equal in Principal Amount to the unexchanged portion of the Security surrendered.

SECTION 4.3. Fractional Shares. The Guarantor shall not issue and the Company shall not deliver fractional shares of Common Stock upon exchange of Securities. If multiple Securities shall be surrendered for exchange at one time by the same Holder, the number of full shares which shall be issuable upon exchange shall be computed on the basis of the aggregate Principal Amount of the Securities (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional shares of Common Stock would be issuable upon exchange of any Securities, the Company shall deliver Cash in an amount equal to the value of such fraction computed by the Company on the basis of the Daily VWAP or the final Trading Day of the applicable Exchange Reference Period.

SECTION 4.4. Taxes on Exchange. If a Holder exchanges a Security, the Company shall pay any documentary, stamp or similar issue or transfer taxes or duties relating to the issuance or delivery of shares of Common Stock upon exercise of such exchange rights. However, the Holder shall pay any tax or duty which may be payable relating to any transfer involving the issuance or delivery of shares of Common Stock in a name other than the Holder's name. The Exchange Agent may refuse to deliver the certificate representing shares of Common Stock being issued in a name other than the Holder's name until the Exchange Agent receives a sum sufficient to pay any tax or duties which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulation.

SECTION 4.5. Guarantor to Provide Stock. (a) The Guarantor shall, prior to issuance of any Securities hereunder, and from time to time as may be necessary, reserve at all times and

keep available, free from preemptive rights, out of its authorized but unissued Common Stock, a sufficient number of shares of Common Stock to permit the exchange of all outstanding Securities into shares of Common Stock to the extent provided in, and in accordance with, Section 4.13.

(b) All shares of Common Stock delivered upon exchange of the Securities shall be newly issued shares or shares held in the treasury of the Guarantor, shall be duly authorized, validly issued, fully paid and non-assessable and shall be free from preemptive rights and free of any lien or adverse claim.

(c) The Company and the Guarantor shall comply with all applicable securities laws regulating the offer and delivery of any Common Stock upon exchange of Securities and, if the Common Stock is then listed or quoted on the NYSE, the Nasdaq or any other United States national or regional securities exchange or other market, shall list or cause to have quoted and keep listed and quoted the shares of Common Stock issuable upon exchange of the Securities to the extent permitted or required by the rules of such exchange or market; *provided*, *however*, that, if the rules of such automated quotation system or exchange permit the Company to defer the listing of such Common Stock until the first exchange of the Securities into Common Stock in accordance with the provisions of this Indenture, the Company and the Guarantor covenant to list such Common Stock issuable upon exchange of the Securities in accordance with the requirements of such automated quotation system or exchange at such time.

(d) Notwithstanding anything herein to the contrary nothing herein shall give to any Holder any rights as a creditor in respect solely of its right to exchange.

SECTION 4.6. Adjustment of Exchange Rate. The Exchange Rate shall be adjusted from time to time by the Company as follows, except that the Company will not make any adjustments to the Exchange Rate if Holders of the Security participate, as a result of holding the Securities, in any transaction described below without having to exchange their Securities:

(a) In case the Guarantor shall issue shares of its Common Stock as a dividend or distribution on its Common Stock then the Exchange Rate in effect at the opening of business on the Ex Date for such dividend or other distribution shall be increased by multiplying such Exchange Rate by a fraction, (A) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the Close of Business on such Record Date for such dividend or other distribution plus the total number of shares of Common Stock constituting such dividend or other distribution; and (B) the denominator of which shall be the number of shares of Common Stock outstanding at the Close of Business on such Record Date. If any dividend or distribution of the type described above is declared but not so paid or made, the Exchange Rate shall again be adjusted to the Exchange Rate that would then be in effect if such dividend or distribution had not been declared. In case outstanding shares of Common Stock shall be subdivided or reclassified into a greater number of shares of Common Stock, the Exchange Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and conversely, in case outstanding shares of Common Stock shall be combined or reclassified into a smaller number of shares of Common Stock, the Exchange Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(b) In case the Guarantor shall issue rights or warrants to all holders of its Common Stock entitling them for a period of not more than 60 calendar days to subscribe for or purchase

shares of Common Stock at a price per share less than the average of the Closing Sale Prices for the five consecutive Trading Day period ending on the Business Day immediately preceding the date of announcement of such issuance (other than a distribution of rights pursuant to any shareholder rights plan), the Exchange Rate in effect immediately prior to the Close of Business on the Record Date for the issuance shall be increased by multiplying the Exchange Rate in effect immediately prior to the Close of Business on such Record Date by a fraction of which (A) the numerator shall be the sum of (I) the number of shares of Common Stock outstanding (excluding shares held in the treasury of the Guarantor) at the Close of Business on such Record Date and (II) the aggregate number of shares (the "Underlying Shares") of Common Stock underlying all such issued rights or warrants (whether by exercise, conversion, exchange or otherwise) and (B) the denominator shall be the sum of (I) number of shares of Common Stock outstanding (excluding shares held in the treasury of the Company) at the Close of Business on such Record Date and (II) the number of shares of Common Stock which the aggregate exercise, conversion, exchange or other price at which the Underlying Shares may be subscribed for or purchased pursuant to such rights or warrants would purchase at such Current Market Price per share (as defined in subsection (f) of this Section 4.6) of Common Stock. Such increase shall become effective immediately prior to the opening of business on the Business Day following such Record Date. In no event shall the Exchange Rate be decreased pursuant to this Section 4.6(b). In the event that such rights or warrants are not so issued, or to the extent that such rights expire or are redeemed without being exercised, the Exchange Rate shall again be adjusted to be the Exchange Rate which would then be in effect if the announcement with respect to such rights or warrants had not been made.

(c) In case the Guarantor shall distribute to all holders of its Common Stock any shares of capital stock of the Guarantor, evidences of Indebtedness or other non-Cash assets, or rights or warrants (excluding (i) dividends, distributions and rights or warrants referred to in subsection (a) or (b) of this Section 4.6, (ii) distributions referred to in subsection (e) of this Section 4.6 and (iii) the distribution of rights pursuant to a shareholder rights plan for which provision has been made in accordance with the third paragraph of this Section 4.6(c)), the Exchange Rate shall be increased by multiplying the Exchange Rate in effect immediately prior to the Close of Business on the Ex Date for the distribution by a fraction of which (A) the numerator shall be the Current Market Price per share of the Common Stock on such Ex Date and (B) the denominator shall be an amount equal to (I) such Current Market Price per share less (II) the fair market value on such Ex Date (as determined by the Board of Directors, whose determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officers' Certificate delivered to the Trustee) of the portion of the capital stock, evidences of indebtedness or other non-Cash assets so distributed or of such rights or warrants applicable to one share of Common Stock (determined on the basis of the number of shares of Common Stock outstanding at the Close of Business on the Record Date). In no event shall the Exchange Rate be decreased pursuant to this Section 4.6(c). Such adjustment (if any) shall be made successively whenever any such distribution is made and shall become effective immediately after such Record Date.

In the event that such dividend or distribution is not so paid or made, the Exchange Rate shall again be adjusted to be the Exchange Rate which would then be in effect if such dividend or distribution had not been declared. If the Board of Directors of the Guarantor determines the fair market value of any distribution for purposes of this Section 4.6(c) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the applicable Current Market Price per share of Common Stock to the extent practicable.

The Guarantor shall make adequate provisions such that, upon any exchange of the Securities into Common Stock, to the extent that any new shareholder rights plan (i.e., poison pill) hereafter implemented by the Company is in effect upon such exchange, the Holders of Securities will receive, in addition to the Common Stock and other consideration payable hereunder upon exchange, the rights described in any new rights plan, subject to the limitations set forth in any new rights plan, unless prior to the exchange, the rights have separated from the Common Stock, expired, terminated or been redeemed or exchanged in accordance with such rights plan, and no adjustment shall be made to the Exchange Rate pursuant to Section 4.6. If the rights have separated from the Common Stock, the Exchange Rate shall be adjusted at the time of separation as if the Guarantor distributed to all holders of Common Stock, shares of capital stock, evidences of Indebtedness or assets as described in Section 4.6(c), subject to readjustment in the event of the expiration, termination or redemption of such rights. Any distribution of rights or warrants pursuant to any new rights plan complying with the requirements set forth in the immediately preceding sentence of this paragraph shall not constitute a distribution of rights or warrants pursuant to this Section 4.6(c).

(d) In case the Guarantor shall dividend or distribute (other than in connection with a liquidation, dissolution or winding up of the Company or as contemplated by clause (e) below) Cash to all holders of Common Stock (other than a distribution requiring an adjustment to the Exchange Rate pursuant to Section 4.6(e)) where the per share amount of such dividend or other distribution of Cash is greater than the current quarterly cash dividend distribution of $0.50 per share (the "Dividend Threshold"), the Exchange Rate shall be increased by multiplying the Exchange Rate in effect immediately prior to the Close of Business on the Business Day immediately preceding the "Ex Date" (as defined in Section 4.6(g)) by a fraction (A) whose numerator shall be the average of the Closing Sale Price for the five consecutive Trading Days ending on the date immediately preceding the Ex Date for such dividend or distribution (which average shall be appropriately adjusted by the Board of Directors, in its good faith determination (which determination shall be described in a resolution of the Board of Directors), to account for any adjustment, pursuant hereto, to the Exchange Rate that shall become effective, or any event requiring, pursuant hereto, an adjustment to the Exchange Rate where the Ex Date of such event occurs, at any time during such five consecutive Trading Days); and (B) whose denominator shall be an amount equal to (I) such average Closing Sale Price per share of Common Stock less (II) the amount per share of Common Stock of such dividend or distribution in excess of the Dividend Threshold; *provided*, that the Dividend Threshold is subject to adjustment under the same circumstances under which the Exchange Rate is subject to adjustment, in inverse proportion to any such adjustment; *provided however*, that no adjustment will be made to the Dividend Threshold for any adjustment made to the Exchange Rate pursuant to this clause (d). The Exchange Rate shall not be adjusted pursuant to this Section 4.6(d) to the extent, and only to the extent, such adjustment would cause the Exchange Price to be less than par value of the Common Stock (which minimum amount shall be appropriately adjusted to reflect stock dividends on, and subdivisions, combinations or reclassifications of, Common Stock). The Exchange Rate shall be instead adjusted so that the Exchange Price is equal to par value of the Common Stock (as adjusted in accordance with the immediately preceding proviso). An adjustment to the Exchange Rate pursuant to this Section 4.6(d) shall become effective immediately prior to the opening of business on the Business Day immediately following such record date. In no event shall the Exchange Rate be decreased pursuant to this Section 4.6(d).

(e) In case the Guarantor or any Subsidiary of the Guarantor shall distribute Cash or other consideration in respect of a tender offer or exchange offer made by the Guarantor or any Subsidiary of the Guarantor for all or any portion of the Common Stock where the sum of the aggregate amount of such Cash distributed and the aggregate fair market value (as determined in

good faith by the Board of Directors, whose determination shall be conclusive and set forth in a resolution of the Board of Directors), as of the Expiration Date (as defined below), of such other consideration distributed (such sum, the "Aggregate Amount") expressed as an amount per share of Common Stock validly tendered or exchanged, and accepted for purchase, pursuant to such tender offer or exchange offer as of the Expiration Time (as defined below) (such tendered or exchanged shares of Common Stock, the "Purchased Shares") exceeds the Current Market Price per share (as determined in accordance with subsection (g) of this Section 4.6) of Common Stock on the first Trading Day immediately following the last date (such last date, the "Expiration Date") on which tenders or exchanges could have been made pursuant to such tender offer or exchange offer (as the same may be amended through the Expiration Date), then the Exchange Rate shall be increased by multiplying the Exchange Rate in effect immediately prior to the Close of Business on the Expiration Date by a fraction (A) whose numerator is equal to the sum of (I) the Aggregate Amount and (II) the product of (a) the Current Market Price per share of Common Stock (as determined in accordance with subsection (g) of this Section 4.6) on the Expiration Date and (b) an amount equal to the number of shares of Common Stock outstanding as of the last time (the "Expiration Time") at which tenders or exchanges could have been made pursuant to such tender offer or exchange offer (excluding Purchased Shares) and (B) whose denominator is equal to the product of (I) the number of shares of Common Stock outstanding as of the Expiration Time (including all Purchased Shares) and (II) such Current Market Price per share of Common Stock on the Expiration Date. An increase, if any, to the Exchange Rate pursuant to this Section 4.6(e) shall become effective immediately prior to the opening of business on the Expiration Date. In the event that the Guarantor or a Subsidiary of the Guarantor is obligated to purchase shares of Common Stock pursuant to any such tender offer or exchange offer, but the Guarantor or such Subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Exchange Rate shall again be adjusted to be the Exchange Rate which would then be in effect if such tender offer or exchange offer had not been made. If the application of this Section 4.6(e) to any tender offer or exchange offer would result in a decrease in the Exchange Rate, no adjustment shall be made for such tender offer or exchange offer under this Section 4.6(e).

(f) For purposes of this Section 4.6, the term "Record Date" shall mean with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of Cash, securities or other property, the dated fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(g) For the purpose of making a computation pursuant to this Section 4.6, the current market price (the "Current Market Price") on a date of determination shall mean the average of the Closing Sale Prices per share of Common Stock for the five consecutive Trading Days ending on the date of determination; *provided*, *however*, that such Current Market Price shall be appropriately adjusted by the Board of Directors, in its good faith determination (which determination shall be described in a resolution of the Board of Directors), to account for any adjustment pursuant hereto (other than the adjustment requiring such computation) to the Exchange Rate that shall become effective, or any event (other than the event requiring such computation) requiring, pursuant hereto, an adjustment to the Exchange Rate where the Ex Date of such event occurs, at any time during such five consecutive Trading Days. For purposes hereof, the term "Ex Date" means, when used with respect to any dividend or distribution, the first date on which the Common Stock of the Guarantor trades, regular way, on the relevant exchange or in the relevant market from which the Closing Sale Price was obtained without the right to receive such dividend or distribution.

(h) In any case in which this Section 4.6 shall require that an adjustment be made following a Record Date or Expiration Date, as the case may be, established for purposes of this Section 4.6, the Guarantor may elect to defer (but only until five Business Days following the filing by the Guarantor with the Trustee of the certificate described in Section 4.10) issuing to the Holder of any Security exchanged after such Record Date or Expiration Date the shares of Common Stock and other capital stock of the Guarantor, evidences of indebtedness or other non-Cash assets or rights or warrants issuable upon such exchange over and above Cash payable, or the shares of Common Stock and other capital stock of the Guarantor, evidences of indebtedness or other non-Cash assets or rights or warrants issuable, upon such exchange only on the basis of the Exchange Rate prior to adjustment; and, in lieu of the shares, evidences of indebtedness or other non-Cash assets or rights or warrants the issuance of which, or Cash the payment of which, is so deferred, the Guarantor shall issue or cause its transfer agents to issue due bills or other appropriate evidence prepared by the Guarantor of the right to receive such shares or Cash, as the case may be. If any distribution in respect of which an adjustment to the Exchange Rate is required to be made as of the Record Date or Expiration Date therefor is not thereafter made or paid by the Company for any reason, the Exchange Rate shall be readjusted to the Exchange Rate which would then be in effect if such Record Date had not been fixed or such effective date or Expiration Date had not occurred.

SECTION 4.7. No Adjustment. No adjustment in the Exchange Rate shall be required unless the adjustment would result in a change in the Exchange Rate of at least 1%; *provided*, *however*, that any adjustment which by reason of this Section 4.7 is not required to be made shall be carried forward and taken into account in subsequent adjustments and in connection with any exchange of Securities. All calculations under this Article IV shall be made to the nearest 1/10,000th of a cent or to the nearest 1/10,000th of a share, as the case may be.

No adjustment in the Exchange Rate need be made for (i) issuances of Common Stock pursuant to any present of future Guarantor plan for reinvestment of dividends or interest payable on the Guarantor's securities or the investment or additional optional amounts thereunder in shares of Common Stock, (ii) upon the issuance of any shares of Common Stock or options or rights to purchase shares of Common Stock pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Guarantor or any of its Subsidiaries, or (iii) upon the issuance of any shares of Common Stock pursuant to any option, warrant (including the warrants issued pursuant to the several Warrant Confirmations dated as of October 10, 2007, between the applicable Dealer (as defined therein) and the Guarantor), right or exercisable, exchangeable or convertible security outstanding as of the date the Securities were first issued.

To the extent that the Securities become exchangeable into the right to receive Cash, interest will not accrue on such Cash.

No adjustment to the Exchange Rate need be made pursuant to Section 4.6 for a transaction if Holders are to participate in the transaction without exchange on a basis and with notice that the Board of Directors of the Guarantor determines in good faith to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction.

No adjustment to the Exchange Rate need be made upon the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Securities were first issued.

No adjustment to the Exchange Rate need be made for accrued and unpaid interest, including Additional Interest, if any.

In no event will the Exchange Rate be more than 22.2568 shares of Common Stock per $1,000 Principal Amount of the Securities.

SECTION 4.8. Shareholder Rights. In the event the Guarantor adopts or implements a shareholder rights agreement pursuant to which rights are distributed to the holders of Common Stock and such shareholder rights plan provides that each share of Common Stock issued upon exchange of the Securities will be entitled to receive such rights, then there shall not be any adjustment to the Exchange Rate pursuant to Section 4.6. If, however, prior to any exchange, the rights have separated from the Common Stock and become exercisable, the Exchange Rate shall be adjusted at the time of separation as if the Guarantor had distributed to all holders of Common Stock, its shares of capital stock, evidences of Indebtedness or assets as described in Section 4.6(c) above, subject to readjustments in the event of the expiration, termination or redemption of such rights.

SECTION 4.9. Other Adjustments. Subject to applicable stock exchange rules and listing standards, the Company shall be entitled to increase the Exchange Rate by any amount for a period of at least 20 days if the Guarantor's Board of Directors determines that such increase would be in the best interests in the Company, provided the Company has given to Holders at least 15 days' prior notice, in accordance with Section 12.2, of any such increase in the Exchange Rate. Subject to applicable stock exchange rules and listing standards, the Company shall be entitled to increase the Exchange Rate, in addition to the events requiring an increase in the Exchange Rate pursuant to Section 4.6, as it in its discretion shall determine to be advisable in order to avoid or diminish any tax to stockholders of the Guarantor in connection with any stock dividends, subdivisions of shares, distributions of rights to purchase stock or securities or distributions of securities convertible into or exchangeable for stock hereafter made by the Guarantor to its stockholders.

SECTION 4.10. Notice of Adjustment. Whenever a Fundamental Change occurs, or the Exchange Rate or exchange privilege is adjusted, the Company shall promptly file with the Trustee an Officers' Certificate briefly stating the Exchange Rate, the facts requiring the adjustment and the manner of computing it. Unless and until the Trustee shall receive an Officers' Certificate setting forth an adjustment of the Exchange Rate, the Trustee may assume without inquiry that the Exchange Rate has not been adjusted and that the last Exchange Rate of which it has knowledge remains in effect.

SECTION 4.11. Effect of Reclassification, Consolidation, Merger, Share Exchange or Sale on Exchange Privilege. If (1) there shall occur (a) any reclassification of the Guarantor's Common Stock (other than a change only in par value, or from par value to no par value, or from no par value to par value, or a change as a result of a subdivision or combination of the Guarantor's Common Stock); (b) a statutory share exchange, consolidation, merger or combination involving the Guarantor other than a merger in which the Guarantor is the continuing corporation and which does not result in any reclassification of, or change (other than in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination) in, outstanding shares of Common Stock; or (c) a sale or conveyance as an entirety or substantially as an entirety of the property and assets of the

Guarantor, directly or indirectly, to another Person; and (2) pursuant to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, outstanding shares of Common Stock are converted or exchanged into or for stock (other than Common Stock), other securities, other property, assets or Cash, then the Guarantor, or such successor or surviving, purchasing or transferee Person, as the case may be, shall, as a condition precedent to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, execute and deliver to the Trustee a supplemental indenture providing that, at and after the effective time of such reclassification, statutory share exchange, consolidation, sale or conveyance, the right to exchange a Security will be changed into a right to exchange it into the kind and amount of shares of stock, other securities or other property or assets (including Cash or any combination thereof) that a holder of a number of shares of Common Stock equal to the Exchange Rate immediately prior to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance would have owned or been entitled to receive (the "Reference Property") upon such transaction (assuming for such purposes that such exchange were settled entirely in Common Stock and without giving effect to any adjustment to the Exchange Rate with respect to a transaction constituting a Make-Whole Fundamental Change) immediately prior to such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, except that such Holders will not be entitled to an increase in the Exchange Rate if such Holder does not exchange its Securities "in connection with" the relevant Fundamental Change. Appropriate provisions will be made, as determined in good faith by the Guarantor's Board of Directors, to preserve the net share settlement provisions of the Securities following such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance to the extent exercisable. If the reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance causes the Common Stock to be exchanged into the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), the Reference Property into which the Securities will be exchangeable will be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election. However, at and after the effective time of the reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, any amount otherwise payable in Cash upon exchange of the Securities will continue to be payable in Cash, and the Daily Exchange Value will be calculated based on the value of the Reference Property on a reasonable basis determined in good faith by the Board of Directors of the Guarantor or the successor Person. None of the foregoing provisions shall affect the right of a Holder of Securities to exchange its Securities in accordance with the provisions of this Article IV prior to the effective date of such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance. Such supplemental indenture shall provide for adjustments of the Exchange Rate, which shall be as nearly equivalent as may be practicable to the adjustments of the Exchange Rate provided for in this Article IV. The provisions of this Section 4.11 shall similarly apply to successive reclassifications, statutory share exchanges, consolidations, mergers, combinations, sales and conveyances. The foregoing, however, shall not in any way affect the right a Holder of a Security may otherwise have pursuant to Section 4.6(c) to receive rights and warrants in accordance therewith.

In the event a supplemental indenture shall be executed pursuant to this Section 4.11, the Company shall promptly file with the Trustee (x) an Officers' Certificate briefly stating the reasons therefor, the kind or amount of shares of stock or other securities or property (including Cash) receivable by Holders of the Securities upon the exchange of their Securities after any such reclassification, statutory share exchange, consolidation, merger, combination, sale or conveyance, any adjustment to be made with respect thereto and that all conditions precedent have been satisfied and (y) an Opinion of Counsel that the execution of the Supplemental

Indenture is authorized or permitted under the terms of this Indenture and that all conditions precedent to the execution thereof have been satisfied, and shall promptly mail notice thereof to all Holders.

SECTION 4.12. Trustee's and Agent's Disclaimer. (a) The Company shall make all calculations and determinations under this Article IV. The Trustee has no duty to determine when an adjustment under this Article IV (whether pursuant to 4.1(c), 4.6 or 4.11) should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of the correctness of any such adjustment, and shall be fully protected in relying upon, the Officers' Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 4.10. The Trustee shall have no duty to confirm, review or verify any calculations or determinations made under this Article IV. The Trustee shall not be accountable for, and makes no representation as to the validity or value of, any securities or assets issued upon exchange of Securities, and the Trustee shall not be responsible for the Company's failure to comply with any provisions of this Article IV. Each Exchange Agent (other than the Company or an Affiliate of the Company) shall have the same protection under this Section 4.12 as the Trustee.

(b) The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 4.11, but may accept as conclusive evidence of the correctness thereof, and shall be fully protected in relying upon, the Officers' Certificate and Opinion of Counsel with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 4.11.

SECTION 4.13. Settlement Upon Exchange; Daily Exchange Value of Securities Tendered.

(a) Upon any exchange of any Security, the Company shall deliver to exchanging Holders, in respect of each $1,000 Principal Amount of Securities being exchanged, a "Settlement Amount" equal to the sum of the Daily Settlement Amounts for each of the 20 Trading Days during the Exchange Reference Period for such Security.

(b) The "Daily Settlement Amount" for each of the 20 Trading Days during the Exchange Reference Period shall consist of:

(i) Cash equal to the lesser of (x) $50 and (y) the Daily Exchange Value, and

(ii) to the extent the Daily Exchange Value exceeds $50, a number of shares of Common Stock (the "Daily Share Amount") equal to (x) the difference between the Daily Exchange Value and $50, divided by (y) the Daily VWAP for such day;

(c) Upon exchange, Holders shall not receive any separate cash payment for accrued and unpaid Interest, except as provided in Section 4.14.

(d) On any day prior to the first Trading Day of the applicable Exchange Reference Period, the Company may specify by notice to the Trustee and the exchanging Holder or Holders, a percentage of the Daily Share Amounts that will be settled in cash (the "Cash Percentage"). If the Company elects to specify a Cash Percentage then, in lieu of all or a portion of the Daily Share Amount for each Trading Day in the applicable Exchange Reference Period, the Company shall deliver cash equal to the product of (i) the Cash Percentage, (ii) the Daily Share Amount for such Trading Day and (iii) the Daily VWAP for such Trading Day. The number of shares of Common Stock in respect of the Daily Share Amount for each Trading Day in the applicable

Exchange Reference Period will equal the product of (x) the Daily Share Amount and (y) 100% minus the Cash Percentage. If the Company does not specify a Cash Percentage by the start of the applicable Exchange Reference Period, the Company shall settle 100% of the Daily Share Amount for each Trading Day in the applicable Exchange Reference Period with shares of the Guarantor's Common Stock; *provided*, *however*, that (i) the Company shall pay Cash in lieu of fractional shares otherwise issuable upon exchange of such Security and (ii) if exchange of the Securities is in connection with a transaction described in Section 4.11 pursuant to which the Securities become exchangeable into cash and Reference Property, the Company shall settle such exchange in Cash and Reference Property.

(e) The Company shall determine the Daily Exchange Value and the number of shares of Common Stock, if any, to be issued upon exchange of the Securities at the end of the Exchange Reference Period.

(f) Upon exchange of any Securities, the Company will pay the Cash and deliver the shares of Common Stock, as applicable, as promptly as practicable after expiration of the Exchange Reference Period, but in no event later than the fifth Business Day after such expiration.

(g) Except as otherwise provided in this Indenture, no payment or adjustments in respect of payments of interest on Securities surrendered for exchange or any dividends or distributions on the Common Stock issued upon exchange shall be made upon the exchange of any Securities.

(h) For the purposes of this Section 4.13, in the event that any of Daily Settlement Amount, Daily Exchange Value, Daily Share Amount or Daily VWAP is not calculable for all portions of the Exchange Reference Period, the Company's board of directors shall in good faith determine the values necessary to calculate the Daily Settlement Amount, Daily Exchange Value, Daily Share Amount and Daily VWAP, as applicable.

SECTION 4.14. Effect of Exchange; Exchange After Record Date. Except as provided in this Section 4.14, an exchanging Holder of Securities shall not be entitled to receive any separate Cash payments with respect to accrued and unpaid interest on any such Securities being exchanged. By delivery to the Holder of the number of shares of Common Stock or other consideration issuable or Cash payable upon exchange in accordance with this Article IV, the Company will have satisfied its obligations with respect to the Securities and any accrued and unpaid interest on such Securities will not be paid. If any Securities are exchanged after the Close of Business on an Interest Payment Record Date but prior to the corresponding Interest Payment Date, the Holder of such Securities as of the Close of Business on such Interest Payment Record Date shall receive, on such Interest Payment Date, the interest payable on such Security on such Interest Payment Date notwithstanding the exchange thereof; *provided*, *however*, each Security surrendered for exchange after the Close of Business on an Interest Payment Record Date but prior to the corresponding Interest Payment Date shall be accompanied by payment from the exchanging Holder thereof, for the account of the Company, in Cash, an amount equal to the interest payable on such Security on such Interest Payment Date; *provided further* that no such payment need be made (a) for any overdue interest exists at the time of exchange with respect to such Security, but only to the extent of the amount of such overdue interest, (b) if the Company has specified a repurchase date following a Fundamental Change that is after an Interest Payment Record Date and on or prior to the next Interest Payment Date or (c) if the Holder surrenders any Securities for exchange after the Close of Business on the Interest Payment Record Date relating to the final Interest Payment Date.

SECTION 4.15. Stockholder Rights Plans. Upon exchange of the Securities, the Holders shall receive, in addition to any shares of Common Stock issuable upon such exchange, any associated rights issued under any future stockholder rights plan the Guarantor adopts unless, prior to exchange, the rights have separated from the Common Stock, expired, terminated or been redeemed or exchanged in accordance with such rights plan, and no adjustment shall be made to the Exchange Rate pursuant to Section 4.6. If the rights have separated from the Common Stock, the Exchange Rate shall be adjusted at the time of separation as if the Guarantor distributed to all holders of Common Stock, shares of capital stock, evidences of indebtedness or assets as described in Section 4.6(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

SECTION 4.16. Withholding Tax on Adjustment of Exchange Price. If an adjustment to the Exchange Rate pursuant to Section 4.6 is made, such adjustment results in a deemed distribution to a Holder for U.S. federal income tax purposes and such Holder is not a U.S. person within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended, the Company may satisfy any withholding tax obligation on such deemed distribution to such Holder by reducing, by no more than the amount necessary to satisfy such withholding obligation, the interest and principal payable to such Holder or the Cash and Common Stock payable to such Holder upon an exchange.

ARTICLE V

Guarantee

SECTION 5.1. Guarantee. The Guarantor hereby unconditionally and irrevocably guarantees to each Holder and to the Trustee and its successors and assigns the full and punctual payment of principal of and interest on the Securities when due, whether at maturity, by acceleration, by repurchase or otherwise (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). The Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from the Guarantor and that the Guarantor shall remain bound under this Article V notwithstanding any extension or renewal of any obligation.

The Guarantor waives presentation to, demand of, payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. The Guarantor waives notice of any default under the Securities or the Guaranteed Obligations. The obligations of the Guarantor hereunder shall not be affected by (1) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person (including the Guarantor) under this Indenture, the Securities or any other agreement or otherwise; (2) any extension or renewal of any thereof; (3) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Securities or any other agreement; (4) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (5) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (6) any change in the ownership of the Guarantor.

The Guarantor further agrees that its Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

Except as expressly set forth in Section 11.1, the obligations of the Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Securities or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing, or omission or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of the Guarantor, or would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

The Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against the Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, the Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in Cash, to the Holders or the Trustee an amount equal to the sum of (A) the unpaid amount of such Guaranteed Obligations, (B) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (C) all other monetary Guaranteed Obligations of the Company to the Holders and the Trustee.

The Guarantor agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Guaranteed Obligations hereby may be accelerated as provided in Article VIII for the purposes of the Guarantor's Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article VIII, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purposes of this Section.

The Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Section.

SECTION 5.2. Ranking. The Guarantee will be the direct, unsecured and unsubordinated obligation of the Guarantor and will rank equally with all the Guarantor's existing and future unsubordinated unsecured indebtedness from time to time outstanding.

SECTION 5.3. Execution and Delivery of the Guarantee. The Guarantee to be endorsed on the Securities shall be in the form set forth in Exhibit C. The Guarantor hereby agrees to execute its Guarantee in such form, to be endorsed on each Security authenticated and delivered by the Trustee.

SECTION 5.4. Successors and Assigns. This Article V shall be binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 5.5. No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article V shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article V at law, in equity, by statute or otherwise.

SECTION 5.6. Modification. No modification, amendment or waiver of any provision of this Article V, nor the consent to any departure by the Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstances.

ARTICLE VI

Covenants

SECTION 6.1. Payment of Securities. The Company shall promptly make all payments in respect of the Securities on the dates and in the manner provided in the Securities and this Indenture. The Principal Amount, Fundamental Change Repurchase Price and accrued and unpaid interest shall be considered paid on the date it is due if the Paying Agent holds by 11:00 a.m., New York City time, on such date, in accordance with this Indenture, Cash designated and sufficient for the payment of all such amounts then due. The Company shall, to the fullest extent permitted by law, pay interest on overdue principal and overdue installments of interest at the rate borne by the Securities per annum. Except as otherwise specified, all references in this Indenture or the Securities to interest shall be deemed to include Additional Interest, if any, payable pursuant to the Registration Rights Agreement.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue amounts from time to time on demand at the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 6.2. Reports and Certain Information. (a) The Guarantor shall file with the Trustee, after it files them with the SEC, copies of the annual report and the information, documents and other reports which the Guarantor is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. The Guarantor shall comply with the provisions of TIA Section 314(a), whether or not the Guarantor is required to file reports with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Notwithstanding anything to the contrary herein, the Trustee shall have no duty to review such documents for purposes of determining compliance with any provisions of this Indenture or any applicable law.

(b) At any time when the Securities are Restricted Securities, and both the Company and the Guarantor are not subject to, or are not in compliance with, Section 13 or 15(d) of the Exchange Act, upon the request of a Holder or the holder of shares of Common Stock issued upon exchange of Securities, the Company shall promptly furnish or cause to be furnished Rule 144A Information (as defined below) to such Holder or such holder of shares of Common Stock issued upon exchange of Securities, or to a prospective purchaser of any such security designated by any such Holder or holder, as the case may be, to the extent required to permit compliance by such Holder or holder with Rule 144A under the Securities Act in connection with the resale of any such security. "Rule 144A Information" shall mean such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act or any successor provision.

SECTION 6.3. Compliance Certificates. The Company and the Guarantor shall deliver to the Trustee, within 90 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate signed by their respective principal executive officer, principal financial officer or principal accounting officer and at least one other Officer of the Company and the Guarantor, as to his or her knowledge of the Company's or the Guarantor's compliance with all terms, conditions and covenants under this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company or Guarantor shall be in default, specifying all such defaults and the nature and status thereof of which he or she may have knowledge.

SECTION 6.4. Maintenance of Corporate Existence. Each of the Company and Guarantor shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, except in a transaction permitted by Section 7.1.

SECTION 6.5. Stay, Extension and Usury Laws. The Company covenants, to the extent it may lawfully do so, that it shall not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the Principal Amount, Fundamental Change Repurchase Price in respect of Securities, or any interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture, and the Company, to the extent it may lawfully do so, hereby expressly waives all benefit or advantage of any such law and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee or any Agent, but shall suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 6.6. Maintenance of Office or Agency of the Trustee, Registrar, Paying Agent and Exchange Agent. The Company shall maintain an office or agency of the Trustee, Registrar, Paying Agent and Exchange Agent in the Borough of Manhattan, New York, New York where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange, repurchase or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company hereby designates the Corporate Trust Office as one such office or agency for all of the aforesaid purposes. The Company shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency (other than a change in the location of the Corporate Trust Office of the Trustee). If at any time the Company shall fail to maintain any such required office or agency, or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.2.

SECTION 6.7. Notice of Default. In the event that any Default or Event of Default shall occur, the Company shall give prompt (and in any event within five Business Days after the Company becomes aware of such Default or Event of Default) written notice by an Officers' Certificate of such Default or Event of Default, and any remedial action proposed to be taken, to the Trustee.

ARTICLE VII

Consolidation, Merger and Sale of Assets

SECTION 7.1. Company May Consolidate, etc., Only on Certain Terms. Neither the Company nor the Guarantor shall consolidate with or merge into any other Person, or convey, transfer or lease all or substantially all of the Guarantor's consolidated properties and assets to any successor Person, unless:

(1) either:

(A) the resulting, surviving or transferee Person is the Company or the Guarantor; or

(B) the resulting, surviving or transferee Person, if other than the Company or the Guarantor, as applicable, is organized and validly existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all of the obligations of the Company or the Guarantor, as applicable, under the Securities, the Guarantee and this Indenture;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(3) either the Company or the Guarantor, as applicable, has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel (upon which the Trustee may conclusively rely), each stating that such consolidation, merger, conveyance, transfer or lease, and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article VII, and that all conditions precedent herein provided for relating to such transaction have been complied with.

This covenant does not apply to (i) a merger of the Company or the Guarantor with an Affiliate solely for the purpose of reincorporating in another jurisdiction, or (ii) any consolidation or merger, or any conveyance, transfer or lease of assets between or among the Company, the Guarantor, or the Company's or the Guarantor's respective Subsidiaries.

SECTION 7.2. Successor Substituted. Upon any consolidation of the Company with, or merger of the Company or the Guarantor into, any other Person or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Company or the Guarantor in accordance with Section 7.1, the successor Person formed by such consolidation or into which the Company or the Guarantor is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or the Guarantor under this Indenture with the same effect as if such successor Person had been

named as the Company or the Guarantor herein, and thereafter, except in the case of a lease, the predecessor Person shall be discharged from all obligations and covenants under this Indenture and the Securities or the Guarantee, as applicable.

ARTICLE VIII

Default and Remedies

SECTION 8.1. Events of Default. An "Event of Default" shall occur if:

(1) the Company defaults in the payment of any principal of any of the Securities when the same becomes due and payable (whether at maturity, on a Fundamental Change Repurchase Date or otherwise);

(2) the Company defaults in the payment of any accrued and unpaid interest (including Additional Interest, if any), when due and payable, and such default continues for a period of 30 days;

(3) the Company fails to deliver Cash and any shares of Common Stock when such Cash and Common Stock, if any, are required to be delivered upon exercise of a Holder's exchange rights pursuant hereto, which default continues for 30 days;

(4) the Company fails to provide the Fundamental Change Company Notice when required by this Indenture;

(5) the Company fails to comply with its obligations under Article VII of this Indenture;

(6) the Company fails to comply with any of its other agreements contained in the Securities or in this Indenture upon receipt of notice to the Company and the Guarantor of such failure from the Trustee, or the Company, the Guarantor and the Trustee from Holders of not less than 25% in aggregate Principal Amount of the Securities then outstanding (other than those referred to in clauses (1) through (4) above or clause (9) below) and such failure continues for 60 days after receipt by the Company of a Notice of Default; *provided*, *however*, that the Company shall have 120 days after receipt of a Notice of Default to remedy, or receive a waiver for, any failure of the Guarantor to comply with its obligations to file its annual, quarterly or current reports in accordance with this Indenture or comply with the requirements of Section 314(a)(1) of the TIA;

(7) (i) the Company or the Guarantor fails to make any payment by the end of any applicable grace period after maturity of principal or accrued interest with respect to any obligations (other than nonrecourse obligations) of the Company or the Guarantor for borrowed money or evidenced by bonds, notes or similar instruments ("Indebtedness"), where the amount of such unpaid and due principal and/or accrued interest is in an aggregate amount in excess of $50.0 million, or (ii) the acceleration of principal or accrued interest with respect to Indebtedness of the Company or the Guarantor, where the amount of such accelerated principal and interest is in an amount in excess of $50.0 million because of a default with respect to such Indebtedness, in any such case of (i) or (ii), without such Indebtedness having been paid or discharged or such acceleration having been cured, waived, rescinded or annulled within a period of 30 days after receipt

by the Company and the Guarantor of a Notice of Default from the Trustee, or to the Company, the Guarantor and the Trustee by the Holders of not less than 25% in aggregate Principal Amount of the Securities then outstanding. However, if any such failure or acceleration referred to in (i) or (ii) of this clause (7) shall cease or be cured, waived, rescinded or annulled, then the Event of Default by reason thereof shall be deemed not to have occurred, and any acceleration as a result of the related Event of Default shall be automatically rescinded;

(8) the Company, the Guarantor or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case or proceeding;

(B) consents to the entry of an order for relief against it in an involuntary case or proceeding or the commencement of any case against it;

(C) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(D) makes a general assignment for the benefit of its creditors; or

(9) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company, the Guarantor or a Significant Subsidiary in an involuntary case or proceeding;

(B) appoints a Custodian of the Company, the Guarantor or a Significant Subsidiary for any substantial part of the property of the Company, the Guarantor or such Significant Subsidiary; or

(C) orders the winding up or liquidation of the Company, the Guarantor or a Significant Subsidiary.

The term "Bankruptcy Law" means Title 11 of the United States Code (or any successor thereto) or any similar federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law;

A default under clause (6) or (7) above is not an Event of Default until the Trustee notifies the Company and the Guarantor or the Holders of at least 25% in aggregate Principal Amount of the Securities then outstanding notify the Company, the Guarantor and the Trustee, in writing of the Default, and the Company or the Guarantor does not cure the Default (and such Default is not waived) within the time period specified in clause (6) or (7) above, as applicable, after actual receipt of such notice. The notice given pursuant to this Section 8.1 must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default." When any Default under this Section 8.1 is cured in accordance herewith, it shall cease to be a Default.

The Trustee shall not be charged with knowledge of any Event of Default unless written notice thereof shall have been given to a Trust Officer at the Corporate Trust Office of the Trustee by the Company (including, without limitation, pursuant to Section 6.3), a Paying Agent, any Holder or any agent of any Holder, which notice references the Securities and this Indenture.

SECTION 8.2. Acceleration. If an Event of Default (other than an Event of Default with respect to the Company or the Guarantor specified in clause (8) or (9) of Section 8.1) occurs and is continuing, the Trustee may, by notice to the Company and the Guarantor or the Holders of at least 25% in aggregate Principal Amount of the Securities then outstanding may, by notice to the Company, the Guarantor and the Trustee, declare all unpaid principal of, plus interest (including Additional Interest, if any) accrued and unpaid through the date of such declaration on, all the Securities then outstanding to be due and payable upon any such declaration, and the same shall thereupon become and be immediately due and payable.

If an Event of Default with respect to the Company or the Guarantor specified in clause (8) or (9) of Section 8.1 occurs, all unpaid principal of, plus accrued and unpaid interest (including Additional Interest, if any) on, all the Securities then outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of a majority in aggregate Principal Amount of the Securities then outstanding, or the Holders originally causing the acceleration by notice to the Trustee, may rescind an acceleration of Securities and its consequences before a judgment or decree for the payment of money has been obtained by the Trustee if (a) the rescission would not conflict with any existing order or decree, (b) all existing Events of Default, other than the nonpayment of the principal of, plus accrued and unpaid interest on, the Securities that has become due solely by such declaration of acceleration, have been cured or waived and (c) all payments due to the Trustee and any predecessor Trustee under Section 9.6 have been made. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 8.3. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may, but shall not be obligated to, pursue any available remedy by proceeding at law or in equity to collect the payment of the principal of, or accrued and unpaid interest on, the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

SECTION 8.4. Waiver of Defaults and Events of Default. Subject to Sections 8.7 and 10.2, the Holders of a majority in aggregate Principal Amount of the Securities then outstanding by notice to the Trustee may waive an existing Default or Event of Default and its consequences, except a Default or Event of Default in the payment of the principal of or any interest on any Security, or the payment of any applicable Fundamental Change Repurchase Price, or a failure by the Company to deliver cash and, if applicable, shares of Common Stock upon exchange of any Securities in accordance with Article IV, or any Default or Event of Default in respect of any provision of this Indenture or the Securities that, under Section 10.2, cannot be modified or amended without the consent of the Holders of each outstanding Security. When a Default or Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right. This Section 8.4 shall be in lieu of Section 316(a)(1)(B) of the TIA, and such Section 316(a)(1)(B) is hereby expressly excluded from this Indenture, as permitted by the TIA.

SECTION 8.5. Control by Majority. The Holders of a majority in aggregate Principal Amount of the Securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it under this Indenture. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of another Holder or the Trustee, or that may involve the Trustee in personal liability unless the Trustee is offered adequate security or full indemnity reasonably satisfactory to it; *provided* that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; *provided further* that this provision shall not affect the rights of the Trustee set forth in Section 9.2. This Section 8.5 shall be in lieu of Section 316(a)(1)(A) of the TIA, and such Section 316(a)(1)(A) is hereby expressly excluded from this Indenture, as permitted by the TIA.

SECTION 8.6. Limitations on Suits. Subject to Section 8.7, a Holder of a Security may not pursue any remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate Principal Amount of the then outstanding Securities make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee adequate security or full indemnity reasonably satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the notice, request and offer of adequate security or full indemnity; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in aggregate Principal Amount of the Securities then outstanding.

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

SECTION 8.7. Rights of Holders to Receive Payment and to Exchange. Notwithstanding any other provision of this Indenture, the right of any Holder of a Security to receive payment of the Principal Amount, Fundamental Change Repurchase Price or interest on any Security, on or after the respective due dates expressed in the Security and this Indenture, to exchange such Security in accordance with Article IV and to bring suit for the enforcement of any such payment on or after such respective dates or the right to exchange, is absolute and unconditional and shall not be impaired or affected without the consent of the Holder.

SECTION 8.8. Collection Suit by Trustee. If an Event of Default in the payment of principal or interest specified in clause (1) or (2) of Section 8.1 occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company or another obligor on the Securities for the whole amount owing with respect to the Securities and the amounts provided for in Section 9.6.

SECTION 8.9. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements

and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor on the Securities), its creditors or its property, and shall be entitled and empowered to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same, and any Custodian in any such judicial proceeding is hereby authorized by each Holder 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 Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 9.6, and to the extent that such payment of the reasonable compensation, expenses, disbursements and advances in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other property which the Holders may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or, on behalf of any Holder, to authorize, accept or adopt any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 8.10. Priorities. Any money or property collected by the Trustee pursuant to this Article VIII, and after an Event of Default, any money or other property distributable in respect of the Company's obligations under this Indenture, shall be paid out in the following order:

First, to the Trustee (including any predecessor Trustee) for amounts due under Section 9.6;

Second, to Securityholders for amounts due and unpaid on the Securities for the Principal Amount, Fundamental Change Repurchase Price or interest (including Additional Interest, if any), as the case may be, ratably, without preference or priority of any kind, according to such amounts due and payable on the Securities; and

Third, the balance, if any, to the Company.

The Trustee may fix a Record Date and, payment date for any payment to Holders pursuant to this Section 8.10. At least 15 days before such Record Date, the Trustee shall mail to each Holder and the Company a notice that states the Record Date, the payment date and the amount to be paid.

SECTION 8.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 8.11 does not apply to a suit made by the Trustee, a suit by a Holder pursuant to Section 8.7, or a suit by Holders of more than 25% in aggregate Principal Amount of the Securities then outstanding. This Section 8.11 shall be in lieu of Section 315(e) of the TIA, and such Section 315(e) is hereby expressly excluded from this Indenture, as permitted by the TIA.

SECTION 8.12. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

ARTICLE IX

Trustee

SECTION 9.1. Certain Duties and Responsibilities of the Trustee. (a) In case an Event of Default with respect to the Securities has occurred (that has not been cured or waived), the Trustee shall exercise with respect to the Securities such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Prior to the occurrence of an Event of Default with respect to the Securities and after the curing or waiving of all such Events of Default with respect to the Securities that may have occurred:

(1) the duties and obligations of the Trustee shall with respect to the Securities be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable with respect to the Securities except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

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

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

(i) this subsection shall not be construed to limit the effect of Section 9.1(b);

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

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in Principal Amount of the Securities at the time outstanding (determined

as provided in Section 2.8) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture with respect to the Securities; and

(iv) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Indenture, or adequate indemnity against such risk is not reasonably assured to it.

(d) Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability or affording protection to the Trustee (in any capacity, including Paying Agent, Registrar or Exchange Agent) shall be subject to the provisions of this Section.

SECTION 9.2. Certain Rights of the Trustee. Except as otherwise provided in Section 9.1:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, security or other paper or document (whether in original or facsimile form) believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties. The Trustee need not investigate any fact or matter stated in any such document;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by a resolution of the Company's board of directors or an instrument signed in the name of the Company by one or more Officers thereof (unless other evidence in respect thereof is specifically prescribed herein);

(c) before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its own selection, and the advice of such counsel and Opinions of Counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee adequate security or full indemnity reasonably satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, security, or other papers or documents, but the Trustee, in its discretion, may make even further inquiry or investigation into such facts or matters as it may see fit; and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company or the Guarantor, personally or by agent or attorney, at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

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

(h) the Trustee shall not be deemed to have knowledge or be charged with knowledge of an Event of Default except (i) if the Trustee is acting as Paying Agent, any Default or Event of Default occurring pursuant to Sections 6.1, 8.1(1) or 8.1(2) and (ii) any Default or Event of Default of which the Trustee shall have received written notification which references the Securities and this Indenture or of which a Trust Officer shall have obtained actual knowledge. Delivery of reports, information and documents to the Trustee under Section 6.2 is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates, except as otherwise provided herein);

(i) the rights, privileges, protections, immunities and benefits given to the Trustee pursuant hereto, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other person employed by the Trustee to act hereunder;

(j) the permissive right of the Trustee to take or refrain from taking any actions enumerated in this Indenture shall not be construed as a duty;

(k) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(l) anything in this Indenture notwithstanding, in no event shall the Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to loss of profit), even if the Trustee has been advised as to the likelihood of such loss or damage and regardless of the form of action; and

(m) the Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; hurricanes; tornadoes; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communication services; accidents; labor disputes; acts of civil or military authority and governmental action.

SECTION 9.3. Trustee Not Responsible for Recitals or Issuance of Securities. (a) The recitals contained herein and in the Securities shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities.

(c) The Trustee or any Authorized Agent shall not be accountable for the use or application by the Company of any of the Securities or of the proceeds of such Securities, or for the use or application of any moneys paid over by the Trustee in accordance with any provision of this Indenture or established pursuant to Section 2.1, or for the use or application of any moneys received by any Paying Agent other than the Trustee.

SECTION 9.4. May Hold Securities. The Trustee or any Paying Agent or Registrar, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Section 9.16, may otherwise deal with the Company or the Guarantor with the same rights it would have if it were not Trustee, Paying Agent or Registrar.

SECTION 9.5. Moneys Held in Trust. Subject to the provisions of Section 8.5, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree in writing with the Company to pay thereon.

SECTION 9.6. Compensation and Reimbursement. (a) The Company covenants and agrees to pay to the Trustee, and the Trustee shall be entitled to, such compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as the Company and the Trustee may from time to time agree in writing for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, and, except as otherwise expressly provided herein, the Company shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ), except any such expense, disbursement or advance as may arise from the Trustee's gross negligence, bad faith or willful misconduct. The Company and the Guarantor, jointly and severally, covenant and agree to indemnify the Trustee (and its officers, agents, directors, stockholders and employees) for, and to hold it harmless against, any loss, liability or expense (including, without limitation, reasonable attorneys' fees and expenses) incurred without gross negligence or bad faith or willful misconduct on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim of liability in the premises.

(b) The obligations of the Company and the Guarantor under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for reasonable expenses, disbursements and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a lien prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders.

(c) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 8.1(8) or (9) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

(d) For the purposes of this Section 9.6, the "Trustee" shall include any predecessor Trustee; *provided*, *however*, that the gross negligence, bad faith or willful misconduct of any Trustee or other indemnified party hereunder shall not affect the rights of any other Trustee hereunder.

(e) The provisions of this Section shall survive the discharge of this Indenture and the resignation or removal of the Trustee.

SECTION 9.7. Reliance on Officers' Certificate. Except as otherwise provided in Section 9.1, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting to take any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate or Opinion of Counsel delivered to the Trustee, and such certificate, in the absence of bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted to be taken by it under the provisions of this Indenture upon the faith thereof.

SECTION 9.8. Disqualification: Conflicting Interests. If the Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the TIA, the Trustee and the Company shall in all respects comply with the provisions of Section 310(b) of the TIA.

SECTION 9.9. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee with respect to the Securities issued hereunder which shall at all times be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or other Person permitted to act as trustee by the SEC, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus, or being a member of a bank holding company with a combined capital and surplus, of at least 50 million U.S. dollars ($50,000,000), and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Company may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Company, serve as Trustee. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.10.

SECTION 9.10. Resignation and Removal; Appointment of Successor. (a) The Trustee or any successor hereafter appointed may at any time resign as Trustee with respect to the Securities by giving written notice thereof to the Company and by transmitting notice of resignation by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee with respect to the Securities by or pursuant to a resolution of the board of directors. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor

trustee with respect to the Securities, or any Securityholder who has been a bona fide holder of a Security or Securities for at least six months, may on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee, in either case at the sole cost and expense of the Company. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any one of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of Section 9.8 after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 9.9 and shall fail to resign after written request therefor by the Company or by any such Securityholder; or

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

then, in any such case, the Company may remove the Trustee with respect to all Securities and appoint a successor trustee by or pursuant to a resolution of the Company's board of directors, or, unless the Trustee's duty to resign is stayed as provided herein, subject to Section 8.11, any Securityholder who has been a bona fide holder of a Security or Securities for at least six months may, on behalf of that Holder and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of a majority in aggregate Principal Amount of the Securities at the time outstanding may at any time remove the Trustee by so notifying the Trustee and the Company and may appoint a successor Trustee with the consent of the Company. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after such notification of removal by the Holders, the Trustee to be removed may petition any court of competent jurisdiction for the appointment of a successor trustee with respect to the Securities, or any Securityholder who has been a bona fide holder of a Security or Securities for at least six months may, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee, in either case at the sole cost and expense of the Company. Such court may, as it may deem proper, prescribe or appoint a successor trustee.

(d) Notwithstanding anything herein to the contrary, any resignation or removal of the Trustee and appointment of a successor trustee with respect to the Securities pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor trustee as provided in Section 9.11.

(e) So long as no event which is, or after notice or lapse of time, or both, would become, an Event of Default shall have occurred and be continuing, and except with respect to a Trustee appointed by the Holders of a majority in Principal Amount of the Securities at that time outstanding pursuant to Subsection (c) of this Section, if the Company shall have delivered to the Trustee (i) a resolution of the Company's board of directors appointing a successor Trustee,

effective as of a date specified therein, and (ii) an instrument of acceptance of such appointment, effective as of such date, by such successor Trustee in accordance with Section 9.11, the Trustee shall be deemed to have resigned as contemplated in Subsection (a) of this Section, the successor Trustee shall be deemed to have been appointed by the Company pursuant to Subsection (a) of this Section and such appointment shall be deemed to have been accepted as contemplated in Section 9.11, all as of such date, and all other provisions of this Section and Section 9.11 shall be applicable to such resignation, appointment and acceptance except to the extent inconsistent with this Subsection (e).

(f) At any time there shall be only one Trustee with respect to the Securities.

SECTION 9.11. Acceptance of Appointment by Successor. (a) In case of the appointment hereunder of a successor trustee with respect to the Securities, every such successor trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor trustee, such retiring Trustee shall, upon payment of its charges and all other amounts payable to it hereunder, execute and deliver an instrument transferring to such successor trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor trustee all property and money held by such retiring Trustee hereunder, subject to the lien provided for in Section 9.6(b).

(b) Upon request of any such successor trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and trusts referred to in paragraph (a) of this Section.

(c) No successor trustee shall accept its appointment unless at the time of such acceptance such successor trustee shall be qualified and eligible under this Article IX.

(d) Upon acceptance of appointment by a successor trustee as provided in this Section, the Company shall transmit notice of the succession of such trustee hereunder by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Register. If the Company fails to transmit such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be transmitted at the expense of the Company.

SECTION 9.12. Merger, Conversion, Consolidation or Succession to Business. Any corporation or other business entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other business entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other business entity succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation or other business entity shall be qualified under the provisions of Section 9.8 and eligible under the provisions of Section 9.9, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 9.13. Preferential Collection of Claims Against the Company. The Trustee shall comply with Section 311(a) of the TIA, excluding any creditor relationship described in Section 311(b) of the TIA. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the TIA to the extent included therein.

SECTION 9.14. Notice of Defaults. If a Default or Event of Default occurs and is continuing hereunder and if it is actually known to a Trust Officer of the Trustee pursuant to the terms of this Indenture, the Trustee shall mail to each Holder notice of the Default or Event of Default within 90 days after such Default or Event of Default. Except in the case of a default in payment of principal of or interest (including Additional Interest, if any) on any Security, the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is not opposed to the interests of the Holders of such Securities.

SECTION 9.15. Reports by Trustee. (a) Within sixty (60) days after April 15 of each year commencing with the year 2008, the Trustee shall transmit to Securityholders such reports dated as of April 15 of the year in which such report is made concerning the Trustee and its actions under this Indenture as may be required pursuant to the TIA, including, without limitation, Section 313(a) thereof, at the times and in the manner provided pursuant thereto. In the event that, on any such reporting date, no events have occurred under the applicable sections of the TIA within the 12 months preceding such reporting date, the Trustee shall be under no duty or obligation to provide such reports. The Trustee shall also comply with TIA Section 313(b)(2). The Trustee shall transmit by mail all reports as required by TIA Section 313(c).

(b) A copy of each such report shall, at the time of such transmission to Securityholders, be delivered to the Company and filed by the Trustee with each stock exchange upon which the Securities are listed and with the SEC in accordance with TIA Section 313(d). The Company shall notify the Trustee when the Securities are listed on any stock exchange and of any delisting thereof.

SECTION 9.16. Preferential Collection of Claims. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the TIA regarding the collection of claims against the Company (or any such other obligor).

ARTICLE X

Amendments, Supplements and Waivers

SECTION 10.1. Without Consent of Holders. The Company, the Guarantor and the Trustee may amend or supplement this Indenture or the Securities without notice to, or consent of, any Securityholder:

(a) to cure any ambiguity, defect or inconsistency, to correct or supplement any provision herein or in the Guarantee which may be inconsistent with any other provision herein or in the Guarantee, or to make any other provisions with respect to matters or questions arising under this Indenture or the Guarantee which shall not be inconsistent with the provisions of this Indenture; *provided* that such action pursuant to this clause (a) shall not adversely affect the interests of the Holders in any material respect;

(b) to provide for uncertificated Securities in addition to or in place of Certificated Securities;

(c) to provide for the assumption of the Company's or the Guarantor's obligations to Holders of Securities in the case of a share exchange, merger or consolidation or sale of all or substantially all of the Guarantor's assets;

(d) to make any change that would provide any additional rights or benefits to the Holders of Securities or that does not adversely affect in any material respect the legal rights under this Indenture of any Securityholder;

(e) to add a guarantor;

(f) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(g) to secure the Securities;

(h) to comply with the rules of any applicable securities depositary, including the Depositary;

(i) to increase the Exchange Rate;

(j) to execute a supplemental indenture in accordance with Section 4.11 or this Article X;

(k) to conform the text of this Indenture or the Securities to any provision of the "Description of the Notes" contained in the Offering Circular to the extent that the text of the "Description of the Notes" or the Securities was intended by the Company and the Initial Purchasers to be a recitation of the text of this Indenture or the Securities as represented by the Company to the Trustee in an Officers' Certificate;

(l) to provide for a successor Trustee in accordance with the terms of this Indenture or to otherwise comply with any requirement of this Indenture;

(m) to provide for the issuance of Additional Securities, to the extent that the Company and the Trustee deem such amendment or supplement necessary or advisable in connection with such issuance; *provided* that no such amendment or supplement shall impair the rights or interests of any Holder of Initial Securities; or

(n) to add to the covenants of the Company for the benefit of the Holders of the Securities or to surrender any right or power conferred upon the Company; or

(o) to modify the restrictions and procedures for resale and other transfers of Securities or Common Stock pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally.

SECTION 10.2. With Consent of Holders. The Company, the Guarantor and the Trustee may amend or supplement the Securities, this Indenture or the Guarantee with the consent of the Holders of at least a majority in aggregate Principal Amount of the Securities then outstanding. Subject to Section 8.4 and Section 8.7, the Holders of at least a majority in aggregate Principal Amount of the Securities then outstanding may waive compliance in any instance by the Company with any provision of the Securities or this Indenture without notice to any

Securityholder. However, notwithstanding the foregoing but subject to Section 10.4, without the consent of the Holders of each Security then outstanding, an amendment, supplement or waiver may not:

(a) change the stated maturity of the principal of or the payment date of any installment of interest on or with respect to the Securities;

(b) reduce the Principal Amount of, the Fundamental Change Repurchase Price of, or the Exchange Rate (except in a manner provided for in this Indenture) or rate of interest on, any Security;

(c) reduce the amount of principal payable upon acceleration of the maturity of any Security;

(d) change the currency in which payment of principal of, the Fundamental Change Repurchase Price, or interest with respect to, the Securities is payable;

(e) impair the right to institute suit for the enforcement of any payment on, or with respect to, any Security;

(f) modify the provisions with respect to the purchase rights of Holders as provided in Article III in a manner adverse to Holders;

(g) adversely affect the right of Holders to exchange Securities other than as provided in this Indenture;

(h) reduce the percentage in Principal Amount of the outstanding Securities, the consent of whose Holders is required to take specific actions including, but not limited to, the waiver of past defaults or the modification or amendment of this Indenture; or

(i) alter the manner of calculation or rate of accrual of interest, Fundamental Change Repurchase Price or the Exchange Rate (except as permitted under Section 10.1(i)) on any Security or extend the time for payment of any such amount.

It shall not be necessary for the consent of the Holders under this Section 10.2 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under Section 10.1 or this Section 10.2 becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

Notwithstanding anything herein to the contrary, the requisite percentage of Principal Amount of the Securities required to amend, supplement or waive the payment of Additional Interest shall be set forth in Section 8(a) of the Registration Rights Agreement.

SECTION 10.3. Compliance with Trust Indenture Act. Every amendment to or supplement of this Indenture or the Securities shall comply with the TIA as in effect at the date of such amendment or supplement.

SECTION 10.4. Revocation and Effect of Consents. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to its Security or portion of a Security if the Trustee receives the notice of revocation before the date the amendment, supplement or waiver becomes effective.

After an amendment, supplement or waiver becomes effective, it shall bind every applicable Securityholder.

SECTION 10.5. Notation on or Exchange of Securities. If an amendment, supplement or waiver changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

SECTION 10.6. Trustee to Sign Amendments, Etc. The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article X if the amendment or supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does adversely affect the rights, duties, liabilities or immunities of the Trustee, the Trustee may, in its sole discretion, but need not sign it. In signing or refusing to sign such amendment or supplemental indenture, the Trustee shall be provided with and, subject to Section 9.1, shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment or supplemental indenture is authorized or permitted by this Indenture and that all conditions precedent to the effectiveness of such amendment or supplement have been satisfied or duly waived.

SECTION 10.7. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

ARTICLE XI

Satisfaction and Discharge

SECTION 11.1. Satisfaction and Discharge of the Indenture. This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(i) all Securities theretofore authenticated and delivered (other than Securities that have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.7) have been delivered to the Trustee for cancellation; or

(ii) all such Securities not theretofore delivered to the Trustee for cancellation have become due and payable whether at the Final Maturity Date or upon acceleration, or with respect to any Fundamental Change Repurchase Date, and the Company deposits with the Paying Agent or Exchange Agent, as the case may be, Cash, Common Stock or other consideration, or a combination thereof, as applicable hereunder, sufficient to pay on such date all amounts due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.7) on such date;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 9.6 and, if money shall have been deposited with the Trustee pursuant to Section 11.1(a)(ii), the obligations of the Trustee under Section 11.2 shall survive such satisfaction and discharge.

Notwithstanding anything herein to the contrary, this Article XI shall survive any discharge of this Indenture.

SECTION 11.2. Repayment to the Company. The Trustee, the Paying Agent and the Exchange Agent shall return to the Company upon written request any Cash or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years, subject to applicable unclaimed property law. After return to the Company, Holders entitled to the Cash or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person and the Trustee, the Paying Agent and the Exchange Agent shall have no further liability to the Securityholders with respect to such Cash or securities for that period commencing after the return thereof.

ARTICLE XII

Miscellaneous

SECTION 12.1. 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, including, without limitation, the duties imposed by TIA Section 318(c), the required provision of the TIA shall control.

SECTION 12.2. Notices. Any demand, authorization notice, request, consent or communication shall be given in writing and delivered in person, sent by overnight courier or mailed by first-class mail, postage prepaid, addressed as follows or transmitted by facsimile transmission (confirmed by delivery in person or mail by first-class mail, postage prepaid, or by guaranteed overnight courier) to the following facsimile numbers:

If to the Company or to the Guarantor, to:

Rayonier Inc.
50 N. Laura Street
Jacksonville, FL 32202
Attention: Vice President and General Counsel
Facsimile No.: (904) 598-2250

if to the Trustee, to:

The Bank of New York Trust Company, N.A.
10161 Centurion Parkway
Jacksonville, FL 32256
Attention: Christie Leppert, Assistant Vice President
Facsimile No.: (904) 645-1921

Such notices or communications to the Trustee shall be effective when received.

The Company or the Trustee by notice to the other in the manner prescribed above may designate additional or different addresses or facsimile numbers for subsequent notices or communications.

Any notice or communication mailed to a Securityholder shall be mailed by first-class mail, postage prepaid, or delivered by hand or by an overnight delivery service to it at its address shown on the Register and shall be sufficiently given if so mailed or delivered within the time prescribed. Any notice or communication shall also be mailed to any Person described in TIA Section 313(c), to the extent required by the TIA.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. Except as set forth above as to the Trustee, if a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 12.3. Communications by Holders with Other Holders. Securityholders may communicate pursuant to TIA Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar, the Paying Agent, the Exchange Agent and any other Person shall have the protection of TIA Section 312(c).

SECTION 12.4. Certificate and Opinion as to Conditions Precedent. (a) Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee at the request of the Trustee:

(1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent (including any covenants, compliance with which constitutes a condition precedent), if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent (including any covenants, compliance with which constitutes a condition precedent) have been complied with.

(b) Each Officers' Certificate and Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture (other than an Officers' Certificate provided pursuant to Section 6.3) shall include:

(1) a statement that the person making such certificate or 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 condition or covenant has been complied with;

provided that with respect to matters of fact an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

SECTION 12.5. Record Date for Vote or Consent of Securityholders. The Company may set a Record Date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture, which Record Date shall not be more than 30 days prior to the date of the commencement of solicitation of such action. Notwithstanding the provisions of Section 10.4, if a Record Date is fixed, those persons who were Holders of Securities at the Close of Business on such Record Date (or their duly designated proxies), and only those persons, shall be entitled to take such action by vote or consent or to revoke any vote or consent previously given, whether or not such persons continue to be Holders after such Record Date.

SECTION 12.6. Rules by Trustee, Paying Agent, Registrar and Exchange Agent. The Trustee may make reasonable rules (not inconsistent with the terms of this Indenture) for action by or at a meeting of Holders. Any Registrar, Paying Agent or Exchange Agent may make reasonable rules for its functions.

SECTION 12.7. Legal Holidays. A "Legal Holiday" is a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York and the city in which the Corporate Trust Office is located are not required to be open. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If an Interest Payment Record Date or other Record Date is a Legal Holiday, the Record Date shall not be affected.

SECTION 12.8. Governing Law; Jury Trial Waiver. This Indenture and the Securities shall be governed by, and construed in accordance with, the laws of the State of New York.

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS INDENTURE.

SECTION 12.9. No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or the Guarantor. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 12.10. No Recourse Against Others. All liability described in paragraph 14 of the Securities of any incorporator, director, officer, employee or shareholder, as such, of the Company or the Guarantor or any of their successors is waived and released. Such waiver and release are part of the consideration for the issue of the Securities and the Guarantee.

SECTION 12.11. Successors. All agreements of the Company in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 12.12. Multiple Counterparts. The parties may sign multiple counterparts of this Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

SECTION 12.13. Separability. In case any provisions in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.14. Calculations in Respect of the Securities. The Company or its agents shall make all calculations under this Indenture and the Securities in good faith. In the absence of manifest error, such calculations shall be final and binding on all Holders. The Company or its agents shall provide a copy of such calculations to the Trustee as required hereunder, the Trustee shall be entitled to rely on the accuracy of any such calculation without independent verification.

SECTION 12.15. Table of Contents, Headings, Etc. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the date and year first above written.

RAYONIER TRS HOLDINGS INC.,

By: _____
Name: _____
Title: _____

RAYONIER INC.,

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
not in its individual capacity, but solely as Trustee,

By: _____
Name: _____
Title: _____

[FORM OF FACE OF SECURITY]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY 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. THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.][1]

[THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 , AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON EXCHANGE HEREOF MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.][2]

[THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY AND THE COMMON STOCK ISSUABLE UPON EXCHANGE HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I)

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1 This legend to be included only if the Security is a Global Security.

2 This legend to be included only if the Security is a Restricted Security.

THROUGH (III) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. IN ANY CASE, THE HOLDER HEREOF WILL NOT, DIRECTLY OR INDIRECTLY, ENGAGE IN ANY HEDGING TRANSACTIONS WITH REGARD TO THIS SECURITY EXCEPT AS PERMITTED UNDER THE SECURITIES ACT.][3]

[3] This legend to be included only if the Security is a Restricted Security.

RAYONIER TRS HOLDINGS INC.

3.75% Senior Exchangeable Notes due 2012

No. CUSIP: 75508AAA4 No.
ISIN: US75508AAA43

RAYONIER TRS HOLDINGS INC., a Delaware corporation (the "Company," which term shall include any successor Person under the Indenture referred to on the attached "Terms of the Notes"), promises to pay to Cede & Co., or registered assigns, the Principal Amount of [•] Million Dollars ($[•]) on October 15, 2012, and to pay interest thereon, in arrears, from and including the most recent Interest Payment Date to which interest has been paid or duly provided for (or if no interest has been paid, from, and including October 16, 2007), to, but excluding, April 15 and October 15 of each year (each, an "Interest Payment Date"), beginning on April 15, 2008, at a rate of 3.75% per annum until the principal hereof is paid or made available for payment at October 15, 2012, or upon acceleration, or until such date on which this security is exchanged or repurchased as provided herein. The interest so payable and punctually paid or duly provided for on any Interest Payment Date shall, as provided in the Indenture (as hereinafter defined), be paid to the Person in whose name this Security is registered at the Close of Business on the regular Record Date for such interest, which shall be the April 1 or October 1 (whether or not a Business Day), as the case may be, immediately preceding the relevant Interest Payment Date (each, an "Interest Payment Record Date"); *provided*, *however*, that interest shall be paid to a Person other than the Person in whose name this Security is registered at the Close of Business on the Interest Payment Record Date as provided herein.

Reference is hereby made to the further provisions of this Security set forth on the attached "Terms of the Notes", which further provisions shall for all purposes have the same effect as if set forth at this place.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: _____

RAYONIER TRS HOLDINGS INC.,

By: _____
Name:
Title:

Trustee's Certificate of Authentication: This is one of the Securities referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
not in its individual capacity, but solely as Trustee,

By: _____
Authorized Signatory

[FORM OF THE TERMS OF THE NOTES]

RAYONIER TRS HOLDINGS INC.

3.75% SENIOR EXCHANGEABLE NOTES DUE 2012

This Security is one of a duly authorized issue of 3.75% Senior Exchangeable Notes due 2012 (the "Securities") of the Rayonier TRS Holdings Inc., a Delaware corporation (the "Company"), issued under an Indenture, dated as of October 16, 2007 (the "Indenture"), among the Company, the Guarantor and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The terms of the Security include those stated in the Indenture, those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "TIA"), and those set forth in this Security. This Security is subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of all such terms. To the extent permitted by applicable law, if any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture unless otherwise indicated.

1. Interest.

The Company promises to pay interest on the Principal Amount of this Security at the rate per annum shown above. The Company will pay interest, payable semi-annually on each April 15 and October 15, with the first payment to be made on April 15, 2008 and maturity on October 15, 2012. Interest on the Securities will accrue on the Principal Amount from and including the most recent date to which interest has been paid or provided for or, if no interest has been paid, from and including October 16, 2007, in each case to but excluding the next interest payment date or Maturity Date, as the case may be. Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months as set forth on the face of the Security.

If the Holder elects to require the Company to repurchase this Security pursuant to paragraph 6 of this Security, on a date that is after an Interest Payment Record Date but on or before the corresponding Interest Payment Date, interest and Additional Interest, if any, accrued and unpaid hereon to, but not including, the applicable Fundamental Change Repurchase Date shall be paid to the same Holder to whom the Company pays the principal of this Security. Interest and Additional Interest, if any, accrued and unpaid hereon at the Final Maturity Date also shall be paid to the same Holder to whom the Company pays the principal of this Security.

Interest and Additional Interest, if any, on Securities exchanged after the Close of Business on an Interest Payment Record Date but prior to the corresponding Interest Payment Date shall be paid, on such Interest Payment Date[4], to the Holder of the Securities as of the Close of Business on the Interest Payment Record Date but, upon exchange, the exchanging Holder must pay the Company an amount equal to the interest that shall be payable on such Interest Payment Date. No such payment need be made with respect to Securities exchanged after an Interest Payment Record Date and prior to the corresponding Interest Payment Date (1) for any overdue interest that exists at the time of exchange with respect to the Securities being exchanged, but only to the extent of the amount of such overdue interest, (2) if the Company has

[4] With respect to Additional Securities, Interest will accrue from and including the most recent date to which interest has been paid if no interest has been paid, from and including the date such Additional Securities are issued.

specified a repurchase date following a Fundamental Change that is after an Interest Payment Record Date and on or prior to the next Interest Payment Date, or (3) if the Holder exchanges after the Close of Business on the Interest Payment Record Date relating to the final Interest Payment Date.

Except as otherwise stated herein, any reference herein to interest accrued or payable as of any date shall include Additional Interest, if any, accrued or payable on such date as provided in the Indenture or the Registration Rights Agreement.

2. Method of Payment.

Payment of the principal of, and interest on, the Securities shall be made at the office of the Paying Agent in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Holder must surrender this Security to a Paying Agent to collect payment of principal. Payment of interest on Certificated Securities shall be made by check mailed to the address of the Person entitled thereto as such address appears in the Register; *provided*, *however*, that Holders with Securities in an aggregate Principal Amount in excess of $2.0 million shall be paid, at their written election, by wire transfer of immediately available funds. Notwithstanding the foregoing, so long as the Securities are registered in the name of a Depositary or its nominee, all payments with respect to the Securities shall be made by wire transfer of immediately available funds to the account of the Depositary or its nominee.

3. Paying Agent, Registrar, Exchange Agent.

Initially, the Trustee shall act as Paying Agent, Registrar and Exchange Agent. The Company or any Affiliate of the Company may act as Paying Agent, Registrar or Exchange Agent, subject to the terms of the Indenture.

4. Indenture.

The Securities are general unsubordinated unsecured obligations of the Company initially limited to $300,000,000 aggregate Principal Amount (which Principal Amount includes the $50,000,000 Principal Amount of Securities issued pursuant to the over-allotment option exercised by the Initial Purchasers). The Company may, without consent of the Securityholders, issue additional Securities under the Indenture with the same terms as the notes offered hereby in an unlimited aggregate Principal Amount. The Indenture does not limit other debt of the Company, secured or unsecured.

5. Guarantee.

The Guarantee is the direct, unsecured and unsubordinated obligation of the Guarantor and will rank equally with all the Guarantor's existing and future unsubordinated unsecured indebtedness from time to time outstanding.

6. Repurchase by the Company Upon a Fundamental Change.

Subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase for Cash, at the option of any Holder, all or any portion of the Securities held by such Holder upon a Fundamental Change in multiples of $1,000 at the Fundamental Change Repurchase Price. To exercise such right, a Holder shall deliver to the Paying Agent a Fundamental Change Repurchase Notice containing the information set forth in the Indenture, at

any time prior to Close of Business, on the Business Day immediately preceding the Fundamental Change Repurchase Date, and shall deliver the Securities to the Paying Agent as set forth in the Indenture.

Holders have the right to withdraw any Fundamental Change Repurchase Notice by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If Cash sufficient to pay the Fundamental Change Repurchase Price of all Securities or portions thereof to be purchased with respect to a Fundamental Change Repurchase Date is deposited with the Paying Agent by 11:00 a.m., New York City time, on the Fundamental Change Repurchase Date then, on and after such Fundamental Change Repurchase Date such Securities shall cease to be outstanding and interest on such Securities shall cease to accrue, whether or not such Securities are delivered by their Holders to the Paying Agent, and the Holders thereof shall have no rights as such other than the right to receive the Fundamental Change Repurchase Price upon delivery of such Securities to the Paying Agent.

7. Exchange.

Subject to the terms of the Indenture, during the period beginning on July 15, 2012 and ending at the Close of Business on the second Business Day immediately preceding the Final Maturity Date, Holders may surrender Securities, in whole or in part, for exchange at the Exchange Price then in effect. In addition, at any time to and including the Close of Business on the second Business Day immediately preceding the Final Maturity Date, Holders may surrender Securities, in whole or in part, for exchange at the Exchange Price then in effect if any of the following conditions is satisfied:

- During any calendar quarter beginning after December 31, 2007, if the Closing Sale Price of the Common Stock for at least twenty (20) Trading Days in the period of 30 consecutive Trading Days ending on the last Trading Day of the preceding calendar quarter exceeds 130% of the Exchange Price per share of Common Stock on such last Trading Day;
- During the five Business Day period after any five consecutive Trading Day period in which the Trading Price per $1,000 Principal Amount of Securities for each day of such five consecutive Trading Day period is less than 98% of the product of the Closing Sale Price on such date and the Exchange Rate on such date, all as determined by the Trustee;
- If the Guarantor proposes to make certain significant distributions to the holders of the Guarantor's Common Stock; or
- In connection with a Fundamental Change.

Upon satisfaction of any of the preceding conditions and subject to the terms and conditions of the Indenture, a Holder of a Security may exchange the Security (or any portion thereof equal to $1,000 Principal Amount or any integral multiple of $1,000 Principal Amount in excess thereof) into Cash or, if the Company shall so elect, a combination of Cash and shares of Common Stock of the Guarantor in respect of the Daily Share Amount pursuant to Section 4.13 of the Indenture, at any time prior to Close of Business, on the Business Day immediately preceding the Final Maturity Date, at the Exchange Rate then in effect; *provided further*, that, if a Fundamental Change Repurchase Notice with respect to a Security is delivered in accordance with the Indenture, such Security shall not be exchangeable unless such Fundamental Change Repurchase Notice is duly withdrawn in accordance with the Indenture or unless there shall be a default in the payment of the Fundamental Change Repurchase Price.

The initial Exchange Rate is 18.2433 shares of Common Stock per $1,000 Principal Amount of Securities, which represents an initial Exchange Price of approximately $54.81 per share of Common Stock. The Exchange Rate is subject to adjustment under certain circumstances as provided in the Indenture, including, with respect to Securities surrendered for exchange, upon a Fundamental Change. No fractional shares will be issued upon exchange.

To exchange a Security, a Holder must (i) if the Security is represented by a Global Security, comply with the Applicable Procedures, or (ii) if the Security is represented by a Certificated Security, (a) deliver to the Exchange Agent a duly signed and completed Exchange Notice set forth below, (b) deliver the Security to the Exchange Agent, (c) deliver to the Exchange Agent appropriate endorsements and transfer documents if required by the Exchange Agent and (d) pay any tax or duty, if required pursuant to the Indenture. A Holder may exchange a portion of a Security equal to $1,000 or any integral multiple thereof.

The Company shall furnish to any Holder, upon request and without charge, copies of the certificate of incorporation and by-laws of the Company then in effect. Any such request may be addressed to the Company or to the Registrar.

8. Denominations; Transfer; Exchange.

The Securities are in registered form, without coupons, in denominations of $1,000 and integral multiples of $1,000. A Holder may register the transfer of or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain taxes, assessments or other governmental charges that may be imposed in relation thereto by law or permitted by the Indenture.

9. Persons Deemed Owners.

The registered Holder of a Security may be treated as the owner of such Security for all purposes.

10. Unclaimed Money or Securities.

The Trustee and the Paying Agent shall return to the Company upon written request any Cash or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years, subject to applicable unclaimed property law. After return to the Company, Holders entitled to the Cash or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

11. Amendment, Supplement and Waiver.

Subject to certain exceptions, the Securities or the Indenture may be amended or supplemented with the consent of the Holders of at least a majority in aggregate Principal Amount of the Securities then outstanding, and, subject to certain exceptions, an existing Default or Event of Default with respect to the Securities and its consequences or compliance with any provision of the Securities or the Indenture may be waived with the consent of the Holders of at least a majority in aggregate Principal Amount of the Securities then outstanding. Subject to the terms of the Indenture, without the consent of or notice to any Holder, the Company and

the Trustee may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency or make any change that does not adversely affect in any material respect the legal rights under the Indenture of any Holder.

12. Defaults and Remedies.

If any Event of Default other than as a result of certain events of bankruptcy, insolvency or reorganization of the Company or the Guarantor occurs and is continuing, the principal of all the Securities then outstanding plus accrued and unpaid interest may be declared due and payable in the manner and with the effect provided in the Indenture. If an Event of Default occurs as a result of certain events of bankruptcy, insolvency or reorganization of the Company or the Guarantor, the Principal Amount of the Securities plus accrued and unpaid interest shall become due and payable immediately without any declaration or other act on the part of the Trustee or any Holder, all to the extent provided in the Indenture.

13. Trustee Dealings with the Company.

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

14. No Recourse Against Others.

No recourse under or upon any obligation, covenant or agreement of the Company or the Guarantor contained in the Indenture, Guarantee or in this Security, or because of any indebtedness evidenced thereby or hereby, shall be had against any incorporator, as such, or against any past, present or future employee, stockholder, officer or director, as such, of the Company or the Guarantor or of any of their successors, either directly or through the Company, the Guarantor or any of their successors, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities by the Holders and as part of the consideration for the issuance of the Securities and the Guarantee.

15. Authentication.

This Security shall not be valid until the Trustee or an authenticating agent manually signs the certificate of authentication on the other side of this Security.

16. Abbreviations.

Customary abbreviations may be used in the name of the Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and UGMA (= Uniform Gifts to Minors Act).

17. Indenture to Control; Governing Law.

To the extent permitted by applicable law, if any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

18. Copies of Indenture.

The Company shall furnish to any Holder, upon written request and without charge, a copy of the Indenture. Requests may be made to: RAYONIER TRS HOLDINGS INC., 50 N. Laura Street, Jacksonville, FL 32202, Fax no.: (904) 598-2250, Attention: Vice President and General Counsel.

19. Registration Rights.

The Holders of the Securities are entitled to the benefits of a Registration Rights Agreement, dated as of October 16, 2007, among the Company, the Guarantor and the Initial Purchasers, including, in certain circumstances, the receipt of Additional Interest upon a registration default (as defined in such agreement).[5]

[5] This Section to be included only if the Security is a Restricted Security.

SCHEDULE OF EXCHANGES OF SECURITIES[6]

The following exchanges, redemptions, purchases or exchanges of a part of this Global Security have been made:

DATE OF DECREASE OR INCREASE	AUTHORIZED SIGNATORY OF SECURITIES	DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL SECURITY	INCREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL SECURITY	PRINCIPAL AMOUNT OF THIS GLOBAL SECURITY FOLLOWING SUCH DECREASE OR INCREASE

[6] This schedule to be included only if the Security is a Global Security.

ASSIGNMENT FORM[7]

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

_____

(Insert assignee's soc. sec. or tax ID no.)

_____

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

and irrevocably appoint the agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Dated: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guaranteed
Participant in a Recognized Signature

Guarantee Medallion Program

By: _____
Authorized Signatory

[7] This Form and the following Forms to be included only if the Security is a Certificated Security.

FORM OF EXCHANGE NOTICE

To exchange this Security into Cash or a combination of Cash and shares of Common Stock, as applicable and as provided in the Indenture, check the box ☐

To exchange only part of this Security, state the Principal Amount to be exchanged (which must be $1,000 or a multiple of $1,000):

_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

(Insert assignee's soc. sec. or tax ID no.)

_____

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

The undersigned (the "Applicant") hereby makes application for the issuance of record to the name of the Applicant of shares of Common Stock.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guaranteed
Participant in a Recognized Signature

Guarantee Medallion Program

By: _____

Authorized Signatory

FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE

The Bank of New York Trust Company, N.A.
1100 North Market Street
Wilmington, DE, 19890

Attn: Corporate Trust Administration

Re: Rayonier TRS Holdings Inc. (the "Company")
3.75% Senior Exchangeable Notes due 2012

This is a Fundamental Change Repurchase Notice as defined in Section 3.1(c) of the Indenture, dated as of October 16, 2007 (the "Indenture"), among the Company, the Guarantor and The Bank of New York Trust Company, N.A., as Trustee. Terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

Certificate No(s). of Securities:

I intend to deliver the following aggregate Principal Amount of Securities for purchase by the Company pursuant to Article III of the Indenture (in multiples of $1,000):

$ _____

I hereby agree that the Securities shall be purchased on the Fundamental Change Repurchase Date pursuant to the terms and conditions specified in paragraph 6 of the Securities and in the Indenture.

Signed: _____

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR
REGISTRATION OF TRANSFER OF RESTRICTED SECURITIES[8]

Re: 3.75% Senior Exchangeable Notes due 2012
(the "Securities") of Rayonier TRS Holdings Inc.

This certificate relates to $ _____ Principal Amount of Securities owned in (check applicable box):

☐ book-entry or ☐ definitive form by (the "Transferor").

The Transferor has requested a Registrar or the Trustee to exchange or register the transfer of such Securities. In connection with such request and in respect of each such Security, the Transferor does hereby certify that the Transferor is familiar with transfer restrictions relating to the Securities as provided in Section 2.12 of the Indenture, dated as of October 16, 2007, among Rayonier TRS Holdings Inc., Rayonier Inc. and The Bank of New York Trust Company, N.A., as trustee (the "Indenture"), and either the transfer of such Security is being made pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act") (check applicable box) or the transfer or exchange, as the case may be, of such Security does not require registration under the Securities Act because (check applicable box):

☐ Such Security is being transferred pursuant to an effective registration statement under the Securities Act.

☐ Such Security is being acquired for the Transferor's own account, without transfer.

☐ Such Security is being transferred to the Company or a Subsidiary (as defined in the Indenture) of the Company.

☐ Such Security is being transferred to a person the Transferor reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A or any successor provision thereto ("Rule 144A") under the Securities Act) to whom notice has been given that the transfer is being made in reliance on such Rule 144A, in reliance on Rule 144A.

☐ Such Security is being transferred pursuant to and in compliance with an exemption from the registration requirements under the Securities Act in accordance with Rule 144 (or any successor thereto) ("Rule 144") under the Securities Act.

☐ Such Security is being transferred pursuant to and in compliance with an exemption from the registration requirements of the Securities Act (other than an exemption referred to above).

The Transferor acknowledges and agrees that, if the transferee will hold any such Securities in the form of beneficial interests in a Global Security that is a "restricted security" within the meaning of Rule 144 under the Securities Act, then such transfer can be made only pursuant to Rule 144A under the Securities Act to a transferee that the transferor reasonably believes is a "qualified institutional buyer," as defined in Rule 144A.

[8] This certificate to be included only if the Security is a Restricted Security.

Dated: _____

Signature(s) of Transferor _____

(If the registered owner is a corporation, partnership or fiduciary, the title person signing on behalf of such registered owner must be stated.)

Signature Guaranteed
Participant in a Recognized Signature

Guarantee Medallion Program

By: _____
Authorized Signatory

IN WITNESS WHEREOF,

[ ]

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF NOTATION ON SECURITY RELATING TO GUARANTEE

Rayonier Inc., a North Carolina corporation (the "Guarantor," which term includes any successor under the Indenture (the "Indenture") referred to in the Security upon which this notation is endorsed), hereby unconditionally and irrevocably guarantees on a senior basis to each Holder and to the Trustee and its successors and assigns the full and prompt payment (within applicable grace periods) of principal of and interest on the Securities when due, whether at maturity, by acceleration, by redemption or otherwise (all the foregoing being hereinafter collectively called the "Guarantee Obligations"). The Guarantor further agrees that the Guarantee Obligations may be extended or renewed, in whole or in part, without notice or further assent from such Guarantor, and that such Guarantor will remain bound under Article V of the Indenture notwithstanding any extension or renewal of any Guarantee Obligation. Capitalized terms used herein have the meanings assigned to them in the Indenture unless otherwise indicated.

Subject to the terms of the Indenture, this Guarantee shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Security upon which this Guarantee is noted shall have been executed by the Trustee under the Indenture by the signature of one of its authorized signatories.

RAYONIER INC.

By: _____
Name: _____
Title: _____

SCHEDULE A

The following table sets forth the increase in the Exchange Rate, expressed as a number of Additional Shares of Common Stock per $1,000 Principal Amount of Securities:

	Effective Date					
Stock Price	**10/15/2007**	**10/15/2008**	**10/15/2009**	**10/15/2010**	**10/15/2011**	**10/15/2012**
$44.93	4.0135	4.0135	4.0135	4.0135	4.0135	4.0135
$45.00	3.9912	3.9702	3.9492	3.9282	3.9071	3.9769
$47.50	3.2591	3.3127	3.3153	3.2150	2.9755	2.8074
$50.00	2.6413	2.6715	2.6476	2.5154	2.2142	1.7549
$52.50	2.1203	2.1330	2.0908	1.9397	1.6039	0.8029
$55.00	1.6818	1.6820	1.6285	1.4695	1.1246	0.0852
$57.50	1.3139	1.3056	1.2465	1.0888	0.7562	0.0000
$60.00	1.0066	0.9930	0.9328	0.7835	0.4793	0.0000
$62.50	0.7515	0.7352	0.6772	0.5413	0.2768	0.0000
$65.00	0.5414	0.5244	0.4711	0.3519	0.1346	0.0000
$67.50	0.3704	0.3540	0.3071	0.2071	0.0434	0.0000
$70.00	0.2337	0.2190	0.1799	0.1010	0.0000	0.0000
$72.50	0.1284	0.1160	0.0858	0.0307	0.0000	0.0000
$75.00	0.0530	0.0435	0.0239	0.0000	0.0000	0.0000
$77.50	0.0081	0.0022	0.0000	0.0000	0.0000	0.0000
$80.00	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Exhibit 4.3

EXECUTION COPY

$300,000,000

RAYONIER TRS HOLDINGS INC.

3.75% Senior Exchangeable Notes due 2012
Unconditionally Guaranteed by Rayonier Inc.

REGISTRATION RIGHTS AGREEMENT

October 16, 2007

Credit Suisse Securities (USA) LLC
As Representative of the several Initial Purchasers
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, New York 10010-3629

Dear Sirs:

Rayonier TRS Holdings Inc., a Delaware corporation (the "Issuer"), proposes to issue and sell to Credit Suisse Securities (USA) LLC as Representative of the initial purchasers set forth on Schedule A hereto (the "Initial Purchasers"), upon the terms set forth in a purchase agreement dated October 10, 2007 (the "Purchase Agreement"), $300,000,000 aggregate principal amount (which principal amount includes the $50,000,000 over-allotment option exercised by the Initial Purchasers in accordance with the Purchase Agreement) of its 3.75% Senior Exchangeable Notes due 2012 (the "Notes"), to be fully and unconditionally guaranteed (the "Guarantee") by Rayonier Inc., a North Carolina corporation and parent of the Issuer (the "Guarantor", and together with the Issuer, the "Company"). The Notes and the Guarantee are together referred to as the "Initial Securities". The Initial Securities will be exchangeable into shares of common stock, no par value, of the Guarantor (the "Common Stock"), at an initial exchange price of approximately $54.81 per share as described in the Offering Circular, dated as of October 10, 2007, and relating to the offering of the Initial Securities (the "Offering Circular"). The Initial Securities will be issued pursuant to an Indenture, dated as of October 16, 2007, (the "Indenture") among the Issuer, the Guarantor and The Bank of New York Trust Company, N.A. (the "Trustee"). As an inducement to the Initial Purchasers, the Company agrees with the Initial Purchasers, for the benefit of the holders of the Initial Securities (including, without limitation, the Initial Purchasers) and the Common Stock issuable upon exchange of the Initial Securities (collectively, the "Securities") from time to time until such time as such Securities have been sold pursuant to a Shelf Registration Statement (as defined below) (each of the foregoing a "Holder", and collectively, the "Holders"), as follows:

1. *Shelf Registration*. (a) The Company shall, at its cost, as promptly as practicable (but in no event more than 90 days after the First Closing Date, as defined in the Purchase Agreement), file with the United States Securities and Exchange Commission (the "Commission") and thereafter shall use its commercially reasonable efforts to cause to be declared effective (unless it becomes effective automatically upon filing) a registration statement (the "Shelf Registration Statement") on an appropriate form under the Securities Act relating to the offer and sale of the Transfer Restricted Securities (as defined in Section 5(e) hereof) by the Holders thereof from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act (hereinafter, the "Shelf Registration"); provided, however, that no Holder (other than an Initial Purchaser) shall be entitled to have the Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all the provisions of this Agreement applicable to such Holder.

(b) The Company shall use its commercially reasonable efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus included therein to be lawfully delivered by the Holders of the relevant Securities, for a period of two years from the date of original issuance of the Initial Securities or such shorter period that will terminate when all the Securities covered by the Shelf Registration Statement (i) have been sold pursuant thereto or (ii) are no longer Transfer Restricted Securities (such period being referred to as the "Shelf Registration Period"). The Company shall be deemed not to have used its commercially reasonable efforts to keep the Shelf Registration Statement effective during the requisite period if it voluntarily takes any action that would result in Holders of Securities covered thereby not being able to offer and sell such Securities during that period, unless such action is required by applicable law.

(c) Notwithstanding any other provisions of this Agreement to the contrary, the Company shall cause the Shelf Registration Statement and the related prospectus and any amendment or supplement thereto, as of the effective date of the Shelf Registration Statement, amendment or supplement, (i) to comply in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission and (ii) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

2. *Registration Procedures*. In connection with any Shelf Registration contemplated by Section 1 hereof the following provisions shall apply:

(a) The Company shall (i) furnish to the Initial Purchasers, prior to the filing thereof with the Commission, a copy of the Shelf Registration Statement and each amendment thereof and each supplement, if any, to the prospectus included therein and, in the event that an Initial Purchaser (with respect to any portion of an unsold allotment from the original offering) is participating in the Shelf Registration Statement, the Company shall use its commercially reasonable efforts to reflect in each such document, when so filed with the Commission, such comments as such Initial Purchaser reasonably may propose; and (ii) include in the prospectus included in the Shelf Registration Statement (or, if permitted by Commission Rule 430B(b), in a prospectus supplement that becomes a part thereof pursuant to Commission Rule 430B(f)) that is delivered to any Holder pursuant to Section 2(d) and (h), the names of the Holders, who propose to sell Securities pursuant to the Shelf Registration Statement, as selling securityholders.

(b) The Company shall give written notice to the Initial Purchasers and (in the cases of clauses (ii) through (iv) hereof, the Holders of the Securities (which notice pursuant to clauses (ii) through (v) hereof shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when the Shelf Registration Statement or any amendment thereto has been filed with the Commission and when the Shelf Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Shelf Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for that purpose, of the issuance by the Commission of a notification of objection to the use

of the form on which the Shelf Registration Statement has been filed, and of the happening of any event that causes the Company to become an "ineligible issuer," as defined in Commission Rule 405.

(iv) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the Company to make changes in the Shelf Registration Statement or the prospectus in order that the Shelf Registration Statement or the prospectus do not contain an untrue statement of a material fact nor omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the prospectus, in light of the circumstances under which they were made) not misleading.

(c) The Company shall make commercially reasonable efforts to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of the Shelf Registration Statement.

(d) The Company shall make the Shelf Registration Statement and any post effective amendment or supplement thereto accessible on the Commission's EDGAR system and, if the Holder so requests in writing, shall furnish to each Holder of Securities included within the coverage of the Shelf Registration, without charge, at least one copy of the Shelf Registration Statement and any post-effective amendment or supplement thereto, including financial statements and schedules, and, if the Holder so further requests in writing, all exhibits thereto (including those, if any, incorporated by reference). The Company shall not, without the prior consent of the Initial Purchasers, make any offer relating to the Securities that would constitute a "free writing prospectus," as defined in Commission Rule 405.

(e) The Company shall, during the Shelf Registration Period, deliver to each Holder of Securities included within the coverage of the Shelf Registration, without charge, as many copies of the prospectus (including each preliminary prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as such person may reasonably request. The Company consents, subject to the provisions of this Agreement, to the use of the prospectus or any amendment or supplement thereto by each of the selling Holders of the Securities in connection with the offering and sale of the Securities covered by the prospectus, or any amendment or supplement thereto, included in the Shelf Registration Statement.

(f) Prior to any public offering of the Securities, pursuant to any Shelf Registration Statement, the Company shall register or qualify or cooperate with the Holders of the Securities included therein and their respective counsel in connection with the registration or qualification of the Securities for offer and sale under the securities or "blue sky" laws of such states of the United States as any Holder of the Securities reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Securities covered by such Shelf Registration Statement; provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action which would subject it to general service of process or to taxation in any jurisdiction where it is not then so subject.

(g) The Company shall cooperate with the Holders of the Securities to facilitate the timely preparation and delivery of certificates representing the Securities to be sold pursuant to any Shelf Registration Statement free of any restrictive legends and in such denominations and registered in such names as the Holders may request a reasonable period of time prior to sales of the Securities pursuant to such Shelf Registration Statement.

(h) Upon the occurrence of any event contemplated by paragraphs (ii) through (v) of Section 2(b) above during the period for which the Company is required to maintain an effective Shelf Registration Statement, the Company shall promptly prepare and file a post-effective amendment to the Shelf Registration Statement or a supplement to the related prospectus and any other required document so that, as thereafter delivered to Holders of the Securities or purchasers of Securities, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Initial Purchasers and the Holders of the Securities in accordance with paragraphs (ii) through (v) of Section 2(b) above to suspend the use of the prospectus until the requisite changes to the prospectus have been made (such period, the "Suspension Period", then the Initial Purchasers and the Holders of the Securities shall suspend use of such prospectus. During the period during which the Company is required to maintain an effective Shelf Registration Statement pursuant to this Agreement, the Company will prior to the expiration of the Shelf Registration Period file, and use its commercially reasonable efforts to cause to be declared effective (unless it becomes effective automatically upon filing) within a period that avoids any interruption in the ability of Holders of Securities covered by the expiring Shelf Registration Statement to make registered dispositions, a new registration statement relating to the Securities, which shall be deemed the "Shelf Registration Statement" for purposes of this Agreement.

(i) Not later than the effective date of the Shelf Registration Statement, the Company will provide a CUSIP number for the Initial Securities, and the Common Stock registered under the Shelf Registration Statement and provide the trustee with printed certificates for the Initial Securities in a form eligible for deposit with The Depository Trust Company.

(j) The Company will comply with all rules and regulations of the Commission to the extent and so long as they are applicable to the Shelf Registration and will make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Shelf Registration Statement, which statement shall cover such 12-month period.

(k) The Company shall cause the indenture governing the Notes (the "Indenture") to be qualified under the Trust Indenture Act of 1939, as amended, in a timely manner and containing such changes, if any, as shall be necessary for such qualification. In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(l) (i) Each Holder agrees that if such Holder wishes to sell Securities pursuant to a Shelf Registration Statement and related prospectus, it will do so only in accordance with this Section 2(l). Following the date that the Shelf Registration Statement is declared effective (or becomes effective automatically upon filing), each Holder wishing to sell Securities pursuant to a Shelf Registration Statement and related prospectus agrees to complete and deliver a Notice and Questionnaire, in substantially the form set forth as Annex A to the Offering Circular, to the Company at least 10 business days prior to any intended distribution of Securities under the Shelf Registration Statement. A Holder delivering such a Notice and Questionnaire is sometimes referred to herein as a "Notice Holder". Each Holder who elects to sell Securities pursuant to a Shelf Registration Statement agrees by submitting a Notice and Questionnaire to the person specified therein, it will be bound by the terms and conditions of the Notice and Questionnaire and this Agreement. The Company may exclude from such registration the Securities of any Holder that fails to furnish such information within such time period, and no such Holders shall be entitled to receive Additional Interest pursuant to Section 5 hereto. Within 10 business days after the later of receipt of a completed Notice and Questionnaire or the expiration of any Suspension Period in

effect when such questionnaire is delivered, the Company will file, if required by applicable law, a post effective amendment to the Shelf Registration Statement or a supplement to the prospectus contained in the Shelf Registration Statement. In no event will the Company be required to file more than one post effective amendment in any calendar quarter or to file a supplement or post effective amendment during any Suspension Period.

(ii) Each Holder agrees, by acquisition of the Securities, that no Holder shall be entitled to sell any of such Securities pursuant to a Shelf Registration Statement or to receive a prospectus relating thereto, unless such Holder has furnished the Company with a Notice and Questionnaire as required pursuant to this Section 2(l) (including the information required to be included in such Notice and Questionnaire) and the information set forth in the next sentence. Each Notice Holder agrees promptly to furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Notice Holder not misleading and any other information regarding such Notice Holder and the distribution of such Securities as the Company may from time to time reasonably request. Any sale of any Securities by any Holder shall constitute a representation and warranty by such Holder that the information relating to such Holder and its plan of distribution is as set forth in the prospectus delivered to such Holder in connection with such disposition, that such prospectus does not as of the time of such sale contain any untrue statement of a material fact relating to or provided by such Holder or its plan of distribution and that such prospectus does not as of the time of such sale omit to state any material fact relating to or provided by such Holder or its plan of distribution necessary to make the statements in such prospectus, in light of the circumstances under which they were made, not misleading.

(iii) Each Holder agrees by acquisition of its Securities that upon actual receipt of any notice from the Company of the happening of any event of the kind described in Sections 2(b)(ii)-(v) hereof, such Holder will forthwith discontinue disposition of such Securities covered by such Shelf Registration Statement or prospectus until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2(h) hereof, or until it is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any amendments or supplements thereto.

(m) The Company shall enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other action, if any, as any Holder of the Securities shall reasonably request in order to facilitate the disposition of the Securities pursuant to any Shelf Registration.

(n) The Company shall (i) make available for inspection by not more than one representative appointed by a majority in principal amount of Notes outstanding held by selling Holders of such Securities being sold and one firm of attorneys and one accounting firm (collectively, the "Inspectors"), at the offices where normally kept, during reasonable business hours at such time or times as shall be mutually convenient for the Guarantor and the Inspectors as a group, all financial and other records, pertinent corporate documents and instruments of the Guarantor and its subsidiaries (collectively, the "Records") and (ii) cause the officers, directors and employees of the Guarantor and its subsidiaries to supply all information reasonably requested by any such Inspector as shall be reasonably necessary to enable Inspectors to exercise any applicable due diligence responsibilities for purposes of Section 11 of the Securities Act. Records that the Guarantor determines, in good faith, to be confidential and any Records that it notifies the Inspectors are confidential shall not be disclosed by any Inspector unless (I) the disclosure of such Records is necessary to avoid or correct a material misstatement or material omission in the Shelf Registration Statement if Shelf Registration Statement is then available, (II) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, (III) disclosure of such information is, in the opinion of counsel for the Notice Holders, necessary or advisable in connection with any action, claim, suit or proceeding, directly involving or potentially involving such Notice Holder or their Inspectors and arising out of, based upon,

relating to, or involving this Agreement or any transactions contemplated hereby or arising hereunder or (IV) the information in such Records has been made generally available to the public other than through the acts of the Inspectors; provided, however, that prior notice shall be provided as soon as practicable to the Company of the potential disclosure of any information by such Inspector pursuant to clauses (II) or (III) of this sentence to permit the Issuer or the Guarantor to obtain a protective order (or waive the provisions of this Section 2(n). Each Inspector shall take such actions as are reasonably necessary to protect the confidentiality of such information to the extent such actions are otherwise not inconsistent with, an impairment of or in derogation of the rights and interests of the Holder or any Inspector, unless and until such information in such Records has been made generally available to the public other than as a result of a breach of this Agreement.

(o) In the case of any Shelf Registration, the Company, if requested by the Holders of a majority in principal amount outstanding of Securities covered thereby, shall cause (i) one counsel designated by such Holders to deliver an opinion in customary form addressed to such Holders and the managing underwriters, if any, thereof and dated, in the case of the initial opinion, the effective date of such Shelf Registration Statement (it being agreed that the matters to be covered by such opinion shall include matters customarily covered in opinions requested in sales of securities in underwritten offerings); (ii) its officers to execute and deliver all customary documents and certificates and updates thereof requested by any underwriters of the applicable Securities and (iii) its independent public accountants to provide to the selling Holders of the applicable Securities and any underwriter therefor a comfort letter in customary form and covering matters of the type customarily covered in comfort letters in connection with primary underwritten offerings, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

(p) The Company will use its commercially reasonable efforts to (a) if the Initial Securities have been rated prior to the initial sale of such Initial Securities, confirm such ratings will apply to the Securities covered by a Shelf Registration Statement, or (b) if the Initial Securities were not previously rated, cause the Securities covered by a Shelf Registration Statement to be rated with the appropriate rating agencies, if so requested by Holders of a majority in aggregate principal amount of Securities covered by such Shelf Registration Statement, or by the managing underwriters, if any.

(q) In the event that any broker-dealer registered under the Exchange Act shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules (the "Rules") of the National Association of Securities Dealers, Inc. ("NASD")) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company will assist such broker-dealer in complying with the requirements of such Rules, including, without limitation, by (i) if such Rules, including Rule 2720, shall so require, engaging a "qualified independent underwriter" (as defined in Rule 2720) to participate in the preparation of the Shelf Registration Statement relating to such Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such Shelf Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Securities, (ii) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof and (iii) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Rules.

(r) The Company shall use its commercially reasonable efforts to take all other steps necessary to effect the registration of the Securities covered by a Shelf Registration Statement contemplated hereby.

3. *Registration Expenses*. The Company shall bear all fees and expenses incurred in connection with the performance of its obligations under Sections 1 and 2 hereof, whether or not a Shelf Registration Statement is filed or becomes effective, and, shall bear or reimburse the Holders of the Securities covered thereby for the reasonable fees and disbursements of one firm only of counsel designated by the Holders of a majority in principal amount of the Notes covered thereby to act as counsel for the Holders of the Securities in connection therewith.

4. *Indemnification*. (a) Each of the Issuer and the Guarantor, severally and jointly, agrees to indemnify and hold harmless each Holder of the Securities and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act (each Holder and such controlling persons are referred to collectively as the "Indemnified Parties") from and against any losses, claims, damages or liabilities, joint or several, or any actions in respect thereof (including, but not limited to, any losses, claims, damages, liabilities or actions relating to purchases and sales of the Securities) to which each Indemnified Party may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in a Shelf Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus or "issuer free writing prospectus," as defined in Commission Rule 433 ("Issuer FWP"), relating to a Shelf Registration, or arise out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse, as incurred, the Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action in respect thereof; provided, however, that (i) the Company shall not be liable in any such case to the extent that such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in the Shelf Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus or Issuer FWP relating to a Shelf Registration in reliance upon and in conformity with written information pertaining to such Holder and furnished to the Company by or on behalf of such Holder specifically for inclusion therein and (ii) with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus relating to a Shelf Registration Statement, the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Holder from whom the person asserting any such losses, claims, damages or liabilities purchased the Securities concerned, to the extent that a prospectus relating to such Securities was required to be delivered (including through satisfaction of the conditions of Commission Rule 172) by such Holder the Securities Act in connection with such purchase and any such loss, claim, damage or liability of such Holder results from the fact that there was not conveyed to such person, at or prior to the time of the sale of such Securities to such person, an amended or supplemented prospectus or, if permitted by Section 2(d), an Issuer FWP correcting such untrue statement or omission or alleged untrue statement or omission if the Company had previously furnished copies thereof to such Holder; provided further, however, that this indemnity agreement will be in addition to any liability which the Company may otherwise have to such Indemnified Party. Each of the Issuer and the Guarantor, severally and jointly, shall also indemnify underwriters, their officers and directors and each person who controls such underwriters within the meaning of the Securities Act or the Exchange Act to the same extent as provided above with respect to the indemnification of the Holders of the Securities if requested by such Holders.

(b) Each Holder of the Securities, severally and not jointly, will indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act from and against any losses, claims, damages or liabilities or any actions in respect thereof, to which the Company or any such controlling person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement or prospectus or in any amendment or supplement thereto or in any preliminary prospectus or Issuer FWP relating to a Shelf Registration, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or omission or alleged untrue statement or omission was made in reliance upon and in conformity with written information pertaining to such Holder and

furnished to the Company by or on behalf of such Holder specifically for inclusion therein; and, subject to the limitation set forth immediately preceding this clause, shall reimburse, as incurred, the Company for any legal or other expenses reasonably incurred by the Company or any such controlling person in connection with investigating or defending any loss, claim, damage, liability or action in respect thereof. This indemnity agreement will be in addition to any liability which such Holder may otherwise have to the Company or any of its controlling persons.

(c) Promptly after receipt by an indemnified party under this Section 4 of notice of the commencement of any action or proceeding (including a governmental investigation), such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 4, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve the indemnifying party from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof the indemnifying party will not be liable to such indemnified party under this Section 4 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof. In any such proceeding, an indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the contrary or (ii) the named parties in any such proceeding (including any impleaded parties) include an indemnifying party and an indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that an indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all indemnified parties, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Indemnified Parties shall be designated in writing by the Holders of the majority in principal amount of Securities, and any such separate firm for the Issuer, its directors, respective officers and such control persons of the Issuer shall be designated in writing by the Issuer, and any such separate firm for the Guarantor, its directors, respective officers and such control persons of the Guarantor shall be designated in writing by the Guarantor. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action, and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 4 is unavailable or insufficient to hold harmless an indemnified party under subsections (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in subsection (a) or (b) above, in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or such Holder or such other indemnified party, as the case may be, on the other, and the parties' relative intent, knowledge, access to

information and opportunity to correct or prevent such statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding any other provision of this Section 4(d), the Holders of the Securities shall not be required to contribute any amount in excess of the amount by which the net proceeds received by such Holders from the sale of the Securities pursuant to a Shelf Registration Statement exceeds the amount of damages which such Holders have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each person, if any, who controls such indemnified party within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such indemnified party and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as the Company.

(e) The agreements contained in this Section 4 shall survive the sale of the Securities pursuant to a Shelf Registration Statement and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

5. *Additional Interest Under Certain Circumstances*. (a) Additional interest (the "Additional Interest") with respect to the Initial Securities shall be assessed as follows if any of the following events occur (each such event in clauses (i) through (iii) below a "Registration Default":

(i) If by January 14, 2008, a Shelf Registration Statement has not been filed with the Commission;

(ii) If by April 13, 2008, the Shelf Registration Statement has not been declared effective by the Commission; or

(iii) If after the Shelf Registration Statement has become effective such Shelf Registration Statement ceases to be effective (without being succeeded immediately by an effective replacement Shelf Registration Statement) or the Shelf Registration Statement or the related prospectus ceases to be usable in connection with the resales of Securities, in accordance with and during the periods specified herein for a period of time (including any Suspension Period) which exceeds 90 days in the aggregate in any consecutive 12-month period because either (A) any event occurs as a result of which the related prospectus forming part of such Shelf Registration Statement would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, (B) it shall be necessary to amend such Shelf Registration Statement or supplement the related prospectus, to comply with the Securities Act or Exchange Act or the respective rules thereunder, or (C) the occurrence or existence of any pending corporate development or other similar event with respect to the Company or a public filing with the Commission that, in the reasonable discretion of the Issuer, makes it appropriate to suspend the availability of a Shelf Registration Statement and the related prospectus.

Additional Interest shall accrue on the Initial Securities over and above the interest set forth in the title of the Initial Securities from and including the date on which any such Registration Default shall occur to but excluding the date on which all such Registration Defaults have been cured, at a rate of 0.25% per annum.

(b) A Registration Default referred to in Section 5(a)(iii) hereof shall be deemed not to have occurred and be continuing in relation to a Shelf Registration Statement or the related prospectus if (i) such Registration Default has occurred solely as a result of (x) the filing of a post-effective amendment to such Shelf Registration Statement to incorporate annual audited financial information with respect to the Company where such post-effective amendment is not yet effective and needs to be declared effective to

permit Holders to use the related prospectus or (y) other material events, with respect to the Company that would need to be described in such Shelf Registration Statement or the related prospectus and (ii) in the case of clause (y), the Company is proceeding promptly and in good faith to amend or supplement such Shelf Registration Statement and related prospectus to describe such events; provided, however, that in any case if such Registration Default occurs for a continuous period in excess of 90 days in any consecutive 12 month period, Additional Interest shall be payable in accordance with the above paragraph from the day such Registration Default occurs until such Registration Default is cured.

(c) Any amounts of Additional Interest due pursuant to clause (i), (ii) or (iii) of Section 5(a) above will be payable in cash on the regular interest payment dates with respect to the Initial Securities. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest rate by the principal amount of the Initial Securities, multiplied by a fraction, the numerator of which is the number of days such Additional Interest rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months), and the denominator of which is 360.

(d) Notwithstanding anything herein to the contrary, no Holder that does not comply with Section 2(l) shall be eligible to receive Additional Interest.

(e) "Transfer Restricted Securities" means each Security until (i) the date on which such Security has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement, (ii) the date on which such Initial Securities is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act (iii) the date on which such Security shall have been otherwise transferred by the Holder thereof and a new Security not bearing a legend restricting further transfer shall have been delivered by the Issuer and subsequent disposition of such Security shall not require registration or qualification under the 1933 Act or any similar state law then in force, or (iv) such Security ceases to be outstanding.

6. *Rules 144 and 144A*. The Company shall use its commercially reasonable efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of any Holder of Securities, make publicly available other information so long as necessary to permit sales of their securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any Holder of Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Initial Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including the requirements of Rule 144A(d)(4)). The Company will provide a copy of this Agreement to prospective purchasers of Initial Securities identified to the Company by the Initial Purchasers upon request. Upon the request of any Holder of Securities, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 6 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

7. *Underwritten Registrations*. If any of the Transfer Restricted Securities covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering ("Managing Underwriters") will be selected by the Holders of a majority in aggregate principal amount of such Transfer Restricted Securities to be included in such offering.

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

8. *Miscellaneous*.

(a) *Amendments and Waivers*. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, except by the Company and the written consent of the Holders of a majority in principal amount of the Securities affected by such amendment, modification, supplement, waiver or consents.

(b) *Notices*. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first-class mail, facsimile transmission, or air courier which guarantees overnight delivery:

(1) if to a Holder of the Securities, at the most current address given by such Holder to the Company.

(2) if to the Initial Purchasers:

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010-3629
Fax No.: (212) 325-4296
Attention: Transactions Advisory Group

with a copy to:

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Fax No.: (212) 474-3700
Attention: William J. Whelan, III

(3) if to the Issuer or the Guarantor:

Rayonier TRS Holdings Inc.
c/o Rayonier Inc.
50 N. Laura Street
Jacksonville, FL 32202
Fax No.: (904) 598-2250
Attention: Vice President and General Counsel

with a copy to:

Vinson & Elkins L.L.P.
666 Fifth Avenue
26th Floor
New York, NY 10101
Fax No.: (212) 237-0100
Attention: Allan D. Reiss

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged by recipient’s facsimile machine operator, if sent by facsimile transmission; and on the day delivered, if sent by overnight air courier guaranteeing next day delivery.

(c) *No Inconsistent Agreements*. The Company has not, as of the date hereof, entered into, nor shall it, on or after the date hereof, enter into, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders herein or otherwise conflicts with the provisions hereof.

(d) *Successors and Assigns*. This Agreement shall be binding upon the Company and its successors and assigns.

(e) *Counterparts*. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(f) *Headings*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) *Governing* Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(h) *Severability*. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(i) *Securities Held by the Company*. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities is required hereunder, Securities held by the Company or its affiliates (other than subsequent Holders of Securities if such subsequent Holders are deemed to be affiliates solely by reason of their holdings of such Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Issuer a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the several Initial Purchasers, the Issuer and the Guarantors in accordance with its terms.

Very truly yours,

RAYONIER TRS HOLDINGS INC.

By: _____
Name:
Title:

RAYONIER INC.

By: _____
Name:
Title:

The foregoing Registration
Rights Agreement is hereby confirmed
and accepted as of the date first
above written.

CREDIT SUISSE SECURITIES (USA) LLC
J.P. MORGAN SECURITIES INC.
BANC OF AMERICA SECURITIES LLC
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

by: CREDIT SUISSE SECURITIES (USA) LLC

By: _____
Name:
Title:

Acting on behalf of itself and as the
Representative of the several Purchasers

SCHEDULE A

Initial Purchasers

Credit Suisse Securities (USA) LLC

J. P. Morgan Securities Inc.

Banc of America Securities LLC

Merrill Lynch, Pierce, Fenner & Smith Incorporated

EXHIBIT 4.4

Opening Transaction

To:	Rayonier TRS Holdings Inc. 50 North Laura Street Jacksonville, FL 32202
From:	Credit Suisse Capital LLC c/o Credit Suisse Securities (USA) LLC Eleven Madison Avenue New York, NY 10010
Re:	Convertible Bond Hedge Transaction
Ref. No:	40114192
Date:	October 10, 2007

Dear Sir(s):

The purpose of this communication (this "**Confirmation**") is to set forth the terms and conditions of the above-referenced transaction entered into on the Trade Date specified below (the "**Transaction**") between Credit Suisse Capital LLC ("**Dealer**") represented by Credit Suisse Securities (USA) LLC, as its agent ("**Agent**") and Rayonier TRS Holdings Inc. ("**Counterparty**"). This communication constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

This Confirmation is subject to, and incorporates, the definitions and provisions of the 2000 ISDA Definitions (including the Annex thereto) (the "**2000 Definitions**") and the definitions and provisions of the 2002 ISDA Equity Derivatives Definitions (the "Equity Definitions", and together with the 2000 Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). In the event of any inconsistency between the 2000 Definitions and the Equity Definitions, the Equity Definitions will govern. Certain defined terms used herein have the meanings assigned to them in the Indenture to be dated as of October 16, 2007 among Counterparty, Rayonier Inc. ("**Parent**"), as guarantor, and The Bank of New York Trust Company, N.A., as trustee (the "**Indenture**") relating to the USD250,000,000 principal amount of 3.75% Senior Exchangeable Notes due 2012 (the "**Exchangeable Notes**"). In the event of any inconsistency between the terms defined in the Indenture and this Confirmation, this Confirmation shall govern. For the avoidance of doubt, (i) the Transaction shall be the only transaction under the Agreement and (ii) references herein to sections of the Indenture are based on the draft of the Indenture most recently reviewed by the parties at the time of execution of this Confirmation. If any relevant sections of the Indenture are changed, added or renumbered between the execution of this Confirmation and the execution of the Indenture, the parties will amend this Confirmation in good faith to preserve the economic intent of the parties. The parties further acknowledge that references to the Indenture herein are references to the Indenture as in effect on the date of its execution and if the Indenture is amended following its execution, any such amendment will be disregarded for purposes of this Confirmation unless the parties agree otherwise in writing. The Transaction is subject to early unwind if the closing of the Exchangeable Notes is not consummated for any reason, as set forth below in Section 8(k).

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

This Confirmation evidences a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall be subject to an agreement (the "**Agreement**") in the form of the 2002 ISDA Master Agreement as if Dealer and Counterparty had executed an agreement in such form on the Trade Date (but without any Schedule and with the elections and modifications specified in Section 9 hereof).

All provisions contained in, or incorporated by reference to, the Agreement will govern this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and either the Definitions or the Agreement, this Confirmation shall govern.

1. The Transaction constitutes a Share Option Transaction for purposes of the Equity Definitions. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	October 10, 2007
Effective Date:	October 16, 2007
Option Style:	Modified American, as described under "Procedures for Exercise" below.
Option Type:	Call
Seller:	Dealer
Buyer:	Counterparty
Shares:	The Common Stock of Parent, no par value (Ticker Symbol: "RYN").
Number of Options:	The number of Exchangeable Notes in denominations of USD1,000 principal amount issued by Counterparty on the closing date for the initial issuance of the Exchangeable Notes; *provided* that the Number of Options shall be automatically increased as of the date of exercise by Credit Suisse Securities (USA) LLC, as representative of the Initial Purchasers (as defined in the Purchase Agreement), of their option pursuant to Section 3 of the Purchase Agreement dated as of October 10, 2007 among Counterparty, Parent and Credit Suisse Securities (USA) LLC, as representative of the initial purchasers party thereto (the "**Purchase Agreement**") by the number of Exchangeable Notes in denominations of USD1,000 principal amount issued pursuant to such exercise (such Exchangeable Notes, the "**Additional Exchangeable Notes**"). For the avoidance of doubt, the Number of Options outstanding shall be reduced by each exercise of Options hereunder.
Option Entitlement:	As of any date, a number of Shares per Option equal to the "Exchange Rate" (as defined in the Indenture, but without regard to any adjustments to the Exchange Rate pursuant to Sections 4.1(c) or 4.9 of

	the Indenture) as of such date; *provided* that the foregoing shall in no way limit or reduce Dealer's obligations to Counterparty under the section hereof entitled "Delivery Obligation" (including, for the avoidance of doubt, the second proviso thereof).
Number of Shares:	The product of the Number of Options, the Option Entitlement and the Applicable Percentage.
Applicable Percentage:	65%
Premium:	USD18,135,000 (Premium per Option USD72.54); *provided* that if the Number of Options is increased pursuant to the proviso to the definition of "Number of Options" above, an additional Premium equal to the product of the number of Options by which the Number of Options is so increased and the Premium per Option shall be paid on the Additional Premium Payment Date.
Premium Payment Date:	The Effective Date
Additional Premium Payment Date:	The closing date for the purchase and sale of the Additional Exchangeable Notes.
Exchange:	The New York Stock Exchange
Related Exchange:	All Exchanges

Procedures for Exercise:

Exercise Date:	Each Exchange Date.
Exchange Date:	Each "Exchange Date" (as defined in the Indenture) occurring during the Exercise Period for Exchangeable Notes (such Exchangeable Notes, each in denominations of USD1,000 principal amount, the "**Relevant Exchangeable Notes**" for such Exchange Date).
Exercise Period:	The period from and including the Effective Date to and including the Expiration Date.
Expiration Date:	The earlier of (i) the last day on which any Exchangeable Notes remain outstanding and (ii) the second "Business Day" (as defined in the Indenture) immediately preceding the "Final Maturity Date" (as defined in the Indenture).
Multiple Exercise:	Applicable, as provided under "Automatic Exercise on Exchange Dates".
Minimum Number of Options:	Zero.
Maximum Number of Options:	Number of Options.
Integral Multiple:	Not Applicable.
Automatic Exercise on Exchange Dates:	Notwithstanding anything to the contrary in the Equity Definitions, on each Exchange Date, a number of Options equal to the number of Relevant Exchangeable Notes for such Exchange Date in

	denominations of USD1,000 principal amount shall be automatically exercised, subject to "Notice of Exercise" below.
Notice Deadline:	In respect of any exercise of Options hereunder, the "Scheduled Trading Day" (as defined in the Indenture) immediately preceding the first "Trading Day" (as defined in the Indenture) of the relevant "Exchange Reference Period" (as defined in the Indenture); *provided* that in the case of any exercise of Options hereunder in connection with the exchange of any Relevant Exchangeable Notes for any Exchange Date occurring during the period starting on the 22nd Scheduled Trading Day immediately preceding the Final Maturity Date (the "**Final Exchange Period**"), the Notice Deadline shall be the New York Business Day immediately following such Exchange Date.
Notice of Exercise:	Notwithstanding anything to the contrary in the Equity Definitions, Dealer shall have no obligation to make any payment or delivery in respect of any exercise of Options hereunder unless Counterparty notifies Dealer in writing prior to 5:00 PM, New York City time, on the Notice Deadline in respect of such exercise of (i) the number of Options being exercised on such Exercise Date, (ii) the scheduled settlement date under the Indenture for the Relevant Exchangeable Notes for the related Exchange Date, (iii) the "Cash Percentage" (as defined in the Indenture), if any, for such Relevant Exchangeable Notes, and (iv) the first scheduled Trading Day of the Exchange Reference Period for such Relevant Exchangeable Notes; *provided* that in the case of any exercise of Options hereunder in connection with the exchange of any Relevant Exchangeable Notes for any Exchange Date occurring during the Final Exchange Period, Counterparty shall notify Dealer in writing of the information described in clause (iii) above prior to 5:00 PM, New York City time, on the Scheduled Trading Day immediately preceding the first Trading Day of the relevant Exchange Reference Period and the content of the notice delivered on the Notice Deadline shall be as set forth in clause (i) above. For the avoidance of doubt, if Counterparty fails to give such notice when due in respect of any exercise of Options hereunder, Dealer's obligation to make any payment or delivery in respect of such exercise shall be permanently extinguished, and late notice shall not cure such failure. Counterparty acknowledges its responsibilities under applicable securities laws, and in particular Section 9 and Section 10(b) of the Exchange Act (as defined below) and the rules and regulations thereunder, in respect of any election of a Cash Percentage with respect to the Exchangeable Notes.

Dealer's Telephone Number and Telex and/or Facsimile Number and Contact Details for purpose of Giving Notice:	To: Credit Suisse Capital LLC c/o Credit Suisse Securities (USA) LLC Eleven Madison Avenue New York, NY 10010 Attn: Senior Legal Officer Telephone: (212) 538-2616 Facsimile: (212) 325-8036 With a copy to: Credit Suisse Securities (USA) LLC One Madison Avenue, 8th Floor New York, New York 10010 Attn: Equity Derivatives Documentation Telephone: (212) 538-6040 Facsimile: (917) 326-2660

Settlement Terms:

Settlement Date:	For any Exercise Date, the settlement date for the Shares and/or cash to be delivered in respect of the Relevant Exchangeable Notes for the relevant Exchange Date under the terms of the Indenture; *provided* that the Settlement Date shall not be prior to the latest of (i) the date one Settlement Cycle following the final day of the Exchange Reference Period for such Relevant Exchangeable Notes, (ii) the Exchange Business Day immediately following the date on which Counterparty gives notice to Dealer of such Settlement Date prior to 5:00 PM, New York City time, and (iii) the Exchange Business Day immediately following the date Counterparty provides the Notice of Delivery Obligation prior to 5:00 PM, New York City time.
Delivery Obligation:	In lieu of the obligations set forth in Sections 8.1 and 9.1 of the Equity Definitions, and subject to "Notice of Exercise" above, in respect of any Exercise Date, Dealer will deliver to Counterparty on the related Settlement Date a number of Shares and/or an amount of cash equal to the product of (x) the Applicable Percentage and (y) the aggregate number of Shares and/or amount of cash, if any, that Counterparty is obligated to deliver to the holder(s) of the Relevant Exchangeable Notes for such Exchange Date pursuant to Sections 4.13(b)(ii) or (d) of the Indenture (except that such aggregate number of Shares shall be determined without taking into consideration any fractional shares pursuant to Section 4.3 of the Indenture and shall be rounded down to the nearest whole number) and cash in lieu of fractional shares, if any, resulting from such rounding (such Shares and/or cash, collectively, the "**Exchangeable Obligation**"); *provided* that the Exchangeable Obligation shall be determined excluding any Shares

	and/or cash that Counterparty is obligated to deliver to holder(s) of the Relevant Exchangeable Notes as a direct or indirect result of any adjustments to the Exchange Rate pursuant to Sections 4.1(c) or 4.9 of the Indenture and any interest payment that the Counterparty is (or would have been) obligated to deliver to holder(s) of the Relevant Exchangeable Notes for such Exchange Date; and *provided further* that if such exercise relates to the exchange of Relevant Exchangeable Notes in connection with which holders thereof are entitled to receive additional Shares and/or cash pursuant to the adjustments to the Exchange Rate set forth in Section 4.1(c) of the Indenture, then, notwithstanding the foregoing or anything else to the contrary contained herein, the Delivery Obligation shall include such additional Shares and/or cash, except that the Delivery Obligation shall be capped so that the value of the Delivery Obligation per Option (with the value of any Shares included in the Delivery Obligation determined by the Calculation Agent using the "Daily VWAP" (as defined in the Indenture) on the last day of the relevant Exchange Reference Period) does not exceed the amount as determined by the Calculation Agent that would be payable by Dealer pursuant to Section 6 of the Agreement if such Exchange Date were an Early Termination Date resulting from an Additional Termination Event with respect to which the Transaction (except that, for purposes of determining such amount, (x) the Number of Options shall be deemed to be equal to the number of Options exercised on such Exercise Date and (y) such amount payable will be determined as if Section 4.1(c) of the Indenture were deleted) was the sole Affected Transaction and Counterparty was the sole Affected Party (determined without regard to Section 8(c) of this Confirmation). For the avoidance of doubt, if the "Daily Exchange Value" (as defined in the Indenture) for each of the Trading Days occurring in the relevant Exchange Reference Period is less than or equal to USD50, Dealer will have no delivery obligation hereunder in respect of the related Exercise Date.
Notice of Delivery Obligation:	No later than the Exchange Business Day immediately following the last day of the relevant Exchange Reference Period), Counterparty shall give Dealer notice of the final number of Shares and/or cash comprising the relevant Exchangeable Obligation; *provided* that, with respect to any Exercise Date occurring during the Final Exchange Period, Counterparty may provide Dealer with a single notice of the aggregate number of Shares and/or cash comprising the Exchangeable Obligations for all Exercise Dates occurring during such period (it being understood, for the avoidance of doubt, that the requirement of Counterparty to deliver such

	notice shall not limit Counterparty's obligations with respect to Notice of Exercise or Dealer's obligations with respect to Delivery Obligation, each as set forth above, in any way).
Other Applicable Provisions:	To the extent Dealer is obligated to deliver Shares hereunder, the provisions of Sections 9.1(c), 9.8, 9.9, 9.10, 9.11 and 9.12 of the Equity Definitions will be applicable as if "Physical Settlement" applied to the Transaction; *provided* that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws that exist as a result of the fact that Counterparty is a subsidiary of the issuer of the Shares.
Restricted Certificated Shares:	Notwithstanding anything to the contrary in the Equity Definitions, Dealer may, in whole or in part, deliver Shares in certificated form representing the Number of Shares to be Delivered to Counterparty in lieu of delivery through the Clearance System.
Adjustments:	
Method of Adjustment:	Notwithstanding Section 11.2 of the Equity Definitions (which shall not apply for the purposes hereof), upon the occurrence of any event or condition set forth in paragraphs (a), (b), (c), (d) or (e) of Section 4.6 of the Indenture, the Calculation Agent shall make the corresponding adjustment in respect of any one or more of the Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment of the Transaction, to the extent an analogous adjustment is made under the Indenture. Immediately upon the occurrence of any transaction that could reasonably be expected to give rise to an adjustment of the Exchange Rate pursuant to Section 4.6 of the Indenture (such transaction, an "**Adjustment Event**"), Counterparty shall notify the Calculation Agent of such Adjustment Event; and once the adjustments to be made to the terms of the Indenture and the Relevant Exchangeable Notes in respect of such Adjustment Event have been determined, Counterparty shall immediately notify the Calculation Agent in writing of the details of such adjustments.
Extraordinary Events:	
Merger Events:	Notwithstanding Section 12.1(b) of the Equity Definitions (which shall not apply for the purposes hereof), a "Merger Event" means the occurrence of any event or condition set forth in Section 4.11 or Article VII of the Indenture.
Consequences of Merger Events:	Notwithstanding Section 12.2 of the Equity

	Definitions (which shall not apply for the purposes hereof), upon the occurrence of a Merger Event, the Calculation Agent shall make the corresponding adjustment in respect of any adjustment under the Indenture to any one or more of the nature of the Shares, the Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment for the Transaction, to the extent an analogous adjustment is made under the Indenture in respect of such Merger Event; *provided* that such adjustment shall be made without regard to any adjustment to the Exchange Rate for the issuance of additional Shares as set forth in Sections 4.1(c) or 4.9 of the Indenture; and *provided further* that the foregoing shall in no way limit or reduce Dealer's obligations to Counterparty under the section hereof entitled "Delivery Obligation" (including, for the avoidance of doubt, the second proviso thereof).
Notice of Merger Consideration:	Upon the occurrence of a Merger Event that causes the Shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), Counterparty shall reasonably promptly (but in any event prior to the Merger Date) notify the Calculation Agent of (i) the weighted average of the types and amounts of consideration received by the holders of Shares entitled to receive cash, securities or other property or assets with respect to or in exchange for such Shares in any Merger Event who affirmatively make such an election and (ii) the details of the adjustment made under the Indenture in respect of such Merger Event.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination); *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall thereafter be deemed to be the Exchange.
Additional Disruption Events:	
(a) Change in Law:	Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions shall be amended by deleting "(X)" and ", or (Y) it will incur a materially increased cost in performing its obligations under such Transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position)".

(b) Insolvency Filing: Applicable

(c) Hedging Disruption: Not Applicable

(d) Increased Cost of Hedging: Not Applicable

Determining Party: Dealer

Non-Reliance: Applicable

Agreements and Acknowledgments Regarding Hedging Activities: Applicable

Additional Acknowledgments: Applicable

2. Calculation Agent: Dealer. The Calculation Agent will provide Counterparty with reasonable detail concerning its calculations hereunder (including any assumptions used in making such calculations) upon request.

3. Account Details:

Dealer Payment Instructions:

Citibank, N.A., New York
ABA number: 021-000-089
For A/C of: Credit Suisse Capital LLC
Account Number: 30459883

Counterparty Payment Instructions:

To be provided by Counterparty.

4. Offices:

The Office of Dealer for the Transaction is:

Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010

The Office of Counterparty for the Transaction is:

50 North Laura Street, Jacksonville, FL 32202

5. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

To:	Rayonier TRS Holdings Inc. 50 North Laura Street Jacksonville, Florida 32202
Attn:	Carl E. Kraus
Telephone:	(904) 357-9100
Facsimile:	(904) 598-2271
With a copy to:	
Attn:	Michael R. Herman
Facsimile:	(904) 598-2250

(b) Address for notices or communications to Dealer:

To: Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010
Attn: Senior Legal Officer
Telephone: (212) 538-2616
Facsimile: (212) 325-8036

With a copy to:
Credit Suisse Securities (USA) LLC
One Madison Avenue, 8th Floor
New York, New York 10010

For payments and deliveries:
Attn: Debbye Turnbull-Philip
Telephone: (212) 538-3604
Facsimile: (212) 325-8175

For all other communications:
Attn: Equity Derivatives Documentation
Telephone: (212) 538-6040
Facsimile: (917) 326-2660

6. Representations, Warranties and Agreements:

(a) In addition to the representations and warranties in the Agreement and those contained elsewhere herein, Counterparty represents and warrants to and for the benefit of, and agrees with, Dealer as follows:

(i) On the Trade Date, (A) none of Counterparty, Parent and their respective officers and directors is aware of any material nonpublic information regarding Counterparty, Parent or the Shares and (B) all reports and other documents filed by Parent with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents), do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

(ii) On the Trade Date, neither Parent nor any "affiliate" or "affiliated purchaser" (each as defined in Rule 10b-18 of the Exchange Act ("**Rule 10b-18**")) of Parent shall directly or indirectly (including, without limitation, by means of any cash-settled or other derivative instrument other than the Transaction) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any Shares (or an equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable or exercisable for Shares.

(iii) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty and Parent acknowledge that Dealer is not making any representations or warranties with respect to the treatment of the Transaction under any accounting standards including FASB Statements 128, 133 (as amended), 149 or 150, EITF Issue No. 00-19, 01-6 or 03-6 (or any successor issue statements) or under FASB's Liabilities & Equity Project.

(iv) Without limiting the generality of Section 3(a)(iii) of the Agreement, the Transaction will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.

(v) Prior to the Trade Date, Counterparty and Parent shall each deliver to Dealer a resolution of its board of directors authorizing the Transaction and such other certificate or certificates as Dealer shall reasonably request.

(vi) Neither Counterparty nor Parent is entering into this Confirmation to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or to otherwise violate the Exchange Act.

(vii) Neither Counterparty nor Parent is, and after giving effect to the transactions contemplated hereby neither Counterparty nor Parent will be, required to register as, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(viii) On each of the Trade Date, the Premium Payment Date and the Additional Premium Payment Date, if any, Counterparty and Parent is not "insolvent" (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "**Bankruptcy Code**")) and Counterparty and Parent would be able to purchase the Shares hereunder in compliance with the laws of the jurisdiction of its incorporation.

(ix) The representations and warranties of Counterparty and Parent set forth in Section 3 of the Agreement and Section 2 of the Purchase Agreement are true and correct as of the Trade Date, the Effective Date and the Additional Premium Payment Date and are hereby deemed to be repeated to Dealer as if set forth herein.

(b) Each of Dealer and Counterparty agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended.

(c) Each of Dealer and Counterparty acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to Dealer that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment and its investments in and liabilities in respect of the Transaction, which it understands are not readily marketable, are not disproportionate to its net worth, and it is able to bear any loss in connection with the Transaction, including the loss of its entire investment in the Transaction, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act, (iii) it is entering into the Transaction for its own account and without a view to the distribution or resale thereof, (iv) the assignment, transfer or other disposition of the Transaction has not been and will not be registered under the Securities Act and is restricted under this Confirmation, the Securities Act and state securities laws, and (v) its financial condition is such that it has no need for liquidity with respect to its investment in the Transaction and no need to dispose of any portion thereof to satisfy any existing or contemplated undertaking or indebtedness and is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction.

(d) Each of Dealer and Counterparty agrees and acknowledges that Dealer is a "financial institution," "swap participant" and "financial participant" within the meaning of Sections 101(22), 101(53C) and 101(22A) of Title 11 of the United States Code (the "**Bankruptcy Code**"). The parties hereto further agree and acknowledge (A) that this Confirmation is (i) a "securities contract," as such term is defined in Section 741(7) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "settlement payment," as such term is defined in Section 741(8) of the Bankruptcy Code, and (ii) a "swap agreement," as such term is defined in Section 101(53B) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "transfer," as such term is defined in Section 101(54) of the Bankruptcy Code, and (B) that Dealer is entitled to the protections afforded by, among other sections, Sections 362(b)(6), 362(b)(17), 546(e), 546(g), 555 and 560 of the Bankruptcy Code.

(e) Each party acknowledges and agrees to be bound by the Conduct Rules of the National Association of Securities Dealers, Inc. applicable to transactions in options, and further agrees not to violate the position and exercise limits set forth therein.

(f) Counterparty shall deliver to Dealer an opinion of counsel, dated as of the Effective Date and reasonably acceptable to Dealer in form and substance, with respect to the matters set forth in paragraphs (i), (ii) and (iii) (but not with respect to applicable law) of Section 3(a) of the Agreement.

(g) Each party acknowledges and agrees that Dealer (i) is an "OTC derivatives dealer" as such term is defined in the Exchange Act and is an affiliate of Agent and (ii) is not a member of the Securities Investor Protection Corporation.

(h) Dealer represents and warrants to Counterparty that the Transaction evidenced by this Confirmation constitutes a "Financial Transaction" for purposes of the Guarantee dated May 16, 2001 made by Credit Suisse (USA), Inc. (formerly known as Credit Suisse First Boston (USA), Inc.) (the "**Guarantee**") referenced herein as a Credit Support Document in relation to Dealer.

7. [Intentionally Omitted].

8. Other Provisions:

(a) *Right to Extend*. Dealer may postpone any Settlement Date or any other date of valuation or delivery by Dealer, with respect to some or all of the relevant Options (in which event the Calculation Agent shall make appropriate adjustments to the Delivery Obligation), if Dealer determines, in its reasonable discretion, that such extension is reasonably necessary or appropriate to preserve Dealer's hedging or hedge unwind activity hereunder in light of existing liquidity conditions in the cash market or the stock borrow market or other relevant market or to enable Dealer to effect purchases of Shares in connection with its hedging, hedge unwind or settlement activity hereunder in a manner that would, if Dealer were Parent or an affiliated purchaser of Parent, be in compliance with applicable legal, regulatory or self-regulatory requirements, or with related policies and procedures applicable to Dealer.

(b) *Additional Termination Events*. The occurrence of an Amendment Event shall be an Additional Termination Event with respect to which the Transaction is the sole Affected Transaction and Counterparty is the sole Affected Party, and Dealer shall be the party entitled to designate an Early Termination Date pursuant to Section 6(b) of the Agreement.

"**Amendment Event**" means that Counterparty amends, modifies, supplements or obtains a waiver in respect of any term of the Indenture or the Exchangeable Notes governing the principal amount, coupon, maturity, repurchase obligation of Counterparty, redemption right of Counterparty, any term relating to exchange of the Exchangeable Notes (including changes to the exchange price, exchange settlement dates or exchange conditions), or any term that would require consent of the holders of not less than 100% of the principal amount of the Exchangeable Notes to amend, in each case without the prior consent of Dealer.

(c) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events*. If Dealer shall owe Counterparty any amount pursuant to Section 12.2 of the Equity Definitions and "Consequences of Merger Events" above, or Sections 12.3, 12.6, 12.7 or 12.9 of the Equity Definitions (except in the event of a Merger Event, Insolvency, or Nationalization, in which the consideration or proceeds to be paid to holders of Shares consists solely of cash) or pursuant to Section 6(d)(ii) of the Agreement (except in the event of an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party, that resulted from an event or events within Counterparty's control) (a "**Payment Obligation**"), Counterparty shall have the right, in its sole discretion, to require Dealer to satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) by giving irrevocable telephonic notice to Dealer, confirmed in writing within one Scheduled Trading Day, between the hours of 9:00 A.M. and 4:00 P.M. New York City time on the Merger Date, Announcement Date or Early Termination Date, as applicable ("**Notice of Share Termination**"). Upon such Notice of Share Termination, the following provisions shall apply on the Scheduled Trading Day immediately following the Merger Date, Announcement Date or Early Termination Date, as applicable:

Share Termination Alternative:	Applicable and means that Dealer shall deliver to Counterparty the Share Termination Delivery Property on the date on which the Payment

	Obligation would otherwise be due pursuant to Section 12.7 or 12.9 of the Equity Definitions or Section 6(d)(ii) of the Agreement, as applicable (the "**Share Termination Payment Date**"), in satisfaction of the Payment Obligation.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the Payment Obligation divided by the Share Termination Unit Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of the aggregate amount of a security therein with an amount of cash equal to the value of such fractional security based on the values used to calculate the Share Termination Unit Price.
Share Termination Unit Price:	The value of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to Dealer at the time of notification of the Payment Obligation.
Share Termination Delivery Unit:	In the case of a Termination Event, Event of Default or Delisting, one Share or, in the case of an Insolvency, Nationalization or Merger Event, one Share or a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Insolvency, Nationalization or Merger Event. If such Insolvency, Nationalization or Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.
Failure to Deliver:	Applicable
Other applicable provisions:	If Share Termination Alternative is applicable, the provisions of Sections 9.8, 9.9, 9.11 and 9.12 of the Equity Definitions will be applicable as if "Physical Settlement" applied to the Transaction, except that all references to "Shares" shall be read as references to "Share Termination Delivery Units"; *provided* that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws as a result of the fact that Counterparty is the subsidiary of the issuer of any Share Termination Delivery Units (or any part thereof).

(d) *Disposition of Hedge Shares*. Counterparty hereby agrees that if, in the good faith reasonable judgment of Dealer, based on the advice of a nationally recognized outside legal counsel, the Shares acquired by Dealer for the purpose of hedging its obligations pursuant to the Transaction (the "**Hedge Shares**") cannot be sold in the U.S. public market by Dealer without registration under the Securities Act, Counterparty and Parent shall, at Counterparty's election: (i) in order to allow Dealer to sell the Hedge Shares in a registered offering, make available to Dealer an effective registration statement under the Securities Act to cover the resale of such Hedge Shares and (A) enter into an agreement, in form and substance reasonably satisfactory to Dealer, substantially in the form of an underwriting agreement for a registered offering, (B) provide accountant's "comfort" letters in customary form for registered offerings of equity securities, (C) provide disclosure opinions of nationally recognized outside counsel to Counterparty and Parent reasonably acceptable to Dealer, (D) provide other customary opinions, certificates and closing documents customary in form for registered offerings of equity securities and (E) afford Dealer a reasonable opportunity to conduct a "due diligence" investigation with respect to Parent

customary in scope for underwritten offerings of equity securities; *provided*, *however*, that if Dealer, in its sole reasonable discretion, is not satisfied with access to due diligence materials, the results of its due diligence investigation, or the procedures and documentation for the registered offering referred to above, then clause (ii) or clause (iii) of this Section 8(d) shall apply at the election of Counterparty; (ii) in order to allow Dealer to sell the Hedge Shares in a private placement, to enter into a private placement agreement substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance satisfactory to Dealer, including customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Dealer, due diligence rights (for Dealer or any designated buyer of the Hedge Shares from Dealer), opinions and certificates and such other documentation as is customary for private placements agreements, all reasonably acceptable to Dealer (in which case, the Calculation Agent shall make any adjustments to the terms of the Transaction that are necessary, in its reasonable judgment, to compensate Dealer for any discount from the public market price of the Shares incurred on the sale of Hedge Shares in a private placement); or (iii) purchase the Hedge Shares from Dealer at the Daily VWAP on such Exchange Business Days, and in the amounts, requested by Dealer.

(e) *Repurchase Notices*. Counterparty or Parent shall, on any day on which Counterparty or Parent effects any repurchase of Shares, promptly give Dealer a written notice of such repurchase (a "**Repurchase Notice**") on such day if, following such repurchase, the Notice Percentage as determined on such day is (i) greater than 7.0% (or 1.0% lower than any lower percentage that could reasonably be expected to trigger any ownership limitation contained in Parent's articles of incorporation intended to preserve Parent's status as a Real Estate Investment Trust (a "**REIT Ownership Provision**") with respect to Dealer) and (ii) greater by 0.5% than the Notice Percentage included in the immediately preceding Repurchase Notice (or, in the case of the first such Repurchase Notice, greater than the Notice Percentage as of the date hereof). The "**Notice Percentage**" as of any day is the fraction, expressed as a percentage, the numerator of which is the Number of Shares and the denominator of which is the number of Shares outstanding on such day. In the event that Counterparty or Parent fails to provide Dealer with a Repurchase Notice on the day and in the manner specified in this Section 8(e) then Counterparty agrees to indemnify and hold harmless Dealer, its affiliates and their respective directors, officers, employees, agents and controlling persons (Dealer and each such person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities (or actions in respect thereof), joint or several, to which such Indemnified Party may become subject under applicable securities laws, including without limitation, Section 16 of the Exchange Act, relating to or arising out of such failure. If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold harmless any Indemnified Party, then Counterparty shall contribute, to the maximum extent permitted by law, to the amount paid or payable by the Indemnified Party as a result of such loss, claim, damage or liability. In addition, Counterparty will reimburse any Indemnified Party for all expenses (including reasonable counsel fees and expenses) as they are incurred (after notice to Counterparty) in connection with the investigation of, preparation for or defense or settlement of any pending or threatened claim or any action, suit or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto and whether or not such claim, action, suit or proceeding is initiated or brought by or on behalf of Counterparty. This indemnity shall survive the completion of the Transaction contemplated by this Confirmation and any assignment and delegation of the Transaction made pursuant to this Confirmation or the Agreement shall inure to the benefit of any permitted assignee of Dealer.

(f) *Transfer and Assignment*. Either party may transfer any of its rights or obligations under the Transaction with the prior written consent of the non-transferring party, such consent not to be unreasonably withheld. In addition, Dealer may transfer or assign without any consent of Counterparty its rights and obligations hereunder, in whole or in part, to (i) any of its affiliates or (ii) any third party, in each case, with a rating for its long term, unsecured and unsubordinated indebtedness of A or better by Standard & Poor's Ratings Service or its successor ("**S&P**") and A2 or better by Moody's Investors Service or its successor ("**Moody's**"); *provided further* that at any time at which the Equity Percentage exceeds 8.0% (or 1.0% lower than any lower percentage that could reasonably be expected to trigger a REIT Ownership Provision with respect to Dealer) (an "**Excess Ownership Position**"), if Dealer is unable to effect a transfer or assignment to a third party in accordance with the requirements set forth above after using its commercially reasonable efforts on pricing terms reasonably acceptable to Dealer such that an Excess Ownership Position no longer exists, Dealer may designate any Trading Day as an Early Termination Date

with respect to a portion (the "**Terminated Portion**") of the Transaction, such that such Excess Ownership Position no longer exists. In the event that Dealer so designates an Early Termination Date with respect to a portion of the Transaction, a payment or delivery shall be made pursuant to Section 6 of the Agreement and Section 8(c) of this Confirmation as if (i) an Early Termination Date had been designated in respect of a Transaction having terms identical to the Terminated Portion of the Transaction, (ii) Counterparty shall be the sole Affected Party with respect to such partial termination and (iii) such portion of the Transaction shall be the only Terminated Transaction. Notwithstanding the foregoing, Dealer acknowledges that its Equity Percentage on and immediately after the Effective Date may be in excess of 8.0% and Dealer hereby agrees that it will not designate an Early Termination Date due to its initial Equity Percentage arising on and immediately after the Effective Date as a result of entering into the Transaction. The "**Equity Percentage**" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Dealer and any of its affiliates subject to aggregation with Dealer, for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act (collectively, "**Dealer Group**"), beneficially own (within the meaning of Section 13 of the Exchange Act) on such day (or, if larger, Dealer Group's ownership as defined for purposes of any REIT Ownership Provision with respect to Dealer) and (B) the denominator of which is the number of Shares outstanding on such day.

(g) *Staggered Settlement*. Dealer may, by notice to Counterparty prior to any Settlement Date (a "**Nominal Settlement Date**"), elect to deliver the Shares on two or more dates (each, a "**Staggered Settlement Date**") or at two or more times on the Nominal Settlement Date as follows:

(i) in such notice, Dealer will specify to Counterparty the related Staggered Settlement Dates (each of which will be on or prior to the date that follows such Nominal Settlement Date by 20 VWAP Trading Days, but not prior to the relevant Exchange Date) or delivery times and how it will allocate the Shares it is required to deliver under "Delivery Obligation" (above) among the Staggered Settlement Dates or delivery times; and

(ii) the aggregate number of Shares that Dealer will deliver to Counterparty hereunder on all such Staggered Settlement Dates and delivery times will equal the number of Shares that Dealer would otherwise be required to deliver on such Nominal Settlement Date.

(h) *Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Counterparty and its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Counterparty relating to such tax treatment and tax structure.

(i) *Designation by Dealer*. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent of any such performance.

(j) *Equity Rights*. Dealer acknowledges and agrees that this Confirmation is not intended to convey to it rights with respect to the Transaction that are senior to the claims of common stockholders in the event of Counterparty's bankruptcy. For the avoidance of doubt, the parties agree that the preceding sentence shall not apply at any time other than during Counterparty's bankruptcy to any claim arising as a result of a breach by Counterparty of any of its obligations under this Confirmation or the Agreement.

(k) *Early Unwind*. In the event the sale by Counterparty of the Exchangeable Notes is not consummated with the Initial Purchasers pursuant to the Purchase Agreement for any reason by the close of business in New York on October 16, 2007 (or such later date as agreed upon by the parties, which in no event shall be later than October 26, 2007) (October 16, 2007 or such later date being the "**Early Unwind Date**"), the Transaction shall automatically terminate (the "**Early Unwind**"), on the Early Unwind Date and (i) the Transaction and all of the respective rights and obligations of Dealer and Counterparty thereunder shall be cancelled and terminated and (ii) Counterparty shall pay to Dealer, other than in cases involving a breach of the Purchase Agreement by the Initial Purchasers, an amount in cash equal to the aggregate amount of costs and expenses relating to the unwinding of Dealer's hedging activities in respect

of the Transaction (including market losses incurred in reselling any Shares purchased by Dealer or its affiliates in connection with such hedging activities, unless Counterparty agrees to purchase any such Shares at the cost at which Dealer purchased such Shares). Following such termination, cancellation and payment, each party shall be released and discharged by the other party from and agrees not to make any claim against the other party with respect to any obligations or liabilities of either party arising out of and to be performed in connection with the Transaction either prior to or after the Early Unwind Date.

(l) *Netting and Set-off.* Each of Dealer and Counterparty shall not net or set-off its obligations under the Transaction, if any, against its rights against the other party under any other transaction or instrument. Section 6(f) of the Agreement shall not apply.

(m) *Waiver of Trial by Jury*. EACH OF COUNTERPARTY AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF COUNTERPARTY OR ITS AFFILIATES OR DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(n) *Governing Law*. THIS CONFIRMATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO ITS CHOICE OF LAW DOCTRINE).

(o) *Submission to Jurisdiction*. Each party hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding by the other party against it relating to the Transaction to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the Supreme Court of the State of New York, sitting in New York County, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof.

(p) *Counterparts*. This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(q) *Role of Agent.* Credit Suisse Securities (USA) LLC, in its capacity as Agent, will be responsible for (A) effecting this Transaction, (B) issuing all required confirmations and statements to Dealer and Counterparty, (C) maintaining books and records relating to this Transaction in accordance with its standard practices and procedures and in accordance with applicable law and (D) unless otherwise requested by Counterparty, receiving, delivering, and safeguarding Counterparty's funds and any securities in connection with this Transaction, in accordance with its standard practices and procedures and in accordance with applicable law.

(i) Agent is acting in connection with this Transaction solely in its capacity as Agent for Dealer and Counterparty pursuant to instructions from Dealer and Counterparty. Agent shall have no responsibility or personal liability to Dealer or Counterparty arising from any failure by Dealer or Counterparty to pay or perform any obligations hereunder, or to monitor or enforce compliance by Dealer or Counterparty with any obligation hereunder, including, without limitation, any obligations to maintain collateral. Each of Dealer and Counterparty agrees to proceed solely against the other to collect or recover any securities or monies owing to it in connection with or as a result of this Transaction. Agent shall otherwise have no liability in respect of this Transaction hereunder, by guaranty, endorsement or otherwise, except for its gross negligence or willful misconduct in performing its duties as Agent.

(ii) Any and all notices, demands, or communications of any kind relating to this Transaction between Dealer and Counterparty shall be transmitted exclusively through Agent at the following address:

Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010
Attn: Senior Legal Officer
Telephone: (212) 538-2616
Facsimile: (212) 325-8036

With a copy to:
Credit Suisse Securities (USA) LLC
One Madison Avenue, 8th Floor
New York, New York 10010

For payments and deliveries:
Attn: Debbye Turnbull-Philip
Telephone: (212) 538-3604
Facsimile: (212) 325-8175

For all other communications:
Attn: Equity Derivatives Documentation
Telephone: (212) 538-6040
Facsimile: (917) 326-2660

(iii) The date and time of the Transaction evidenced hereby will be furnished by the Agent to Dealer and Counterparty upon written request.

(iv) The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with the Transaction evidenced hereby.

(v) Dealer and Counterparty each represents and agrees (A) that this Transaction is not unsuitable for it in the light of such party's financial situation, investment objectives and needs and (B) that it is entering into this Transaction in reliance upon such tax, accounting, regulatory, legal and financial advice as it deems necessary and not upon any view expressed by the other or the Agent.

9. ISDA Master Agreement:

With respect to the Agreement, Counterparty and Dealer agree as follows:

PART 1
TERMINATION PROVISIONS

(a) **"Specified Entity"** means in relation to Dealer for the purpose of:

Section 5(a)(v) (Default under Specified Transaction) :	Not Applicable
Section 5(a)(vi) (Cross Default):	Not Applicable
Section 5(a)(vii) (Bankruptcy):	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

and in relation to Counterparty for the purpose of:

Section 5(a)(v) (Default under Specified Transaction):	Not Applicable
Section 5(a)(vi) (Cross Default)	Not Applicable
Section 5(a)(vii) (Bankruptcy)	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

(b) **"Specified Transaction"** will have the meaning specified in Section 14.

(c) The **"Cross-Default"** provisions of Section 5(a)(vi) will apply to Dealer and will not apply to Counterparty.

If such provisions apply:

"Specified Indebtedness" will have the meaning specified in Section 14, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business.

"Threshold Amount" means, with respect to Dealer, an amount equal to the greater of (i) three percent (3%) of the shareholders' equity of Credit Suisse (USA), Inc. ("**CS USA**") determined in accordance with generally accepted accounting principles in CS USA's country of incorporation or organization, consistently applied, as at the end of CS USA's most recently completed fiscal year and (ii) USD100,000,000; and with respect to Counterparty, not applicable.

(d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(v) will apply to Dealer and will not apply to Counterparty. The creditworthiness of the resulting, surviving or transferee entity shall not be considered materially weaker than that of Dealer so long as the rating of the long term unsecured and unsubordinated indebtedness of such resulting, surviving or transferee entity is A or better by S&P and A2 or better by Moody's.

(e) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Dealer or Counterparty.

(f) **Force Majeure Event**. Notwithstanding anything to the contrary contained in the Agreement, Section 5(b)(ii) of the Agreement shall not apply and, for the avoidance of doubt, a Force Majeure Event shall not constitute a Termination Event with respect to Counterparty or Dealer.

(g) "**Termination Currency"** means United States Dollars.

(h) **Events of Default.** To the extent that Counterparty has fully satisfied its obligation to pay the Premium (including any additional Premium) under this Transaction to Dealer, the following Events of Default will not apply:

(i) with respect to Counterparty only, Section 5(a)(iii) (Credit Support Default);

(ii) with respect to Counterparty only, Section 5(a)(vii)(2), (5), (6), (7), (8) and (9); and

(iii) with respect to Dealer and Counterparty, Section 5(a)(v) (Default under Specified Transaction).

(i) **Failure to Pay or Deliver Event of Default**. Section 5(a)(i) of the Agreement is hereby amended by changing the word "first" wherever it appears therein to "third".

PART 3
AGREEMENT TO DELIVER DOCUMENTS

For the purpose of Section 4(a)(i) and (ii) of the Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are: none

(b) Other Documents to be delivered are:

PARTY REQUIRED TO DELIVER DOCUMENT	FORM/DOCUMENT/ CERTIFICATE	DATE BY WHICH TO BE DELIVERED	COVERED BY SECTION 3(d) REPRESENTATION
Dealer and Counterparty	Certified copies of all corporate authorizations and any other documents with respect to the execution, delivery and performance of this Confirmation	Effective Date	Yes
Dealer and Counterparty	Certificate of authority and specimen signatures of individuals executing this Confirmation and each Credit Support Document (as applicable)	Effective Date	Yes
Dealer	Guarantee described below	Effective Date	Yes

PART 4
MISCELLANEOUS

(a) **Offices.** The provisions of Section 10(a) will apply to the Agreement.

(b) **Credit Support Document**. Details of any Credit Support Documents:

In relation to Dealer: the Guarantee; and in relation to Counterparty: none.

(c) **Credit Support Provider**. With respect to Dealer, CS USA; and with respect to Counterparty, Not Applicable.

(d) **Fully Paid Transactions.** The condition precedent in Section 2(a)(iii)(1) shall not apply to a payment and delivery owing by a party if the other party shall have satisfied in full all its payment or delivery obligations under Section 2(a)(i) of the Agreement and shall at the relevant time have no future payment or delivery obligations, whether absolute or contingent, under Section 2(a)(i).

Counterparty hereby agrees (a) to check this Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Dealer) correctly sets forth the terms of the agreement between Dealer and Counterparty with respect to the Transaction, by manually signing this Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Credit Suisse Capital LLC, c/o Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, NY 10010-3629, Facsimile No. (212) 325-8036.

Yours faithfully,

CREDIT SUISSE CAPITAL LLC

By: _____
Name:
Title:

CREDIT SUISSE SECURITIES (USA) LLC,
AS AGENT FOR CREDIT SUISSE
CAPITAL LLC

By: _____
Name:
Title:

Agreed and Accepted By:

RAYONIER TRS HOLDINGS INC.

By: _____
Name:
Title:

JPMorgan Chase Bank, National Association
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

October 10, 2007

To: **Rayonier TRS Holdings Inc.**
50 North Laura Street
Jacksonville, FL 32202

Re: Convertible Bond Hedge Transaction

The purpose of this communication (this "**Confirmation**") is to set forth the terms and conditions of the above-referenced transaction entered into on the Trade Date specified below (the "**Transaction**") between JPMorgan Chase Bank, National Association, London Branch ("**Dealer**") and Rayonier TRS Holdings Inc. ("**Counterparty**"). This communication constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

This Confirmation is subject to, and incorporates, the definitions and provisions of the 2000 ISDA Definitions (including the Annex thereto) (the "**2000 Definitions**") and the definitions and provisions of the 2002 ISDA Equity Derivatives Definitions (the "Equity Definitions", and together with the 2000 Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). In the event of any inconsistency between the 2000 Definitions and the Equity Definitions, the Equity Definitions will govern. Certain defined terms used herein have the meanings assigned to them in the Indenture to be dated as of October 16, 2007 among Counterparty, Rayonier Inc. ("**Parent**"), as guarantor, and The Bank of New York Trust Company, N.A., as trustee (the "**Indenture**") relating to the USD250,000,000 principal amount of 3.75% Senior Exchangeable Notes due 2012 (the "**Exchangeable Notes**"). In the event of any inconsistency between the terms defined in the Indenture and this Confirmation, this Confirmation shall govern. For the avoidance of doubt, (i) the Transaction shall be the only transaction under the Agreement and (ii) references herein to sections of the Indenture are based on the draft of the Indenture most recently reviewed by the parties at the time of execution of this Confirmation. If any relevant sections of the Indenture are changed, added or renumbered between the execution of this Confirmation and the execution of the Indenture, the parties will amend this Confirmation in good faith to preserve the economic intent of the parties. The parties further acknowledge that references to the Indenture herein are references to the Indenture as in effect on the date of its execution and if the Indenture is amended following its execution, any such amendment will be disregarded for purposes of this Confirmation unless the parties agree otherwise in writing. The Transaction is subject to early unwind if the closing of the Exchangeable Notes is not consummated for any reason, as set forth below in Section 8(k).

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

This Confirmation evidences a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall be subject to an agreement (the "**Agreement**") in the form of the 2002 ISDA Master Agreement as if Dealer and Counterparty had executed an agreement in such form on the Trade Date (but without any Schedule and with the elections and modifications specified in Section 9 hereof).

All provisions contained in, or incorporated by reference to, the Agreement will govern this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and either the Definitions or the Agreement, this Confirmation shall govern.

1. The Transaction constitutes a Share Option Transaction for purposes of the Equity Definitions. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	October 10, 2007
Effective Date:	October 16, 2007
Option Style:	Modified American, as described under "Procedures for Exercise" below.
Option Type:	Call
Seller:	Dealer
Buyer:	Counterparty
Shares:	The Common Stock of Parent, no par value (Ticker Symbol: "RYN").
Number of Options:	The number of Exchangeable Notes in denominations of USD1,000 principal amount issued by Counterparty on the closing date for the initial issuance of the Exchangeable Notes; *provided* that the Number of Options shall be automatically increased as of the date of exercise by Credit Suisse Securities (USA) LLC, as representative of the Initial Purchasers (as defined in the Purchase Agreement), of their option pursuant to Section 3 of the Purchase Agreement dated as of October 10, 2007 among Counterparty, Parent and Credit Suisse Securities (USA) LLC, as representative of the initial purchasers party thereto (the "**Purchase Agreement**") by the number of Exchangeable Notes in denominations of USD1,000 principal amount issued pursuant to such exercise (such Exchangeable Notes, the "**Additional Exchangeable Notes**"). For the avoidance of doubt, the Number of Options outstanding shall be reduced by each exercise of Options hereunder.
Option Entitlement:	As of any date, a number of Shares per Option equal to the "Exchange Rate" (as defined in the Indenture, but without regard to any adjustments to the Exchange Rate pursuant to Sections 4.1(c) or 4.9 of the Indenture) as of such date; *provided* that the foregoing shall in no way limit or reduce Dealer's obligations to Counterparty under the section hereof entitled "Delivery Obligation" (including, for the avoidance of doubt, the second proviso thereof).
Number of Shares:	The product of the Number of Options, the Option Entitlement and the Applicable Percentage.

Applicable Percentage:	35%
Premium:	USD9,765,000 (Premium per Option USD39.06); *provided* that if the Number of Options is increased pursuant to the proviso to the definition of "Number of Options" above, an additional Premium equal to the product of the number of Options by which the Number of Options is so increased and the Premium per Option shall be paid on the Additional Premium Payment Date.
Premium Payment Date:	The Effective Date
Additional Premium Payment Date:	The closing date for the purchase and sale of the Additional Exchangeable Notes.
Exchange:	The New York Stock Exchange
Related Exchange:	All Exchanges

Procedures for Exercise:

Exercise Date:	Each Exchange Date.
Exchange Date:	Each "Exchange Date" (as defined in the Indenture) occurring during the Exercise Period for Exchangeable Notes (such Exchangeable Notes, each in denominations of USD1,000 principal amount, the "**Relevant Exchangeable Notes**" for such Exchange Date).
Exercise Period:	The period from and including the Effective Date to and including the Expiration Date.
Expiration Date:	The earlier of (i) the last day on which any Exchangeable Notes remain outstanding and (ii) the second "Business Day" (as defined in the Indenture) immediately preceding the "Final Maturity Date" (as defined in the Indenture).
Multiple Exercise:	Applicable, as provided under "Automatic Exercise on Exchange Dates".
Minimum Number of Options:	Zero.
Maximum Number of Options:	Number of Options.
Integral Multiple:	Not Applicable.
Automatic Exercise on Exchange Dates:	Notwithstanding anything to the contrary in the Equity Definitions, on each Exchange Date, a number of Options equal to the number of Relevant Exchangeable Notes for such Exchange Date in denominations of USD1,000 principal amount shall be automatically exercised, subject to "Notice of Exercise" below.
Notice Deadline:	In respect of any exercise of Options hereunder, the "Scheduled Trading Day" (as defined in the Indenture) immediately preceding the first "Trading

Day" (as defined in the Indenture) of the relevant "Exchange Reference Period" (as defined in the Indenture); *provided* that in the case of any exercise of Options hereunder in connection with the exchange of any Relevant Exchangeable Notes for any Exchange Date occurring during the period starting on the 22nd Scheduled Trading Day immediately preceding the Final Maturity Date (the "**Final Exchange Period**"), the Notice Deadline shall be the New York Business Day immediately following such Exchange Date.

Notice of Exercise:

Notwithstanding anything to the contrary in the Equity Definitions, Dealer shall have no obligation to make any payment or delivery in respect of any exercise of Options hereunder unless Counterparty notifies Dealer in writing prior to 5:00 PM, New York City time, on the Notice Deadline in respect of such exercise of (i) the number of Options being exercised on such Exercise Date, (ii) the scheduled settlement date under the Indenture for the Relevant Exchangeable Notes for the related Exchange Date, (iii) the "Cash Percentage" (as defined in the Indenture), if any, for such Relevant Exchangeable Notes, and (iv) the first scheduled Trading Day of the Exchange Reference Period for such Relevant Exchangeable Notes; *provided* that in the case of any exercise of Options hereunder in connection with the exchange of any Relevant Exchangeable Notes for any Exchange Date occurring during the Final Exchange Period, Counterparty shall notify Dealer in writing of the information described in clause (iii) above prior to 5:00 PM, New York City time, on the Scheduled Trading Day immediately preceding the first Trading Day of the relevant Exchange Reference Period and the content of the notice delivered on the Notice Deadline shall be as set forth in clause (i) above. For the avoidance of doubt, if Counterparty fails to give such notice when due in respect of any exercise of Options hereunder, Dealer's obligation to make any payment or delivery in respect of such exercise shall be permanently extinguished, and late notice shall not cure such failure. Counterparty acknowledges its responsibilities under applicable securities laws, and in particular Section 9 and Section 10(b) of the Exchange Act (as defined below) and the rules and regulations thereunder, in respect of any election of a Cash Percentage with respect to the Exchangeable Notes.

Dealer's Telephone Number
and Telex and/or Facsimile Number
and Contact Details for purpose of
Giving Notice:

JPMorgan Chase Bank, National Association
277 Park Avenue, 11th Floor
New York, NY 10172
Attention: Eric Stefanik
Title: Operations Analyst
EDG Corporate Marketing
Telephone No: (212) 622-5814
Facsimile No: (212) 622-8534

Settlement Terms:

Settlement Date:	For any Exercise Date, the settlement date for the Shares and/or cash to be delivered in respect of the Relevant Exchangeable Notes for the relevant Exchange Date under the terms of the Indenture; *provided* that the Settlement Date shall not be prior to the latest of (i) the date one Settlement Cycle following the final day of the Exchange Reference Period for such Relevant Exchangeable Notes, (ii) the Exchange Business Day immediately following the date on which Counterparty gives notice to Dealer of such Settlement Date prior to 5:00 PM, New York City time, and (iii) the Exchange Business Day immediately following the date Counterparty provides the Notice of Delivery Obligation prior to 5:00 PM, New York City time.
Delivery Obligation:	In lieu of the obligations set forth in Sections 8.1 and 9.1 of the Equity Definitions, and subject to "Notice of Exercise" above, in respect of any Exercise Date, Dealer will deliver to Counterparty on the related Settlement Date a number of Shares and/or an amount of cash equal to the product of (x) the Applicable Percentage and (y) the aggregate number of Shares and/or amount of cash, if any, that Counterparty is obligated to deliver to the holder(s) of the Relevant Exchangeable Notes for such Exchange Date pursuant to Sections 4.13(b)(ii) or (d) of the Indenture (except that such aggregate number of Shares shall be determined without taking into consideration any fractional shares pursuant to Section 4.3 of the Indenture and shall be rounded down to the nearest whole number) and cash in lieu of fractional shares, if any, resulting from such rounding (such Shares and/or cash, collectively, the "**Exchangeable Obligation**"); *provided* that the Exchangeable Obligation shall be determined excluding any Shares and/or cash that Counterparty is obligated to deliver to holder(s) of the Relevant Exchangeable Notes as a direct or indirect result of any adjustments to the Exchange Rate pursuant to Sections 4.1(c) or 4.9 of the Indenture and any interest payment that the Counterparty is (or would have been) obligated to deliver to holder(s) of the Relevant Exchangeable Notes for such Exchange Date; and *provided further* that if such exercise relates to the exchange of Relevant Exchangeable Notes in connection with which holders thereof are entitled to receive additional Shares and/or cash pursuant to the

adjustments to the Exchange Rate set forth in Section 4.1(c) of the Indenture, then, notwithstanding the foregoing or anything else to the contrary contained herein, the Delivery Obligation shall include such additional Shares and/or cash, except that the Delivery Obligation shall be capped so that the value of the Delivery Obligation per Option (with the value of any Shares included in the Delivery Obligation determined by the Calculation Agent using the "Daily VWAP" (as defined in the Indenture) on the last day of the relevant Exchange Reference Period) does not exceed the amount as determined by the Calculation Agent that would be payable by Dealer pursuant to Section 6 of the Agreement if such Exchange Date were an Early Termination Date resulting from an Additional Termination Event with respect to which the Transaction (except that, for purposes of determining such amount, (x) the Number of Options shall be deemed to be equal to the number of Options exercised on such Exercise Date and (y) such amount payable will be determined as if Section 4.1(c) of the Indenture were deleted) was the sole Affected Transaction and Counterparty was the sole Affected Party (determined without regard to Section 8(c) of this Confirmation). For the avoidance of doubt, if the "Daily Exchange Value" (as defined in the Indenture) for each of the Trading Days occurring in the relevant Exchange Reference Period is less than or equal to USD50, Dealer will have no delivery obligation hereunder in respect of the related Exercise Date.

Notice of Delivery Obligation:	No later than the Exchange Business Day immediately following the last day of the relevant Exchange Reference Period), Counterparty shall give Dealer notice of the final number of Shares and/or cash comprising the relevant Exchangeable Obligation; *provided* that, with respect to any Exercise Date occurring during the Final Exchange Period, Counterparty may provide Dealer with a single notice of the aggregate number of Shares and/or cash comprising the Exchangeable Obligations for all Exercise Dates occurring during such period (it being understood, for the avoidance of doubt, that the requirement of Counterparty to deliver such notice shall not limit Counterparty's obligations with respect to Notice of Exercise or Dealer's obligations with respect to Delivery Obligation, each as set forth above, in any way).
Other Applicable Provisions:	To the extent Dealer is obligated to deliver Shares hereunder, the provisions of Sections 9.1(c), 9.8, 9.9, 9.10, 9.11 and 9.12 of the Equity Definitions will be applicable as if "Physical Settlement" applied to the Transaction; *provided* that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any

representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws that exist as a result of the fact that Counterparty is a subsidiary of the issuer of the Shares.

Restricted Certificated Shares: Notwithstanding anything to the contrary in the Equity Definitions, Dealer may, in whole or in part, deliver Shares in certificated form representing the Number of Shares to be Delivered to Counterparty in lieu of delivery through the Clearance System.

Adjustments:

Method of Adjustment: Notwithstanding Section 11.2 of the Equity Definitions (which shall not apply for the purposes hereof), upon the occurrence of any event or condition set forth in paragraphs (a), (b), (c), (d) or (e) of Section 4.6 of the Indenture, the Calculation Agent shall make the corresponding adjustment in respect of any one or more of the Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment of the Transaction, to the extent an analogous adjustment is made under the Indenture. Immediately upon the occurrence of any transaction that could reasonably be expected to give rise to an adjustment of the Exchange Rate pursuant to Section 4.6 of the Indenture (such transaction, an "**Adjustment Event**"), Counterparty shall notify the Calculation Agent of such Adjustment Event; and once the adjustments to be made to the terms of the Indenture and the Relevant Exchangeable Notes in respect of such Adjustment Event have been determined, Counterparty shall immediately notify the Calculation Agent in writing of the details of such adjustments.

Extraordinary Events:

Merger Events: Notwithstanding Section 12.1(b) of the Equity Definitions (which shall not apply for the purposes hereof), a "Merger Event" means the occurrence of any event or condition set forth in Section 4.11 or Article VII of the Indenture.

Consequences of Merger Events: Notwithstanding Section 12.2 of the Equity Definitions (which shall not apply for the purposes hereof), upon the occurrence of a Merger Event, the Calculation Agent shall make the corresponding adjustment in respect of any adjustment under the Indenture to any one or more of the nature of the Shares, the Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment for the Transaction, to the extent an analogous adjustment is made under the Indenture in respect of such Merger Event; *provided* that such adjustment shall be made without regard to any adjustment to the Exchange Rate for the

	issuance of additional Shares as set forth in Sections 4.1(c) or 4.9 of the Indenture; and *provided further* that the foregoing shall in no way limit or reduce Dealer's obligations to Counterparty under the section hereof entitled "Delivery Obligation" (including, for the avoidance of doubt, the second proviso thereof).
Notice of Merger Consideration:	Upon the occurrence of a Merger Event that causes the Shares to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), Counterparty shall reasonably promptly (but in any event prior to the Merger Date) notify the Calculation Agent of (i) the weighted average of the types and amounts of consideration received by the holders of Shares entitled to receive cash, securities or other property or assets with respect to or in exchange for such Shares in any Merger Event who affirmatively make such an election and (ii) the details of the adjustment made under the Indenture in respect of such Merger Event.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination); *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall thereafter be deemed to be the Exchange.
Additional Disruption Events:	
(a) Change in Law:	Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions shall be amended by deleting "(X)" and ", or (Y) it will incur a materially increased cost in performing its obligations under such Transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position)".
(b) Insolvency Filing:	Applicable
(c) Hedging Disruption:	Not Applicable
(d) Increased Cost of Hedging:	Not Applicable
Determining Party:	Dealer
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable

Additional Acknowledgments: Applicable

2. Calculation Agent: Dealer. The Calculation Agent will provide Counterparty with reasonable detail concerning its calculations hereunder (including any assumptions used in making such calculations) upon request.

3. Account Details:

Dealer Payment Instructions:

JPMorgan Chase Bank, National Association, New York
ABA: 021 000 021
Favour: JPMorgan Chase Bank, National Association – London
A/C: 0010962009 CHASUS33

Account for delivery of Shares:

DTC 0060

Counterparty Payment Instructions:

To be provided by Counterparty.

4. Offices:

The Office of Dealer for the Transaction is:

JPMorgan Chase Bank, National Association
London Branch
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

The Office of Counterparty for the Transaction is:

50 North Laura Street, Jacksonville, FL 32202

5. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

To:	Rayonier TRS Holdings Inc. 50 North Laura Street Jacksonville, Florida 32202
Attn:	Carl E. Kraus
Telephone:	(904) 357-9100
Facsimile:	(904) 598-2271
With a copy to:	
Attn:	Michael R. Herman
Facsimile:	(904) 598-2250

(b) Address for notices or communications to Dealer:

JPMorgan Chase Bank, National Association
277 Park Avenue, 11th Floor
New York, NY 10172
Attention: Eric Stefanik
Title: Operations Analyst
EDG Corporate Marketing
Telephone No: (212) 622-5814
Facsimile No: (212) 622-8534

6. Representations, Warranties and Agreements:

(a) In addition to the representations and warranties in the Agreement and those contained elsewhere herein, Counterparty represents and warrants to and for the benefit of, and agrees with, Dealer as follows:

(i) On the Trade Date, (A) none of Counterparty, Parent and their respective officers and directors is aware of any material nonpublic information regarding Counterparty, Parent or the Shares and (B) all reports and other documents filed by Parent with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents), do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

(ii) On the Trade Date, neither Parent nor any "affiliate" or "affiliated purchaser" (each as defined in Rule 10b-18 of the Exchange Act ("**Rule 10b-18**")) of Parent shall directly or indirectly (including, without limitation, by means of any cash-settled or other derivative instrument other than the Transaction) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any Shares (or an equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable or exercisable for Shares.

(iii) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty and Parent acknowledge that Dealer is not making any representations or warranties with respect to the treatment of the Transaction under any accounting standards including FASB Statements 128, 133 (as amended), 149 or 150, EITF Issue No. 00-19, 01-6 or 03-6 (or any successor issue statements) or under FASB's Liabilities & Equity Project.

(iv) Without limiting the generality of Section 3(a)(iii) of the Agreement, the Transaction will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.

(v) Prior to the Trade Date, Counterparty and Parent shall each deliver to Dealer a resolution of its board of directors authorizing the Transaction and such other certificate or certificates as Dealer shall reasonably request.

(vi) Neither Counterparty nor Parent is entering into this Confirmation to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or to otherwise violate the Exchange Act.

(vii) Neither Counterparty nor Parent is, and after giving effect to the transactions contemplated hereby neither Counterparty nor Parent will be, required to register as, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(viii) On each of the Trade Date, the Premium Payment Date and the Additional Premium Payment Date, if any, Counterparty and Parent is not "insolvent" (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "**Bankruptcy Code**")) and Counterparty and Parent would be able to purchase the Shares hereunder in compliance with the laws of the jurisdiction of its incorporation.

(ix) The representations and warranties of Counterparty and Parent set forth in Section 3 of the Agreement and Section 2 of the Purchase Agreement are true and correct as of the Trade Date, the Effective Date and the Additional Premium Payment Date and are hereby deemed to be repeated to Dealer as if set forth herein.

(b) Each of Dealer and Counterparty agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended.

(c) Each of Dealer and Counterparty acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to Dealer that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment and its investments in and liabilities in respect of the Transaction, which it understands are not readily marketable, are not disproportionate to its net worth, and it is able to bear any loss in connection with the Transaction, including the loss of its entire investment in the Transaction, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act, (iii) it is entering into the Transaction for its own account and without a view to the distribution or resale thereof, (iv) the assignment, transfer or other disposition of the Transaction has not been and will not be registered under the Securities Act and is restricted under this Confirmation, the Securities Act and state securities laws, and (v) its financial condition is such that it has no need for liquidity with respect to its investment in the Transaction and no need to dispose of any portion thereof to satisfy any existing or contemplated undertaking or indebtedness and is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction.

(d) Each of Dealer and Counterparty agrees and acknowledges that Dealer is a "financial institution," "swap participant" and "financial participant" within the meaning of Sections 101(22), 101(53C) and 101(22A) of Title 11 of the United States Code (the "**Bankruptcy Code**"). The parties hereto further agree and acknowledge (A) that this Confirmation is (i) a "securities contract," as such term is defined in Section 741(7) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "settlement payment," as such term is defined in Section 741(8) of the Bankruptcy Code, and (ii) a "swap agreement," as such term is defined in Section 101(53B) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "transfer," as such term is defined in Section 101(54) of the Bankruptcy Code, and (B) that Dealer is entitled to the protections afforded by, among other sections, Sections 362(b)(6), 362(b)(17), 546(e), 546(g), 555 and 560 of the Bankruptcy Code.

(e) Counterparty shall deliver to Dealer an opinion of counsel, dated as of the Effective Date and reasonably acceptable to Dealer in form and substance, with respect to the matters set forth in paragraphs (i), (ii) and (iii) (but not with respect to applicable law) of Section 3(a) of the Agreement.

7. [Intentionally Omitted].

8. Other Provisions:

(a) *Right to Extend*. Dealer may postpone any Settlement Date or any other date of valuation or delivery by Dealer, with respect to some or all of the relevant Options (in which event the Calculation Agent shall make appropriate adjustments to the Delivery Obligation), if Dealer determines, in its reasonable discretion, that such extension is reasonably necessary or appropriate to preserve Dealer's hedging or hedge unwind activity hereunder in light of existing liquidity conditions in the cash market or the stock borrow market or other relevant market or to enable Dealer to effect purchases of Shares in connection with its hedging, hedge unwind or settlement activity hereunder in a manner that would, if Dealer were Parent or an affiliated purchaser of Parent, be in compliance with applicable legal, regulatory or self-regulatory requirements, or with related policies and procedures applicable to Dealer.

(b) *Additional Termination Events*. The occurrence of an Amendment Event shall be an Additional Termination Event with respect to which the Transaction is the sole Affected Transaction and Counterparty is the sole Affected Party, and Dealer shall be the party entitled to designate an Early Termination Date pursuant to Section 6(b) of the Agreement.

"**Amendment Event**" means that Counterparty amends, modifies, supplements or obtains a waiver in respect of any term of the Indenture or the Exchangeable Notes governing the principal amount, coupon, maturity, repurchase obligation of Counterparty, redemption right of Counterparty, any term relating to exchange of the Exchangeable Notes (including changes to the exchange price, exchange

settlement dates or exchange conditions), or any term that would require consent of the holders of not less than 100% of the principal amount of the Exchangeable Notes to amend, in each case without the prior consent of Dealer.

(c) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events*. If Dealer shall owe Counterparty any amount pursuant to Section 12.2 of the Equity Definitions and "Consequences of Merger Events" above, or Sections 12.3, 12.6, 12.7 or 12.9 of the Equity Definitions (except in the event of a Merger Event, Insolvency, or Nationalization, in which the consideration or proceeds to be paid to holders of Shares consists solely of cash) or pursuant to Section 6(d)(ii) of the Agreement (except in the event of an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party, that resulted from an event or events within Counterparty's control) (a "**Payment Obligation**"), Counterparty shall have the right, in its sole discretion, to require Dealer to satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) by giving irrevocable telephonic notice to Dealer, confirmed in writing within one Scheduled Trading Day, between the hours of 9:00 A.M. and 4:00 P.M. New York City time on the Merger Date, Announcement Date or Early Termination Date, as applicable ("**Notice of Share Termination**"). Upon such Notice of Share Termination, the following provisions shall apply on the Scheduled Trading Day immediately following the Merger Date, Announcement Date or Early Termination Date, as applicable:

Share Termination Alternative:	Applicable and means that Dealer shall deliver to Counterparty the Share Termination Delivery Property on the date on which the Payment Obligation would otherwise be due pursuant to Section 12.7 or 12.9 of the Equity Definitions or Section 6(d)(ii) of the Agreement, as applicable (the "**Share Termination Payment Date**"), in satisfaction of the Payment Obligation.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the Payment Obligation divided by the Share Termination Unit Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of the aggregate amount of a security therein with an amount of cash equal to the value of such fractional security based on the values used to calculate the Share Termination Unit Price.
Share Termination Unit Price:	The value of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to Dealer at the time of notification of the Payment Obligation.
Share Termination Delivery Unit:	In the case of a Termination Event, Event of Default or Delisting, one Share or, in the case of an Insolvency, Nationalization or Merger Event, one Share or a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Insolvency, Nationalization or Merger Event. If such Insolvency, Nationalization or Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.
Failure to Deliver:	Applicable
Other applicable provisions:	If Share Termination Alternative is applicable, the provisions of Sections 9.8, 9.9, 9.11 and 9.12 of the Equity Definitions will be applicable as if "Physical Settlement" applied to the Transaction,

except that all references to "Shares" shall be read as references to "Share Termination Delivery Units"; *provided* that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws as a result of the fact that Counterparty is the subsidiary of the issuer of any Share Termination Delivery Units (or any part thereof).

(d) *Disposition of Hedge Shares*. Counterparty hereby agrees that if, in the good faith reasonable judgment of Dealer, based on the advice of a nationally recognized outside legal counsel, the Shares acquired by Dealer for the purpose of hedging its obligations pursuant to the Transaction (the "**Hedge Shares**") cannot be sold in the U.S. public market by Dealer without registration under the Securities Act, Counterparty and Parent shall, at Counterparty's election: (i) in order to allow Dealer to sell the Hedge Shares in a registered offering, make available to Dealer an effective registration statement under the Securities Act to cover the resale of such Hedge Shares and (A) enter into an agreement, in form and substance reasonably satisfactory to Dealer, substantially in the form of an underwriting agreement for a registered offering, (B) provide accountant's "comfort" letters in customary form for registered offerings of equity securities, (C) provide disclosure opinions of nationally recognized outside counsel to Counterparty and Parent reasonably acceptable to Dealer, (D) provide other customary opinions, certificates and closing documents customary in form for registered offerings of equity securities and (E) afford Dealer a reasonable opportunity to conduct a "due diligence" investigation with respect to Parent customary in scope for underwritten offerings of equity securities; *provided*, *however*, that if Dealer, in its sole reasonable discretion, is not satisfied with access to due diligence materials, the results of its due diligence investigation, or the procedures and documentation for the registered offering referred to above, then clause (ii) or clause (iii) of this Section 8(d) shall apply at the election of Counterparty; (ii) in order to allow Dealer to sell the Hedge Shares in a private placement, to enter into a private placement agreement substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance satisfactory to Dealer, including customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Dealer, due diligence rights (for Dealer or any designated buyer of the Hedge Shares from Dealer), opinions and certificates and such other documentation as is customary for private placements agreements, all reasonably acceptable to Dealer (in which case, the Calculation Agent shall make any adjustments to the terms of the Transaction that are necessary, in its reasonable judgment, to compensate Dealer for any discount from the public market price of the Shares incurred on the sale of Hedge Shares in a private placement); or (iii) purchase the Hedge Shares from Dealer at the Daily VWAP on such Exchange Business Days, and in the amounts, requested by Dealer.

(e) *Repurchase Notices*. Counterparty or Parent shall, on any day on which Counterparty or Parent effects any repurchase of Shares, promptly give Dealer a written notice of such repurchase (a "**Repurchase Notice**") on such day if, following such repurchase, the Notice Percentage as determined on such day is (i) greater than 7.0% (or 1.0% lower than any lower percentage that could reasonably be expected to trigger any ownership limitation contained in Parent's articles of incorporation intended to preserve Parent's status as a Real Estate Investment Trust (a "**REIT Ownership Provision**") with respect to Dealer) and (ii) greater by 0.5% than the Notice Percentage included in the immediately preceding Repurchase Notice (or, in the case of the first such Repurchase Notice, greater than the Notice Percentage as of the date hereof). The "**Notice Percentage**" as of any day is the fraction, expressed as a percentage, the numerator of which is the Number of Shares and the denominator of which is the number of Shares outstanding on such day. In the event that Counterparty or Parent fails to provide Dealer with a Repurchase Notice on the day and in the manner specified in this Section 8(e) then Counterparty agrees to indemnify and hold harmless Dealer, its affiliates and their respective directors, officers, employees, agents and controlling persons (Dealer and each such person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities (or actions in respect thereof), joint or several, to which such Indemnified Party may become subject under applicable securities laws, including without limitation, Section 16 of the Exchange Act, relating to or arising out of such failure. If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold harmless any Indemnified Party, then Counterparty shall contribute, to the maximum extent permitted by law, to the amount paid or

payable by the Indemnified Party as a result of such loss, claim, damage or liability. In addition, Counterparty will reimburse any Indemnified Party for all expenses (including reasonable counsel fees and expenses) as they are incurred (after notice to Counterparty) in connection with the investigation of, preparation for or defense or settlement of any pending or threatened claim or any action, suit or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto and whether or not such claim, action, suit or proceeding is initiated or brought by or on behalf of Counterparty. This indemnity shall survive the completion of the Transaction contemplated by this Confirmation and any assignment and delegation of the Transaction made pursuant to this Confirmation or the Agreement shall inure to the benefit of any permitted assignee of Dealer.

(f) *Transfer and Assignment*. Either party may transfer any of its rights or obligations under the Transaction with the prior written consent of the non-transferring party, such consent not to be unreasonably withheld. In addition, Dealer may transfer or assign without any consent of Counterparty its rights and obligations hereunder, in whole or in part, to (i) any of its affiliates or (ii) any third party, in each case, with a rating for its long term, unsecured and unsubordinated indebtedness of A or better by Standard & Poor's Ratings Service or its successor ("**S&P**") and A2 or better by Moody's Investors Service or its successor ("**Moody's**"); *provided further* that at any time at which the Equity Percentage exceeds 8.0% (or 1.0% lower than any lower percentage that could reasonably be expected to trigger a REIT Ownership Provision with respect to Dealer) (an "**Excess Ownership Position**"), if Dealer is unable to effect a transfer or assignment to a third party in accordance with the requirements set forth above after using its commercially reasonable efforts on pricing terms reasonably acceptable to Dealer such that an Excess Ownership Position no longer exists, Dealer may designate any Trading Day as an Early Termination Date with respect to a portion (the "**Terminated Portion**") of the Transaction, such that such Excess Ownership Position no longer exists. In the event that Dealer so designates an Early Termination Date with respect to a portion of the Transaction, a payment or delivery shall be made pursuant to Section 6 of the Agreement and Section 8(c) of this Confirmation as if (i) an Early Termination Date had been designated in respect of a Transaction having terms identical to the Terminated Portion of the Transaction, (ii) Counterparty shall be the sole Affected Party with respect to such partial termination and (iii) such portion of the Transaction shall be the only Terminated Transaction. Notwithstanding the foregoing, Dealer acknowledges that its Equity Percentage on and immediately after the Effective Date may be in excess of 8.0% and Dealer hereby agrees that it will not designate an Early Termination Date due to its initial Equity Percentage arising on and immediately after the Effective Date as a result of entering into the Transaction. The "**Equity Percentage**" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Dealer and any of its affiliates subject to aggregation with Dealer, for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act (collectively, "**Dealer Group**"), beneficially own (within the meaning of Section 13 of the Exchange Act) on such day (or, if larger, Dealer Group's ownership as defined for purposes of any REIT Ownership Provision with respect to Dealer) and (B) the denominator of which is the number of Shares outstanding on such day.

(g) *Staggered Settlement*. Dealer may, by notice to Counterparty prior to any Settlement Date (a "**Nominal Settlement Date**"), elect to deliver the Shares on two or more dates (each, a "**Staggered Settlement Date**") or at two or more times on the Nominal Settlement Date as follows:

(i) in such notice, Dealer will specify to Counterparty the related Staggered Settlement Dates (each of which will be on or prior to the date that follows such Nominal Settlement Date by 20 VWAP Trading Days, but not prior to the relevant Exchange Date) or delivery times and how it will allocate the Shares it is required to deliver under "Delivery Obligation" (above) among the Staggered Settlement Dates or delivery times; and

(ii) the aggregate number of Shares that Dealer will deliver to Counterparty hereunder on all such Staggered Settlement Dates and delivery times will equal the number of Shares that Dealer would otherwise be required to deliver on such Nominal Settlement Date.

(h) *Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Counterparty and its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Counterparty relating to such tax treatment and tax structure.

(i) *Designation by Dealer*. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent of any such performance.

(j) *Equity Rights*. Dealer acknowledges and agrees that this Confirmation is not intended to convey to it rights with respect to the Transaction that are senior to the claims of common stockholders in the event of Counterparty's bankruptcy. For the avoidance of doubt, the parties agree that the preceding sentence shall not apply at any time other than during Counterparty's bankruptcy to any claim arising as a result of a breach by Counterparty of any of its obligations under this Confirmation or the Agreement.

(k) *Early Unwind*. In the event the sale by Counterparty of the Exchangeable Notes is not consummated with the Initial Purchasers pursuant to the Purchase Agreement for any reason by the close of business in New York on October 16, 2007 (or such later date as agreed upon by the parties, which in no event shall be later than October 26, 2007) (October 16, 2007 or such later date being the "**Early Unwind Date**"), the Transaction shall automatically terminate (the "**Early Unwind**"), on the Early Unwind Date and (i) the Transaction and all of the respective rights and obligations of Dealer and Counterparty thereunder shall be cancelled and terminated and (ii) Counterparty shall pay to Dealer, other than in cases involving a breach of the Purchase Agreement by the Initial Purchasers, an amount in cash equal to the aggregate amount of costs and expenses relating to the unwinding of Dealer's hedging activities in respect of the Transaction (including market losses incurred in reselling any Shares purchased by Dealer or its affiliates in connection with such hedging activities, unless Counterparty agrees to purchase any such Shares at the cost at which Dealer purchased such Shares). Following such termination, cancellation and payment, each party shall be released and discharged by the other party from and agrees not to make any claim against the other party with respect to any obligations or liabilities of either party arising out of and to be performed in connection with the Transaction either prior to or after the Early Unwind Date.

(l) *Netting and Set-off.* Each of Dealer and Counterparty shall not net or set-off its obligations under the Transaction, if any, against its rights against the other party under any other transaction or instrument. Section 6(f) of the Agreement shall not apply.

(m) *Waiver of Trial by Jury*. EACH OF COUNTERPARTY AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF COUNTERPARTY OR ITS AFFILIATES OR DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(n) *Governing Law*. THIS CONFIRMATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO ITS CHOICE OF LAW DOCTRINE).

(o) *Submission to Jurisdiction*. Each party hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding by the other party against it relating to the Transaction to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the Supreme Court of the State of New York, sitting in New York County, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof.

(p) *Counterparts*. This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(q) *Role of Agent*. Each party agrees and acknowledges that (i) J.P. Morgan Securities Inc., an affiliate of Dealer ("**JPMSI**"), has acted solely as agent and not as principal with respect to the Transaction and (ii) JPMSI has no obligation or liability, by way of guaranty, endorsement or otherwise, in any manner in respect of the Transaction (including, if applicable, in respect of the settlement thereof). Each party agrees it will look solely to the other party (or any guarantor in respect thereof) for performance of such other party's obligations under the Transaction.

9. ISDA Master Agreement:

With respect to the Agreement, Counterparty and Dealer agree as follows:

PART 1
TERMINATION PROVISIONS

(a) **"Specified Entity"** means in relation to Dealer for the purpose of:

Section 5(a)(v) (Default under Specified Transaction) :	Not Applicable
Section 5(a)(vi) (Cross Default):	Not Applicable
Section 5(a)(vii) (Bankruptcy):	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

and in relation to Counterparty for the purpose of:

Section 5(a)(v) (Default under Specified Transaction) :	Not Applicable
Section 5(a)(vi) (Cross Default)	Not Applicable
Section 5(a)(vii) (Bankruptcy)	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

(b) **"Specified Transaction"** will have the meaning specified in Section 14.

(c) The **"Cross-Default"** provisions of Section 5(a)(vi) will apply to Dealer and will not apply to Counterparty.

If such provisions apply:

"Specified Indebtedness" will have the meaning specified in Section 14, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business.

"Threshold Amount" means, with respect to Dealer, an amount equal to the greater of (i) three percent (3%) of the shareholders' equity of Dealer determined in accordance with generally accepted accounting principles in Dealer's country of incorporation or organization, consistently applied, as at the end of Dealer's most recently completed fiscal year and (ii) USD100,000,000; and with respect to Counterparty, not applicable.

(d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(v) will apply to Dealer and will not apply to Counterparty. The creditworthiness of the resulting, surviving or transferee entity shall not be considered materially weaker than that of Dealer so long as the rating of the long term unsecured and unsubordinated indebtedness of such resulting, surviving or transferee entity is A or better by S&P and A2 or better by Moody's.

(e) The **"Automatic Early Termination"** provision of Section 6(a) will not apply to Dealer or Counterparty.

(f) **Force Majeure Event**. Notwithstanding anything to the contrary contained in the Agreement, Section 5(b)(ii) of the Agreement shall not apply and, for the avoidance of doubt, a Force Majeure Event shall not constitute a Termination Event with respect to Counterparty or Dealer.

(g) "**Termination Currency"** means United States Dollars.

(h) **Events of Default.** To the extent that Counterparty has fully satisfied its obligation to pay the Premium (including any additional Premium) under this Transaction to Dealer, the following Events of Default will not apply:

(i) with respect to Counterparty only, Section 5(a)(iii) (Credit Support Default);

(ii) with respect to Counterparty only, Section 5(a)(vii)(2), (5), (6), (7), (8) and (9); and

(iii) with respect to Dealer and Counterparty, Section 5(a)(v) (Default under Specified Transaction).

(i) **Failure to Pay or Deliver Event of Default**. Section 5(a)(i) of the Agreement is hereby amended by changing the word "first" wherever it appears therein to "third".

PART 3
AGREEMENT TO DELIVER DOCUMENTS

For the purpose of Section 4(a)(i) and (ii) of the Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are: none

(b) Other Documents to be delivered are:

PARTY REQUIRED TO DELIVER DOCUMENT	FORM/DOCUMENT/ CERTIFICATE	DATE BY WHICH TO BE DELIVERED	COVERED BY SECTION 3(d) REPRESENTATION
Counterparty	Certified copies of all corporate authorizations and any other documents with respect to the execution, delivery and performance of this Confirmation	Effective Date	Yes
Dealer and Counterparty	Certificate of authority and specimen signatures of individuals executing this Confirmation	Effective Date	Yes

PART 4
MISCELLANEOUS

(a) **Offices.** The provisions of Section 10(a) will apply to the Agreement.

(b) **Fully Paid Transactions.** The condition precedent in Section 2(a)(iii)(1) shall not apply to a payment and delivery owing by a party if the other party shall have satisfied in full all its payment or delivery obligations under Section 2(a)(i) of the Agreement and shall at the relevant time have no future payment or delivery obligations, whether absolute or contingent, under Section 2(a)(i).

Counterparty hereby agrees (a) to check this Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Dealer) correctly sets forth the terms of the agreement between Dealer and Counterparty with respect to the Transaction, by manually signing this Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to EDG Confirmation Group, J.P. Morgan Securities Inc., 277 Park Avenue, 11th Floor, New York, NY 10172-3401, or by fax to (212) 622 8519.

Yours faithfully,

J.P. Morgan Securities Inc., as agent for
JPMorgan Chase Bank, National Association

By: _____
Authorized Signatory
Name:

Agreed and Accepted By:

RAYONIER TRS HOLDINGS INC.

By: _____
Name:
Title:

EXHIBIT 4.6

Opening Transaction

To: Rayonier Inc.
50 North Laura Street
Jacksonville, FL 32202

From: Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010

Re: Issuer Warrant Transaction

Ref. No: **40114194**

Date: October 10, 2007

Dear Sir(s):

The purpose of this communication (this "**Confirmation**") is to set forth the terms and conditions of the above-referenced transaction entered into on the Trade Date specified below (the "**Transaction**") between Credit Suisse Capital LLC ("**Dealer**") represented by Credit Suisse Securities (USA) LLC, as its agent, ("**Agent**") and Rayonier Inc. ("**Issuer**"). This communication constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. This Confirmation is subject to, and incorporates, the definitions and provisions of the 2000 ISDA Definitions (including the Annex thereto) (the "**2000 Definitions**") and the definitions and provisions of the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**", and together with the 2000 Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). In the event of any inconsistency between the 2000 Definitions and the Equity Definitions, the Equity Definitions will govern. For purposes of the Equity Definitions, each reference herein to a Warrant shall be deemed to be a reference to a Call Option or an Option, as context requires.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

This Confirmation evidences a complete and binding agreement between Dealer and Issuer as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall be subject to an agreement (the "**Agreement**") in the form of the 2002 ISDA Master Agreement as if Dealer and Issuer had executed an agreement in such form on the Trade Date (but without any Schedule and with the elections and modifications specified in Section 9 hereof).

All provisions contained in, or incorporated by reference to, the Agreement will govern this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and either the Definitions or the Agreement, this Confirmation shall govern.

2. The Transaction is a Warrant Transaction, which shall be considered a Share Option Transaction for purposes of the Equity Definitions. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	October 10, 2007
Effective Date:	October 16, 2007, or such other date as agreed between the parties, subject to Section 8(k) below
Components:	The Transaction will be divided into individual Components, each with the terms set forth in this Confirmation, and, in particular, with the Number of Warrants and Expiration Date set forth in this Confirmation. The payments and deliveries to be made upon settlement of the Transaction will be determined separately for each Component as if each Component were a separate Transaction under the Agreement.
Warrant Style:	European
Warrant Type:	Call
Seller:	Issuer
Buyer:	Dealer
Shares:	The Common Stock of Issuer, no par value (Ticker Symbol: “RYN”).
Number of Warrants:	For each Component, as provided in Annex A to this Confirmation.
Warrant Entitlement:	One Share per Warrant
Strike Price:	USD62.9020
Premium:	USD11,196,250 (Premium per Warrant USD3.7767)
Premium Payment Date:	The Effective Date
Exchange:	The New York Stock Exchange
Related Exchange:	All Exchanges

Procedures for Exercise:

In respect of any Component:

Expiration Time:	Valuation Time
Expiration Date:	As provided in Annex A to this Confirmation (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day that is not already an Expiration Date for another Component); *provided* that if that date is a Disrupted Day, the Expiration Date for such Component shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day and is not or is not deemed to be an Expiration Date in respect of any other Component of the Transaction hereunder; and *provided further* that if the Expiration Date has not occurred pursuant to

	the preceding proviso as of the Final Disruption Date, the Final Disruption Date shall be the Expiration Date (irrespective of whether such date is an Expiration Date in respect of any other Component for the Transaction). "**Final Disruption Date**" means April 9, 2013. Notwithstanding the foregoing and anything to the contrary in the Equity Definitions, if a Market Disruption Event occurs on any Expiration Date, the Calculation Agent may determine that such Expiration Date is a Disrupted Day only in part, in which case the Calculation Agent shall make adjustments to the number of Warrants for the relevant Component for which such day shall be the Expiration Date and shall designate the Scheduled Trading Day determined in the manner described in the immediately preceding sentence as the Expiration Date for the remaining Warrants for such Component. Section 6.6 of the Equity Definitions shall not apply to any Valuation Date occurring on an Expiration Date.
Market Disruption Event:	Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words "during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be," in clause (ii) thereof.
Automatic Exercise:	Applicable; and means that the Number of Warrants for the corresponding Expiration Date will be deemed to be automatically exercised at the Expiration Time on such Expiration Date unless Buyer notifies Seller (by telephone or in writing) prior to the Expiration Time on such Expiration Date that it does not wish Automatic Exercise to occur, in which case Automatic Exercise will not apply to such Expiration Date.
Issuer's Telephone Number and Telex and/or Facsimile Number and Contact Details for purpose of Giving Notice:	Attn: Carl Kraus Telephone: (904) 357-9100 Facsimile: (904) 598-2271 With a copy to: Attn: Michael R. Herman Facsimile: (904) 598-2250
Settlement Terms:	
In respect of any Component:	
Settlement Currency:	USD
Net Share Settlement:	On each Settlement Date, Issuer shall deliver to Dealer a number of Shares equal to the Number of Shares to be Delivered for such Settlement Date to

	the account specified by Dealer and cash in lieu of any fractional Shares valued at the Relevant Price on the Valuation Date corresponding to such Settlement Date. If, in the reasonable judgment of Dealer, for any reason, the Shares deliverable upon Net Share Settlement would not be immediately freely transferable by Dealer under Rule 144(k) under the Securities Act of 1933, as amended (the "**Securities Act**"), then Dealer may elect to either (x) accept delivery of such Shares notwithstanding any restriction on transfer or (y) have the provisions set forth in Section 8(b) below apply. The Number of Shares to be Delivered shall be delivered by Issuer to Dealer no later than 12:00 noon (local time in New York City) on the relevant Settlement Date.
Number of Shares to be Delivered:	In respect of any Exercise Date, subject to the last sentence of Section 9.5 of the Equity Definitions, the product of (i) the number of Warrants exercised or deemed exercised on such Exercise Date, (ii) the Warrant Entitlement and (iii) (A) the excess of the VWAP Price on the Valuation Date occurring on such Exercise Date over the Strike Price (or, if no such excess, zero) *divided by* (B) such VWAP Price.
VWAP Price:	For any Valuation Date, the New York Volume Weighted Average Price per share of Shares for the regular trading session (including any extensions thereof) of the Exchange on such Valuation Date (without regard to pre-open or after hours trading outside of such regular trading session), as published by Bloomberg at 4:15 p.m. New York City time (or 15 minutes following the end of any extension of the regular trading session) on such Valuation Date, on Bloomberg page "RYN.N <Equity> AQR" (or any successor thereto) (or if such published volume weighted average price is unavailable or is manifestly incorrect, the market value of one Share on such Valuation Date, as determined by the Calculation Agent using a volume weighted method).
Other Applicable Provisions:	The provisions of Sections 9.1(c), 9.8, 9.9, 9.10, 9.11 (except that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws as a result of the fact that Seller is the Issuer of the Shares) and 9.12 of the Equity Definitions will be applicable, as if "Physical Settlement" applied to the Transaction.

Adjustments:

In respect of any Component:

Method of Adjustment:	Calculation Agent Adjustment; *provided* that in respect of an Extraordinary Dividend, "Calculation Agent Adjustment" shall be as described in the provision below.
Extraordinary Dividend:	Any cash dividend or distribution on the Shares with an ex-dividend date occurring on or after the Trade Date and on or prior to the Expiration Date that exceeds the Ordinary Dividend Amount for such dividend or distribution.
Ordinary Dividend:	For the first dividend or distribution on the Shares for which the ex-dividend date occurs during any regular quarterly dividend period of Issuer, USD0.50; for any other dividend or distribution on the Shares for which the ex-dividend date occurs during the same regular quarterly dividend period USD0.00.
Extraordinary Dividend Adjustment:	If an ex-dividend date for an Extraordinary Dividend occurs, then the Calculation Agent will make adjustments to the Strike Price, the Number of Warrants, the Warrant Entitlement and/or any other variable relevant to the exercise, settlement, payment or other terms of the Transaction to preserve the fair value of the Transaction to Buyer after taking into account such Extraordinary Dividend.

Extraordinary Events:

Consequences of Merger Events:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment
(b) Share-for-Other:	Cancellation and Payment (Calculation Agent Determination)
(c) Share-for-Combined:	Cancellation and Payment (Calculation Agent Determination), *provided* that the Calculation Agent may elect Component Adjustment
Tender Offer:	Applicable
Consequences of Tender Offers:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment
(b) Share-for-Other:	Modified Calculation Agent Adjustment
(c) Share-for-Combined:	Modified Calculation Agent Adjustment
Modified Calculation Agent Adjustment:	If, in respect of any Merger Event or Tender Offer to which Modified Calculation Agent Adjustment applies, the adjustments to be made in accordance with Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions would result in Issuer being different from the issuer of the Shares, then with respect to such Merger Event or Tender Offer, as a condition precedent to the adjustments contemplated in Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions, Issuer and the issuer of the Shares shall,

	prior to the Merger Date or Tender Offer, as the case may be, have entered into such documentation containing representations, warranties and agreements relating to securities law and other issues as requested by Buyer that Buyer has determined, in its reasonable discretion, to be reasonably necessary or appropriate to allow Buyer to continue as a party to the Transaction, as adjusted under Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions, and to preserve its hedging or hedge unwind activities in connection with the Transaction in a manner compliant with applicable legal, regulatory or self-regulatory requirements, or with related policies and procedures applicable to Buyer, and if such conditions are not met or if the Calculation Agent determines that no adjustment that it could make under Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions will produce a commercially reasonable result, then the consequences set forth in Section 12.2(e)(ii) or Section 12.3(d)(ii), as the case may be, of the Equity Definitions shall apply.
Reference Markets:	For the avoidance of doubt, and without limiting the generality of the foregoing provisions, any adjustment effected by the Calculation Agent pursuant to Section 12.2(e) and/or Section 12.3(d) of the Equity Definitions may be determined by reference to the adjustment(s) made in respect of Merger Events or Tender Offers, as the case may be, in the convertible or exchangeable bond market.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination); *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall thereafter be deemed to be the Exchange.
Additional Disruption Events:	
(a) Change in Law:	Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions shall be amended by deleting "(X)" and ", or (Y) it will incur a materially increased cost in performing its obligations under such Transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position)".

(b) Failure to Deliver:	Applicable
(c) Insolvency Filing:	Applicable
(d) Hedging Disruption:	Not Applicable
(e) Increased Cost of Hedging:	Not Applicable
(f) Loss of Stock Borrow:	Not Applicable
(g) Increased Cost of Stock Borrow:	Applicable
Initial Stock Loan Rate:	0.50% per annum
Hedging Party:	Buyer
Determining Party:	Buyer
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable

3. Calculation Agent: Dealer. The Calculation Agent will provide Issuer with reasonable detail concerning its calculations hereunder (including any assumptions used in making such calculations) upon request.

4. Account Details:

Dealer Payment Instructions:

Citibank, N.A., New York
ABA number: 021-000-089
For A/C of: Credit Suisse Capital LLC
Account Number: 30459883

Issuer Payment Instructions: To be provided by Issuer.

5. Offices:

The Office of Dealer for the Transaction is:

Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010

The Office of Issuer for the Transaction is:

Rayonier Inc.
50 North Laura Street
Jacksonville, Florida 32202

6. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Issuer:

To:	Rayonier Inc. 50 North Laura Street Jacksonville, Florida 32202
Attn:	Carl Kraus
Telephone:	(904) 357-9100
Facsimile:	(904) 598-2271

With a copy to:

Attn:	Michael R. Herman
Facsimile:	(904) 598-2250

(b) Address for notices or communications to Dealer:

To: Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010
Attn: Senior Legal Officer
Telephone: (212) 538-2616
Facsimile: (212) 325-8036

With a copy to:
Credit Suisse Securities (USA) LLC
One Madison Avenue, 8th Floor
New York, New York 10010

For payments and deliveries:
Attn: Debbye Turnbull-Philip
Telephone: (212) 538-3604
Facsimile: (212) 325-8175

For all other communications:
Attn: Equity Derivatives Documentation
Telephone: (212) 538-6040
Facsimile: (917) 326-2660

7. Representations, Warranties and Agreements:

(a) In addition to the representations and warranties in the Agreement and those contained elsewhere herein, Issuer represents and warrants to and for the benefit of, and agrees with, Dealer as follows:

(i) On the Trade Date, (A) none of Issuer and its officers and directors is aware of any material nonpublic information regarding Issuer or the Shares and (B) all reports and other documents filed by Issuer with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents), do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

(ii) Without limiting the generality of Section 13.1 of the Equity Definitions, Issuer acknowledges that Dealer is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 128, 133 (as amended), 149 or 150, EITF Issue No. 00-19, 01-6 or 03-6 (or any successor issue statements) or under any accounting standards including FASB's Liabilities & Equity Project.

(iii) Prior to the Trade Date, Issuer shall deliver to Dealer a resolution of Issuer's board of directors authorizing the Transaction and such other certificate or certificates as Dealer shall reasonably request.

(iv) Issuer is not entering into this Confirmation to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or otherwise in violation of the Exchange Act.

(v) Issuer is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(vi) On the Trade Date and the Premium Payment Date (A) the assets of Issuer at their fair valuation exceed the liabilities of Issuer, including contingent liabilities, (B) the capital of Issuer is adequate to conduct the business of Issuer and (C) Issuer has the ability to pay its debts and obligations as such debts mature and does not intend to, or does not believe that it will, incur debt beyond its ability to pay as such debts mature.

(vii) Issuer shall not take any action to decrease the number of Available Shares below the Capped Number (each as defined below).

(viii) The representations and warranties of Issuer set forth in Section 3 of the Agreement and Section 2 of the Purchase Agreement dated as of the Trade Date among Issuer, Rayonier TRS Holdings Inc. ("**Rayonier TRS**") and Credit Suisse Securities (USA) LLC, as representative of the initial purchasers party thereto (the "**Purchase Agreement**") are true and correct as of the Trade Date and the Effective Date and are hereby deemed to be repeated to Dealer as if set forth herein.

(ix) Issuer understands no obligations of Dealer to it hereunder will be entitled to the benefit of deposit insurance and that such obligations will not be guaranteed by any affiliate of Dealer or any governmental agency.

(x) (A) During the period starting on the first Expiration Date and ending on the last Expiration Date (the "**Settlement Period**"), the Shares or securities that are convertible into, or exchangeable or exercisable for Shares, are not, and shall not be, subject to a "restricted period," as such term is defined in Regulation M under the Exchange Act ("**Regulation M**") and (B) Issuer shall not engage in any "distribution," as such term is defined in Regulation M, other than a distribution meeting the requirements of the exceptions set forth in sections 101(b)(10) and 102(b)(7) of Regulation M, until the second Exchange Business Day immediately following the Settlement Period.

(xi) During the Settlement Period, neither Issuer nor any "affiliate" or "affiliated purchaser" (each as defined in Rule 10b-18 of the Exchange Act ("**Rule 10b-18**")) shall directly or indirectly (including, without limitation, by means of any cash-settled or other derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any Shares (or an equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable or exercisable for Shares, except through Dealer.

(b) Each of Dealer and Issuer agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended.

(c) Each of Dealer and Issuer acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), by virtue of Section 4(2) thereof. Accordingly, Dealer represents and warrants to Issuer that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment and its investments in and liabilities in respect of the Transaction, which it understands are not readily marketable, are not disproportionate to its net worth, and it is able to bear any loss in connection with the Transaction, including the loss of its entire investment in the Transaction, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act, (iii) it is entering into the Transaction for its own account without a view to the distribution or resale thereof, (iv) the assignment, transfer or other disposition of the Transaction has not been and will not be registered under the Securities Act and is restricted under this Confirmation, the Securities Act and state

securities laws, (v) its financial condition is such that it has no need for liquidity with respect to its investment in the Transaction and no need to dispose of any portion thereof to satisfy any existing or contemplated undertaking or indebtedness and is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction.

(d) Each of Dealer and Issuer agrees and acknowledges that Dealer is a "financial institution," "swap participant" and "financial participant" within the meaning of Sections 101(22), 101(53C) and 101(22A) of Title 11 of the United States Code (the "**Bankruptcy Code**"). The parties hereto further agree and acknowledge (A) that this Confirmation is (i) a "securities contract," as such term is defined in Section 741(7) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "settlement payment," as such term is defined in Section 741(8) of the Bankruptcy Code, and (ii) a "swap agreement," as such term is defined in Section 101(53B) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "transfer," as such term is defined in Section 101(54) of the Bankruptcy Code, and (B) that Dealer is entitled to the protections afforded by, among other sections, Sections 362(b)(6), 362(b)(17), 546(e), 546(g), 555 and 560 of the Bankruptcy Code.

(e) Issuer shall deliver to Dealer an opinion of counsel, dated as of the Effective Date and reasonably acceptable to Dealer in form and substance, with respect to the matters set forth in paragraph (iii) (but not with respect to applicable law) of Section 3(a) of the Agreement.

(f) Each party acknowledges and agrees to be bound by the Conduct Rules of the National Association of Securities Dealers, Inc. applicable to transactions in options, and further agrees not to violate the position and exercise limits set forth therein.

(g) Each party acknowledges and agrees that Dealer (i) is an "OTC derivatives dealer" as such term is defined in the Exchange Act and is an affiliate of Agent and (ii) is not a member of the Securities Investor Protection Corporation.

8. Other Provisions:

(a) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events*. If Issuer shall owe Buyer any amount pursuant to Sections 12.2, 12.3, 12.6, 12.7 or 12.9 of the Equity Definitions (except in the event of a Tender Offer, a Merger Event, Insolvency or Nationalization in each case, in which the consideration or proceeds to be paid to holders of Shares consists solely of cash) or pursuant to Section 6(d)(ii) of the Agreement (except in the event of an Event of Default in which Issuer is the Defaulting Party or a Termination Event in which Issuer is the Affected Party, that resulted from an event or events within Issuer's control) (a "**Payment Obligation**"), Issuer shall have the right, in its sole discretion, to satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) by giving irrevocable telephonic notice to Buyer, confirmed in writing within one Scheduled Trading Day, between the hours of 9:00 A.M. and 4:00 P.M. New York City time on the Merger Date, Tender Offer Date, Announcement Date or Early Termination Date, as applicable ("**Notice of Share Termination**"). Upon such Notice of Share Termination, the following provisions shall apply on the Scheduled Trading Day immediately following the Merger Date, the Tender Offer Date, Announcement Date or Early Termination Date, as applicable:

Share Termination Alternative:	Applicable and means that Issuer shall deliver to Dealer the Share Termination Delivery Property on the date on which the Payment Obligation would otherwise be due pursuant to Section 12.7 or 12.9 of the Equity Definitions or Section 6(d)(ii) of the Agreement, as applicable (the "**Share Termination Payment Date**"), in satisfaction of the Payment Obligation.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the Payment Obligation divided by the Share Termination Unit Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of the aggregate amount of a security therein with an amount of cash equal to the value of such fractional security based on the values used to calculate the Share Termination Unit Price.

Share Termination Unit Price:	The value of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to Issuer at the time of notification of the Payment Obligation.
Share Termination Delivery Unit:	In the case of a Termination Event, Event of Default or Delisting, one Share or, in the case of an Insolvency, Nationalization, Merger Event or Tender Offer, a Share or a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Insolvency, Nationalization, Merger Event or Tender Offer. If such Insolvency, Nationalization, Merger Event or Tender Offer involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.
Failure to Deliver:	Applicable
Other applicable provisions:	If Share Termination Alternative is applicable, the provisions of Sections 9.8, 9.9, 9.10, 9.11 (except that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws as a result of the fact that Seller is the Issuer of the Shares) and 9.12 of the Equity Definitions will be applicable as if "Physical Settlement" applied to the Transaction, except that all references to "Shares" shall be read as references to "Share Termination Delivery Units". If, in the reasonable judgment of Dealer, for any reason, any securities comprising the Share Termination Delivery Units deliverable pursuant to this Section 8(a) would not be immediately freely transferable by Dealer under Rule 144(k) under the Securities Act, then Dealer may elect to either (x) accept delivery of such securities notwithstanding any restriction on transfer or (y) have the provisions set forth in Section 8(b) below apply.

(b) *Registration/Private Placement Procedures*. (i) With respect to the Transaction, the following provisions shall apply to the extent provided for above opposite the caption "Net Share Settlement" in Section 2 or in paragraph (a) of this Section 8. If so applicable, then, at the election of Issuer by notice to Buyer within one Exchange Business Day after the relevant delivery obligation arises, but in any event at least one Exchange Business Day prior to the date on which such delivery obligation is due, either (A) all Shares or Share Termination Delivery Units, as the case may be, delivered by Issuer to Buyer shall be, at the time of such delivery, covered by an effective registration statement of Issuer for immediate resale by Buyer (such registration statement and the corresponding prospectus (the "**Prospectus**") (including, without limitation, any sections describing the plan of distribution) in form and content commercially reasonably satisfactory to Buyer) or (B) Issuer shall deliver additional Shares or Share Termination Delivery Units, as the case may be, so that the value of such Shares or Share Termination Delivery Units, as determined by the Calculation Agent to reflect an appropriate liquidity discount, equals the value of the number of Shares or Share Termination Delivery Units that would otherwise be deliverable if such Shares or Share Termination Delivery Units were freely tradeable (without prospectus delivery) upon receipt by Buyer (such value, the "**Freely Tradeable Value**"); *provided* that, if requested by Dealer, Issuer shall make the election described in this clause (B) with respect to Shares delivered on all Settlement Dates no later than one Exchange Business Day prior to the first Expiration Date, and the applicable procedures described below shall apply to all Shares delivered on the Settlement Dates on an aggregate basis. (For the avoidance of doubt, as used in this paragraph (b) only, the term "Issuer" shall mean the issuer of the relevant securities, as the context shall require.)

(ii) If Issuer makes the election described in clause (b)(i)(A) above:

(A) Buyer (or an affiliate of Buyer designated by Buyer) shall be afforded a reasonable opportunity to conduct a due diligence investigation with respect to Issuer that is customary in scope for underwritten offerings of equity securities and that yields results that are commercially reasonably satisfactory to Buyer or such affiliate, as the case may be, in its discretion; and

(B) Buyer (or an affiliate of Buyer designated by Buyer) and Issuer shall enter into an agreement (a "**Registration Agreement**") on commercially reasonable terms in connection with the public resale of such Shares or Share Termination Delivery Units, as the case may be, by Buyer or such affiliate substantially similar to underwriting agreements customary for underwritten offerings of equity securities, in form and substance commercially reasonably satisfactory to Buyer or such affiliate and Issuer, which Registration Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating to the indemnification of, and contribution in connection with the liability of, Buyer and its affiliates and Issuer, shall provide for the payment by Issuer of all expenses in connection with such resale, including all registration costs and all fees and expenses of counsel for Buyer, and shall provide for the delivery of accountants' "comfort letters" to Buyer or such affiliate with respect to the financial statements and certain financial information contained in or incorporated by reference into the Prospectus.

(iii) If Issuer makes the election described in clause (b)(i)(B) above:

(A) Buyer (or an affiliate of Buyer designated by Buyer) and any potential institutional purchaser of any such Shares or Share Termination Delivery Units, as the case may be, from Buyer or such affiliate identified by Buyer shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation in compliance with applicable law with respect to Issuer customary in scope for private placements of equity securities (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them), subject to execution by such recipients of customary confidentiality agreements reasonably acceptable to Issuer;

(B) Buyer (or an affiliate of Buyer designated by Buyer) and Issuer shall enter into an agreement (a "**Private Placement Agreement**") on commercially reasonable terms in connection with the private placement of such Shares or Share Termination Delivery Units, as the case may be, by Issuer to Buyer or such affiliate and the private resale of such shares by Buyer or such affiliate, substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance commercially reasonably satisfactory to Buyer and Issuer, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating to the indemnification of, and contribution in connection with the liability of, Buyer and its affiliates and Issuer, shall provide for the payment by Issuer of all expenses in connection with such resale, including all fees and expenses of counsel for Buyer, shall contain representations, warranties and agreements of Issuer reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales, and shall use best efforts to provide for the delivery of accountants' "comfort letters" to Buyer or such affiliate with respect to the financial statements and certain financial information contained in or incorporated by reference into the offering memorandum prepared for the resale of such Shares; and

(C) Issuer agrees that any Shares or Share Termination Delivery Units so delivered to Dealer, (i) may be transferred by and among Dealer and its affiliates, and Issuer shall effect such transfer without any further action by Dealer and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed with respect to such

Shares or any securities issued by Issuer comprising such Share Termination Delivery Units, Issuer shall promptly remove, or cause the transfer agent for such Shares or securities to remove, any legends referring to any such restrictions or requirements from such Shares or securities upon delivery by Dealer (or such affiliate of Dealer) to Issuer or such transfer agent of seller's and broker's representation letters customarily delivered by Dealer in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Dealer (or such affiliate of Dealer).

(D) Issuer shall not take, or cause to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Issuer to Dealer (or any affiliate designated by Dealer) of the Shares or Share Termination Delivery Units, as the case may be, or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Shares or Share Termination Delivery Units, as the case may be, by Dealer (or any such affiliate of Dealer).

(c) *Make-whole Shares*. If Issuer makes the election described in clause (b)(i)(B) of paragraph (b) of this Section 8, then Dealer or its affiliate may sell (which sale shall be made in a commercially reasonable manner) such Shares or Share Termination Delivery Units, as the case may be, during a period (the "**Resale Period**") commencing on the Exchange Business Day following delivery of such Shares or Share Termination Delivery Units, as the case may be, and ending on the Exchange Business Day on which Dealer completes the sale of all such Shares or Share Termination Delivery Units, as the case may be, or a sufficient number of Shares or Share Termination Delivery Units, as the case may be, so that the realized net proceeds of such sales exceed the Freely Tradeable Value. If any of such delivered Shares or Share Termination Delivery Units remain after such realized net proceeds exceed the Freely Tradeable Value, Dealer shall return such remaining Shares or Share Termination Delivery Units to Issuer. If the Freely Tradeable Value exceeds the realized net proceeds from such resale, Issuer shall transfer to Dealer by the open of the regular trading session on the Exchange on the Exchange Trading Day immediately following the last day of the Resale Period the amount of such excess (the "**Additional Amount**") in cash or in a number of additional Shares ("**Make-whole Shares**") in an amount that, based on the Relevant Price on the last day of the Resale Period (as if such day was the "Valuation Date" for purposes of computing such Relevant Price), has a dollar value equal to the Additional Amount. The Resale Period shall continue to enable the sale of the Make-whole Shares in the manner contemplated by this Section 8(c). This provision shall be applied successively until the Additional Amount is equal to zero, subject to Section 8(e).

(d) *Beneficial Ownership*. Notwithstanding anything to the contrary in the Agreement or this Confirmation, in no event shall Buyer be entitled to receive, or shall be deemed to receive, any Shares if, immediately upon giving effect to such receipt of such Shares, the "beneficial ownership" (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Buyer or any affiliate of Buyer subject to aggregation with Buyer under such Section 13 and rules (collectively, "**Buyer Group**") would be equal to or greater than 8.5% or more of the outstanding Shares (or the ownership of Buyer Group as defined for purposes of any ownership limitation contained in Issuer's articles of incorporation intended to preserve Issuer's status as a Real Estate Investment Trust (a "**REIT Ownership Provision**") would be equal to or greater than 1.0% less than the percentage of outstanding Shares that would trigger any REIT Ownership Provision with respect to Buyer). If any delivery owed to Buyer hereunder is not made, in whole or in part, as a result of this provision, Issuer's obligation to make such delivery shall not be extinguished and Issuer shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Buyer gives notice to Issuer that such delivery would not result in Buyer Group directly or indirectly so beneficially owning in excess of 8.5% of the outstanding Shares.

(e) *Limitations on Settlement by Issuer*. Notwithstanding anything herein or in the Agreement to the contrary, in no event shall Issuer be required to deliver Shares in connection with the Transaction in excess of 5,929,072 (as such number may be adjusted from time to time in accordance with the provisions hereof) (the "**Capped Number**"). Issuer represents and warrants to Dealer (which representation and warranty shall be deemed to be repeated on each day that the Transaction is outstanding)

that the Capped Number is equal to or less than the number of authorized but unissued Shares of the Issuer that are not reserved for future issuance in connection with transactions in the Shares (other than the Transaction) on the date of the determination of the Capped Number (such Shares, the "**Available Shares**"). In the event Issuer shall not have delivered the full number of Shares otherwise deliverable as a result of this Section 8(e) (the resulting deficit, the "**Deficit Shares**"), Issuer shall be continually obligated to deliver, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, Shares when, and to the extent, that (i) Shares are repurchased, acquired or otherwise received by Issuer or any of its subsidiaries after the Trade Date (whether or not in exchange for cash, fair value or any other consideration), (ii) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to the relevant date become no longer so reserved and (iii) Issuer additionally authorizes any unissued Shares that are not reserved for other transactions. Issuer shall immediately notify Dealer of the occurrence of any of the foregoing events (including the number of Shares subject to clause (i), (ii) or (iii) and the corresponding number of Shares to be delivered) and promptly deliver such Shares thereafter.

(f) *Equity Rights*. Buyer acknowledges and agrees that this Confirmation is not intended to convey to it rights with respect to the Transaction that are senior to the claims of common stockholders in the event of Issuer's bankruptcy. For the avoidance of doubt, the parties agree that the preceding sentence shall not apply at any time other than during Issuer's bankruptcy to any claim arising as a result of a breach by Issuer of any of its obligations under this Confirmation or the Agreement. For the avoidance of doubt, the parties acknowledge that this Confirmation is not secured by any collateral that would otherwise secure the obligations of Issuer herein under or pursuant to any other agreement.

(g) *Transfer and Assignment*. Buyer may transfer or assign its rights and obligations hereunder and under the Agreement, in whole or in part, at any time without the consent of Issuer.

(h) *Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Issuer and each of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Issuer relating to such tax treatment and tax structure.

(i) *Designation by Dealer*. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Issuer, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Issuer to the extent of any such performance.

(j) *Additional Termination Events*. The occurrence of any of the following shall constitute an Additional Termination Event with respect to which the Transaction shall be the sole Affected Transaction and Issuer shall be the sole Affected Party; *provided* that with respect to any Additional Termination Event, Dealer may choose to treat part of the Transaction as the sole Affected Transaction, and, upon the termination of the Affected Transaction, a transaction with terms identical to those set forth herein except with a Number of Warrants equal to the unaffected number of Warrants shall be treated for all purposes as the Transaction, which shall remain in full force and effect:

(i) Buyer reasonably determines that it is advisable to terminate a portion of the Transaction so that Buyer's related hedging activities will comply with applicable securities laws, rules or regulations;

(ii) any "Person" or "Group" (other than Issuer or Rayonier TRS, or their respective subsidiaries, or Issuer's or Rayonier TRS' employee benefit plans) becomes the "Beneficial Owner" (as determined in accordance with Rule 13d-3 under the Exchange Act, as in effect on the Effective Date), directly or indirectly, of shares of Issuer's Voting Stock representing 50% or more of the total voting power of all outstanding classes of Issuer's Voting Stock or has the power, directly or indirectly, to elect a majority of the members of Issuer's Board of Directors and (A) files a Schedule 13D or Schedule TO, or any successor schedule, form or report under the Exchange Act, disclosing the same, or (B) Issuer or Rayonier TRS otherwise become aware of any such Person or Group, in any case other than through a transaction that otherwise would be subject to clause (iii) below, but for subclauses (A), (B) or (C) thereof;

(iii) Issuer consolidates with, or merges with or into, another person or in a single transaction or a series of transactions, Issuer sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets, or any person consolidates with, or merges with or into, Issuer; *provided, however*, that a transaction described in this clause (iii) will be deemed not to be an Additional Termination Event so long as (A) the persons that "beneficially owned" directly or indirectly, the shares of Issuer's Voting Stock immediately prior to such transaction beneficially own, directly or indirectly, shares of Voting Stock representing a majority of the total voting power of all outstanding classes of Voting Stock of the surviving or transferee person or a parent thereof, (B) such transaction is effected solely for the purpose of changing Issuer's jurisdiction of incorporation and resulting in a reclassification, conversion or exchange of outstanding Shares, if at all, solely into shares of the surviving entity or a direct or indirect parent of the surviving entity or (C) the consolidation or merger, or the sale, assignment, conveyance, transfer, lease or other disposition, is between or among Issuer, Rayonier TRS or Issuer's or Rayonier TRS's respective subsidiaries;

(iv) Shares or the common stock into which the notes are then exchangeable ceases to be listed on the New York Stock Exchange, Nasdaq or another national securities exchange and is not then quoted on an established automated over-the-counter trading market in the United States;

(v) Continuing Directors cease to constitute a majority of Issuer's Board of Directors; or

(vi) Issuer's stockholders approve any plan or proposal for Issuer's liquidation or dissolution;

provided, however, a merger or consolidation described in clause (iii) above shall not constitute an Additional Termination Event if at least 90% of all the consideration (excluding cash payments for fractional shares and cash payments pursuant to dissenters' appraisal rights) in the merger or consolidation consists of common stock traded or depositary shares or receipts in respect thereof on the New York Stock Exchange, Nasdaq or another national securities exchange (or which will be so traded when issued or exchanged in connection with such merger or consolidation).

"Person" and **"Group"** shall have the meanings given to such terms for purposes of Sections 13(d) and 14(d) of the Exchange Act or any successor provisions, and the term "Group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, or any successor provision.

"Beneficial Owner" will be determined in accordance with Rule 13d-3 under the Exchange Act, as in effect on the Effective Date.

"Beneficially own" and **"beneficially owned"** have meanings correlative to that of Beneficial Owner.

"Board of Directors" means the board of directors or other governing body charged with the ultimate management of any person.

"Capital Stock" means: (1) in the case of a corporation, corporate stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; or (4) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person.

"Continuing Director" means a director who either was a member of Issuer's Board of Directors on the date hereof or who becomes a member of Issuer's Board of Directors subsequent to such date and whose election, appointment or nomination for election by Issuer's stockholders is duly approved by a majority of the Continuing Directors on Issuer's Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by Issuer on behalf of its entire Board of Directors in which such individual is named a nominee for director.

"Voting Stock" means any class or classes of Capital Stock or other interests then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors.

(k) *Effectiveness*. If, prior to the Effective Date, Buyer reasonably determines that it is advisable to cancel the Transaction because of concerns that Buyer's related hedging activities could be viewed as not complying with applicable securities laws, rules or regulations, the Transaction shall be cancelled and shall not become effective, and neither party shall have any obligation to the other party in respect of the Transaction.

(l) *Extension of Settlement*. Dealer may divide any Component into additional Components and designate the Expiration Date and the Number of Warrants for each such Component if Dealer determines, in its reasonable discretion, that such further division is necessary or advisable to preserve Dealer's hedging activity hereunder in light of existing liquidity conditions in the cash market or stock loan market or to enable Dealer to effect purchases of Shares in connection with its hedging activity hereunder in a manner that would, if Dealer were Issuer or an affiliated purchaser of Issuer, be in compliance with applicable legal and regulatory requirements.

(m) *Waiver of Trial by Jury*. **EACH OF ISSUER AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF DEALER OR ITS AFFILIATES OR ISSUER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.**

(n) *Submission to Jurisdiction*. Each party hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding by the other party against it relating to the Transaction to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the Supreme Court of the State of New York, sitting in New York County, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof.

(o) *Governing Law*. **THIS CONFIRMATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO ITS CHOICE OF LAW DOCTRINE).**

(p) *Netting and Set-off.* Each of Dealer and Issuer shall not net or set-off its obligations under the Transaction, if any, against its rights against the other party under any other transaction or instrument. Section 6(f) of the Agreement shall not apply.

(q) *Amendment*. If the initial purchasers party to the Purchase Agreement exercise their right to purchase additional exchangeable notes as set forth therein, then, at the discretion of Issuer, Dealer and Issuer will either enter into a new confirmation evidencing additional warrants to be issued by Issuer to Dealer or amend this Confirmation to evidence such additional warrants (in each case on pricing terms acceptable to Dealer and Issuer) (such additional confirmation or amendment to this Confirmation to provide for the payment by Dealer to Issuer of the additional premium related thereto in an amount to be agreed between the parties).

(r) *Counterparts*. This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(s) *Lock Up*. Prior to the first anniversary of the Trade Date, if the initial purchasers party to the Purchase Agreement exercise their right to purchase additional exchangeable notes set forth therein and Issuer does not elect to issue the maximum number of Additional Warrants as provided in paragraph (q) above, Issuer shall not issue or enter into any warrant, a call option, a variable forward or other derivative linked to the Shares (collectively, **"Warrants"**), whether cash settled and/or physically settled and/or net share settled, without a prior written consent of Dealer which shall not be unreasonably withheld, unless

such Warrants are issued (i) pursuant to any present or future employee, director or consultant benefit plan or program of Issuer or any hedging arrangements in respect thereof, (ii) to all Issuer's stockholders as a free distribution or a distribution for less than the fair market value of such Warrants (as determined by the Calculation Agent), (iii) as part of mandatorily convertible units in a bona fide capital raising transaction unrelated to the exchangeable notes sold pursuant to the Purchase Agreement, or (iv) as part of a bona fide Share repurchase transaction unrelated to the exchangeable notes sold pursuant to the Purchase Agreement. "**Additional Warrants**" shall equal to the product of (i) the Warrant Entitlement, (ii) the initial exchange rate of the exchangeable notes and (iii) the aggregate principal amount of the additional notes purchased by the initial purchasers *divided by* USD1,000.

(t) *Role of Agent.* Credit Suisse Securities (USA) LLC, in its capacity as Agent, will be responsible for (A) effecting this Transaction, (B) issuing all required confirmations and statements to Dealer and Issuer, (C) maintaining books and records relating to this Transaction in accordance with its standard practices and procedures and in accordance with applicable law and (D) unless otherwise requested by Issuer, receiving, delivering, and safeguarding Issuer's funds and any securities in connection with this Transaction, in accordance with its standard practices and procedures and in accordance with applicable law.

(i) Agent is acting in connection with this Transaction solely in its capacity as Agent for Dealer and Issuer pursuant to instructions from Dealer and Issuer. Agent shall have no responsibility or personal liability to Dealer or Issuer arising from any failure by Dealer or Issuer to pay or perform any obligations hereunder, or to monitor or enforce compliance by Dealer or Issuer with any obligation hereunder, including, without limitation, any obligations to maintain collateral. Each of Dealer and Issuer agrees to proceed solely against the other to collect or recover any securities or monies owing to it in connection with or as a result of this Transaction. Agent shall otherwise have no liability in respect of this Transaction hereunder, by guaranty, endorsement or otherwise, except for its gross negligence or willful misconduct in performing its duties as Agent.

(ii) Any and all notices, demands, or communications of any kind relating to this Transaction between Dealer and Issuer shall be transmitted exclusively through Agent at the following address:

Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010
Attn: Senior Legal Officer
Telephone: (212) 538-2616
Facsimile: (212) 325-8036

With a copy to:
Credit Suisse Securities (USA) LLC
One Madison Avenue, 8th Floor
New York, New York 10010

For payments and deliveries:
Attn: Debbye Turnbull-Philip
Telephone: (212) 538-3604
Facsimile: (212) 325-8175

For all other communications:
Attn: Equity Derivatives Documentation
Telephone: (212) 538-6040
Facsimile: (917) 326-2660

(iii) The date and time of the Transaction evidenced hereby will be furnished by the Agent to Dealer and Issuer upon written request.

(iv) The Agent will furnish to Issuer upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with the Transaction evidenced hereby.

(v) Dealer and Issuer each represents and agrees (A) that this Transaction is not unsuitable for it in the light of such party's financial situation, investment objectives and needs and (B) that it is entering into this Transaction in reliance upon such tax, accounting, regulatory, legal and financial advice as it deems necessary and not upon any view expressed by the other or the Agent.

9. ISDA Master Agreement:

With respect to the Agreement, Issuer and Dealer agree as follows:

PART 1
TERMINATION PROVISIONS

(a) **"Specified Entity"** means in relation to Dealer for the purpose of:

Section 5(a)(v) (Default under Specified Transaction):	Not Applicable
Section 5(a)(vi) (Cross Default):	Not Applicable
Section 5(a)(vii) (Bankruptcy):	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

and in relation to Issuer for the purpose of:

Section 5(a)(v) (Default under Specified Transaction):	Not Applicable
Section 5(a)(vi) (Cross Default)	Not Applicable
Section 5(a)(vii) (Bankruptcy)	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

(b) **"Termination Currency"** means United States Dollars.

(c) **Force Majeure Event**. Notwithstanding anything to the contrary contained in the Agreement, Section 5(b)(ii) of the Agreement shall not apply and, for the avoidance of doubt, a Force Majeure Event shall not constitute a Termination Event with respect to Issuer or Dealer.

(d) **Failure to Pay or Deliver Event of Default**. Section 5(a)(i) of the Agreement is hereby amended by changing the word "first" wherever it appears therein to "third".

PART 3
AGREEMENT TO DELIVER DOCUMENTS

For the purpose of Section 4(a)(i) and (ii) of the Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are: none

(b) Other Documents to be delivered are:

PARTY REQUIRED TO DELIVER DOCUMENT	FORM/DOCUMENT/ CERTIFICATE	DATE BY WHICH TO BE DELIVERED	COVERED BY SECTION 3(d) REPRESENTATION
Dealer and Issuer	Certified copies of all corporate authorizations and any other documents with respect to the execution, delivery and performance of this Confirmation	Effective Date	Yes
Dealer and Issuer	Certificate of authority and specimen signatures of individuals executing this Confirmation	Effective Date	Yes

PART 4
MISCELLANEOUS

(a) **Offices.** The provisions of Section 10(a) will apply to the Agreement.

(b) **Deduction or Withholding for Tax.** So long as Issuer is organized under the laws of the United States or any State thereof, the provisions of Section 2(d)(i)(4) of the Agreement shall not apply to the Transaction.

Issuer hereby agrees (a) to check this Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Dealer) correctly sets forth the terms of the agreement between Dealer and Issuer with respect to the Transaction, by manually signing this Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Credit Suisse Capital LLC, c/o Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, NY 10010-3629, Facsimile No. (212) 325-8036.

Yours faithfully,

CREDIT SUISSE CAPITAL LLC

By: _____
Name:
Title:

CREDIT SUISSE SECURITIES (USA) LLC,
AS AGENT FOR CREDIT SUISSE
CAPITAL LLC

By: _____
Name:
Title:

Agreed and Accepted By:

RAYONIER INC.

By: _____
Name:
Title:

Annex A

For each Component of the Transaction, the Number of Warrants and Expiration Date is set forth below.

Component Number	Number of Warrants	Expiration Date
1	59, 291	January 15, 2013
2	59, 291	January 16, 2013
3	59, 291	January 17, 2013
4	59, 291	January 18, 2013
5	59, 291	January 22, 2013
6	59, 291	January 23, 2013
7	59, 291	January 24, 2013
8	59, 291	January 25, 2013
9	59, 291	January 28, 2013
10	59, 291	January 29, 2013
11	59, 291	January 30, 2013
12	59, 291	January 31, 2013
13	59, 291	February 1, 2013
14	59, 291	February 4, 2013
15	59, 291	February 5, 2013
16	59, 291	February 6, 2013
17	59, 291	February 7, 2013
18	59, 291	February 8, 2013
19	59, 291	February 11, 2013
20	59, 291	February 12, 2013
21	59, 291	February 13, 2013
22	59, 291	February 14, 2013
23	59, 291	February 15, 2013
24	59, 291	February 19, 2013
25	59, 291	February 20, 2013
26	59, 291	February 21, 2013
27	59, 291	February 22, 2013
28	59, 291	February 25, 2013
29	59, 291	February 26, 2013
30	59, 291	February 27, 2013
31	59, 291	February 28, 2013
32	59, 291	March 1, 2013
33	59, 291	March 4, 2013
34	59, 291	March 5, 2013
35	59, 291	March 6, 2013
36	59, 291	March 7, 2013
37	59, 291	March 8, 2013
38	59, 291	March 11, 2013
39	59, 291	March 12, 2013
40	59, 291	March 13, 2013
41	59, 291	March 14, 2013
42	59, 291	March 15, 2013
43	59, 291	March 18, 2013
44	59, 291	March 19, 2013
45	59, 291	March 20, 2013
46	59, 291	March 21, 2013
47	59, 291	March 22, 2013
48	59, 291	March 25, 2013
49	59, 291	March 26, 2013
50	59, 277	March 27, 2013

EXHIBIT 4.7

JPMorgan Chase Bank, National Association
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

October 10, 2007

To: **Rayonier Inc.**
50 North Laura Street
Jacksonville, FL 32202

Re: Issuer Warrant Transaction

The purpose of this communication (this "**Confirmation**") is to set forth the terms and conditions of the above-referenced transaction entered into on the Trade Date specified below (the "**Transaction**") between JPMorgan Chase Bank, National Association, London Branch ("**Dealer**") and Rayonier Inc. ("**Issuer**"). This communication constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. This Confirmation is subject to, and incorporates, the definitions and provisions of the 2000 ISDA Definitions (including the Annex thereto) (the "**2000 Definitions**") and the definitions and provisions of the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**", and together with the 2000 Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). In the event of any inconsistency between the 2000 Definitions and the Equity Definitions, the Equity Definitions will govern. For purposes of the Equity Definitions, each reference herein to a Warrant shall be deemed to be a reference to a Call Option or an Option, as context requires.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

This Confirmation evidences a complete and binding agreement between Dealer and Issuer as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall be subject to an agreement (the "**Agreement**") in the form of the 2002 ISDA Master Agreement as if Dealer and Issuer had executed an agreement in such form on the Trade Date (but without any Schedule and with the elections and modifications specified in Section 9 hereof).

All provisions contained in, or incorporated by reference to, the Agreement will govern this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and either the Definitions or the Agreement, this Confirmation shall govern.

2. The Transaction is a Warrant Transaction, which shall be considered a Share Option Transaction for purposes of the Equity Definitions. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	October 10, 2007
Effective Date:	October 16, 2007, or such other date as agreed between the parties, subject to Section 8(k) below.

Components:	The Transaction will be divided into individual Components, each with the terms set forth in this Confirmation, and, in particular, with the Number of Warrants and Expiration Date set forth in this Confirmation. The payments and deliveries to be made upon settlement of the Transaction will be determined separately for each Component as if each Component were a separate Transaction under the Agreement.
Warrant Style:	European
Warrant Type:	Call
Seller:	Issuer
Buyer:	Dealer
Shares:	The Common Stock of Issuer, no par value (Ticker Symbol: "RYN").
Number of Warrants:	For each Component, as provided in Annex A to this Confirmation.
Warrant Entitlement:	One Share per Warrant
Strike Price:	USD62.9020
Premium:	USD6,028,750 (Premium per Warrant USD3.7767)
Premium Payment Date:	The Effective Date
Exchange:	The New York Stock Exchange
Related Exchange:	All Exchanges

Procedures for Exercise:

In respect of any Component:

Expiration Time:	Valuation Time
Expiration Date:	As provided in Annex A to this Confirmation (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day that is not already an Expiration Date for another Component); *provided* that if that date is a Disrupted Day, the Expiration Date for such Component shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day and is not or is not deemed to be an Expiration Date in respect of any other Component of the Transaction hereunder; and *provided further* that if the Expiration Date has not occurred pursuant to the preceding proviso as of the Final Disruption Date, the Final Disruption Date shall be the Expiration Date (irrespective of whether such date is an Expiration Date in respect of any other Component for the Transaction). "**Final Disruption Date**" means April 9, 2013. Notwithstanding the foregoing and anything to the contrary in the Equity Definitions, if a Market Disruption Event occurs on any Expiration Date, the Calculation Agent may determine that such Expiration Date is a Disrupted Day only in part, in which case the Calculation Agent shall make

	adjustments to the number of Warrants for the relevant Component for which such day shall be the Expiration Date and shall designate the Scheduled Trading Day determined in the manner described in the immediately preceding sentence as the Expiration Date for the remaining Warrants for such Component. Section 6.6 of the Equity Definitions shall not apply to any Valuation Date occurring on an Expiration Date.
Market Disruption Event:	Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words "during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be," in clause (ii) thereof.
Automatic Exercise:	Applicable; and means that the Number of Warrants for the corresponding Expiration Date will be deemed to be automatically exercised at the Expiration Time on such Expiration Date unless Buyer notifies Seller (by telephone or in writing) prior to the Expiration Time on such Expiration Date that it does not wish Automatic Exercise to occur, in which case Automatic Exercise will not apply to such Expiration Date.
Issuer's Telephone Number and Telex and/or Facsimile Number and Contact Details for purpose of Giving Notice:	Attn: Carl Kraus Telephone: (904) 357-9100 Facsimile: (904) 598-2271 With a copy to: Attn: Michael R. Herman Facsimile: (904) 598-2250

Settlement Terms:

In respect of any Component:

Settlement Currency:	USD
Net Share Settlement:	On each Settlement Date, Issuer shall deliver to Dealer a number of Shares equal to the Number of Shares to be Delivered for such Settlement Date to the account specified by Dealer and cash in lieu of any fractional Shares valued at the Relevant Price on the Valuation Date corresponding to such Settlement Date. If, in the reasonable judgment of Dealer, for any reason, the Shares deliverable upon Net Share Settlement would not be immediately freely transferable by Dealer under Rule 144(k) under the Securities Act of 1933, as amended (the "**Securities Act**"), then Dealer may elect to either (x) accept delivery of such Shares notwithstanding any restriction on transfer or (y) have the provisions set forth in Section 8(b) below apply.

	The Number of Shares to be Delivered shall be delivered by Issuer to Dealer no later than 12:00 noon (local time in New York City) on the relevant Settlement Date.
Number of Shares to be Delivered:	In respect of any Exercise Date, subject to the last sentence of Section 9.5 of the Equity Definitions, the product of (i) the number of Warrants exercised or deemed exercised on such Exercise Date, (ii) the Warrant Entitlement and (iii) (A) the excess of the VWAP Price on the Valuation Date occurring on such Exercise Date over the Strike Price (or, if no such excess, zero) *divided by* (B) such VWAP Price.
VWAP Price:	For any Valuation Date, the New York Volume Weighted Average Price per share of Shares for the regular trading session (including any extensions thereof) of the Exchange on such Valuation Date (without regard to pre-open or after hours trading outside of such regular trading session), as published by Bloomberg at 4:15 p.m. New York City time (or 15 minutes following the end of any extension of the regular trading session) on such Valuation Date, on Bloomberg page "RYN.N <Equity> AQR" (or any successor thereto) (or if such published volume weighted average price is unavailable or is manifestly incorrect, the market value of one Share on such Valuation Date, as determined by the Calculation Agent using a volume weighted method).
Other Applicable Provisions:	The provisions of Sections 9.1(c), 9.8, 9.9, 9.10, 9.11 (except that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws as a result of the fact that Seller is the Issuer of the Shares) and 9.12 of the Equity Definitions will be applicable, as if "Physical Settlement" applied to the Transaction.
Adjustments:	
In respect of any Component:	
Method of Adjustment:	Calculation Agent Adjustment; *provided* that in respect of an Extraordinary Dividend, "Calculation Agent Adjustment" shall be as described in the provision below.
Extraordinary Dividend:	Any cash dividend or distribution on the Shares with an ex-dividend date occurring on or after the Trade Date and on or prior to the Expiration Date that exceeds the Ordinary Dividend Amount for such dividend or distribution.

Ordinary Dividend:	For the first dividend or distribution on the Shares for which the ex-dividend date occurs during any regular quarterly dividend period of Issuer, USD0.50; for any other dividend or distribution on the Shares for which the ex-dividend date occurs during the same regular quarterly dividend period USD0.00.
Extraordinary Dividend Adjustment:	If an ex-dividend date for an Extraordinary Dividend occurs, then the Calculation Agent will make adjustments to the Strike Price, the Number of Warrants, the Warrant Entitlement and/or any other variable relevant to the exercise, settlement, payment or other terms of the Transaction to preserve the fair value of the Transaction to Buyer after taking into account such Extraordinary Dividend.
Extraordinary Events:	
Consequences of Merger Events:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment
(b) Share-for-Other:	Cancellation and Payment (Calculation Agent Determination)
(c) Share-for-Combined:	Cancellation and Payment (Calculation Agent Determination), *provided* that the Calculation Agent may elect Component Adjustment
Tender Offer:	Applicable
Consequences of Tender Offers:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment
(b) Share-for-Other:	Modified Calculation Agent Adjustment
(c) Share-for-Combined:	Modified Calculation Agent Adjustment
Modified Calculation Agent Adjustment:	If, in respect of any Merger Event or Tender Offer to which Modified Calculation Agent Adjustment applies, the adjustments to be made in accordance with Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions would result in Issuer being different from the issuer of the Shares, then with respect to such Merger Event or Tender Offer, as a condition precedent to the adjustments contemplated in Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions, Issuer and the issuer of the Shares shall, prior to the Merger Date or Tender Offer, as the case may be, have entered into such documentation containing representations, warranties and agreements relating to securities law and other issues as requested by Buyer that Buyer has determined, in its reasonable discretion, to be reasonably necessary or appropriate to allow Buyer to continue as a party to the Transaction, as adjusted under Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions, and to preserve its hedging or

	hedge unwind activities in connection with the Transaction in a manner compliant with applicable legal, regulatory or self-regulatory requirements, or with related policies and procedures applicable to Buyer, and if such conditions are not met or if the Calculation Agent determines that no adjustment that it could make under Section 12.2(e)(i) or Section 12.3(d)(i), as the case may be, of the Equity Definitions will produce a commercially reasonable result, then the consequences set forth in Section 12.2(e)(ii) or Section 12.3(d)(ii), as the case may be, of the Equity Definitions shall apply.
Reference Markets:	For the avoidance of doubt, and without limiting the generality of the foregoing provisions, any adjustment effected by the Calculation Agent pursuant to Section 12.2(e) and/or Section 12.3(d) of the Equity Definitions may be determined by reference to the adjustment(s) made in respect of Merger Events or Tender Offers, as the case may be, in the convertible or exchangeable bond market.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination); *provided* that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall thereafter be deemed to be the Exchange.
Additional Disruption Events:	
(a) Change in Law:	Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions shall be amended by deleting "(X)" and ", or (Y) it will incur a materially increased cost in performing its obligations under such Transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position)".
(b) Failure to Deliver:	Applicable
(c) Insolvency Filing:	Applicable
(d) Hedging Disruption:	Not Applicable
(e) Increased Cost of Hedging:	Not Applicable
(f) Loss of Stock Borrow:	Not Applicable
(g) Increased Cost of Stock Borrow:	Applicable
Initial Stock Loan Rate:	0.50% per annum

Hedging Party:	Buyer
Determining Party:	Buyer
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable

3. Calculation Agent: Dealer. The Calculation Agent will provide Issuer with reasonable detail concerning its calculations hereunder (including any assumptions used in making such calculations) upon request.

4. Account Details:

Dealer Payment Instructions:

JPMorgan Chase Bank, National Association, New York
ABA: 021 000 021
Favour: JPMorgan Chase Bank, National Association – London
A/C: 0010962009 CHASUS33

Account for delivery of Shares:

DTC 0060

Issuer Payment Instructions: To be provided by Issuer.

5. Offices:

The Office of Dealer for the Transaction is:

JPMorgan Chase Bank, National Association
London Branch
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

The Office of Issuer for the Transaction is:

Rayonier Inc.
50 North Laura Street
Jacksonville, Florida 32202

6. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Issuer:

To:	Rayonier Inc. 50 North Laura Street Jacksonville, Florida 32202
Attn:	Carl Kraus
Telephone:	(904) 357-9100
Facsimile:	(904) 598-2271

With a copy to:

Attn:	Michael R. Herman
Facsimile:	(904) 598-2250

(b) Address for notices or communications to Dealer:

JPMorgan Chase Bank, National Association
277 Park Avenue, 11th Floor
New York, NY 10172
Attention: Eric Stefanik
Title: Operations Analyst
EDG Corporate Marketing
Telephone No: (212) 622-5814
Facsimile No: (212) 622-8534

7. Representations, Warranties and Agreements:

(a) In addition to the representations and warranties in the Agreement and those contained elsewhere herein, Issuer represents and warrants to and for the benefit of, and agrees with, Dealer as follows:

(i) On the Trade Date, (A) none of Issuer and its officers and directors is aware of any material nonpublic information regarding Issuer or the Shares and (B) all reports and other documents filed by Issuer with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents), do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

(ii) Without limiting the generality of Section 13.1 of the Equity Definitions, Issuer acknowledges that Dealer is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 128, 133 (as amended), 149 or 150, EITF Issue No. 00-19, 01-6 or 03-6 (or any successor issue statements) or under any accounting standards including FASB's Liabilities & Equity Project.

(iii) Prior to the Trade Date, Issuer shall deliver to Dealer a resolution of Issuer's board of directors authorizing the Transaction and such other certificate or certificates as Dealer shall reasonably request.

(iv) Issuer is not entering into this Confirmation to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or otherwise in violation of the Exchange Act.

(v) Issuer is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(vi) On the Trade Date and the Premium Payment Date (A) the assets of Issuer at their fair valuation exceed the liabilities of Issuer, including contingent liabilities, (B) the capital of Issuer is adequate to conduct the business of Issuer and (C) Issuer has the ability to pay its debts and obligations as such debts mature and does not intend to, or does not believe that it will, incur debt beyond its ability to pay as such debts mature.

(vii) Issuer shall not take any action to decrease the number of Available Shares below the Capped Number (each as defined below).

(viii) The representations and warranties of Issuer set forth in Section 3 of the Agreement and Section 2 of the Purchase Agreement dated as of the Trade Date among Issuer, Rayonier TRS Holdings Inc. ("**Rayonier TRS**") and Credit Suisse Securities (USA) LLC, as representative of the initial purchasers party thereto (the "**Purchase Agreement**") are true and correct as of the Trade Date and the Effective Date and are hereby deemed to be repeated to Dealer as if set forth herein.

(ix) Issuer understands no obligations of Dealer to it hereunder will be entitled to the benefit of deposit insurance and that such obligations will not be guaranteed by any affiliate of Dealer or any governmental agency.

(x) (A) During the period starting on the first Expiration Date and ending on the last Expiration Date (the "**Settlement Period**"), the Shares or securities that are convertible into, or exchangeable or exercisable for Shares, are not, and shall not be, subject to a "restricted period," as such term is defined in Regulation M under the Exchange Act ("**Regulation M**") and (B) Issuer shall not engage in any "distribution," as such term is defined in Regulation M, other than a distribution meeting the requirements of the exceptions set forth in sections 101(b)(10) and 102(b)(7) of Regulation M, until the second Exchange Business Day immediately following the Settlement Period.

(xi) During the Settlement Period, neither Issuer nor any "affiliate" or "affiliated purchaser" (each as defined in Rule 10b-18 of the Exchange Act ("**Rule 10b-18**")) shall directly or indirectly (including, without limitation, by means of any cash-settled or other derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any Shares (or an equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable or exercisable for Shares, except through Dealer.

(b) Each of Dealer and Issuer agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended.

(c) Each of Dealer and Issuer acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**"), by virtue of Section 4(2) thereof. Accordingly, Dealer represents and warrants to Issuer that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment and its investments in and liabilities in respect of the Transaction, which it understands are not readily marketable, are not disproportionate to its net worth, and it is able to bear any loss in connection with the Transaction, including the loss of its entire investment in the Transaction, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act, (iii) it is entering into the Transaction for its own account without a view to the distribution or resale thereof, (iv) the assignment, transfer or other disposition of the Transaction has not been and will not be registered under the Securities Act and is restricted under this Confirmation, the Securities Act and state securities laws, (v) its financial condition is such that it has no need for liquidity with respect to its investment in the Transaction and no need to dispose of any portion thereof to satisfy any existing or contemplated undertaking or indebtedness and is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction.

(d) Each of Dealer and Issuer agrees and acknowledges that Dealer is a "financial institution," "swap participant" and "financial participant" within the meaning of Sections 101(22), 101(53C) and 101(22A) of Title 11 of the United States Code (the "**Bankruptcy Code**"). The parties hereto further agree and acknowledge (A) that this Confirmation is (i) a "securities contract," as such term is defined in Section 741(7) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "settlement payment," as such term is defined in Section 741(8) of the Bankruptcy Code, and (ii) a "swap agreement," as such term is defined in Section 101(53B) of the Bankruptcy Code, with respect to which each payment and delivery hereunder is a "transfer," as such term is defined in Section 101(54) of the Bankruptcy Code, and (B) that Dealer is entitled to the protections afforded by, among other sections, Sections 362(b)(6), 362(b)(17), 546(e), 546(g), 555 and 560 of the Bankruptcy Code.

(e) Issuer shall deliver to Dealer an opinion of counsel, dated as of the Effective Date and reasonably acceptable to Dealer in form and substance, with respect to the matters set forth in paragraph (iii) (but not with respect to applicable law) of Section 3(a) of the Agreement.

8. Other Provisions:

(a) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events*. If Issuer shall owe Buyer any amount pursuant to Sections 12.2, 12.3, 12.6, 12.7 or

12.9 of the Equity Definitions (except in the event of a Tender Offer, a Merger Event, Insolvency or Nationalization in each case, in which the consideration or proceeds to be paid to holders of Shares consists solely of cash) or pursuant to Section 6(d)(ii) of the Agreement (except in the event of an Event of Default in which Issuer is the Defaulting Party or a Termination Event in which Issuer is the Affected Party, that resulted from an event or events within Issuer's control) (a "**Payment Obligation**"), Issuer shall have the right, in its sole discretion, to satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) by giving irrevocable telephonic notice to Buyer, confirmed in writing within one Scheduled Trading Day, between the hours of 9:00 A.M. and 4:00 P.M. New York City time on the Merger Date, Tender Offer Date, Announcement Date or Early Termination Date, as applicable ("**Notice of Share Termination**"). Upon such Notice of Share Termination, the following provisions shall apply on the Scheduled Trading Day immediately following the Merger Date, the Tender Offer Date, Announcement Date or Early Termination Date, as applicable:

Share Termination Alternative:	Applicable and means that Issuer shall deliver to Dealer the Share Termination Delivery Property on the date on which the Payment Obligation would otherwise be due pursuant to Section 12.7 or 12.9 of the Equity Definitions or Section 6(d)(ii) of the Agreement, as applicable (the "**Share Termination Payment Date**"), in satisfaction of the Payment Obligation.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the Payment Obligation divided by the Share Termination Unit Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of the aggregate amount of a security therein with an amount of cash equal to the value of such fractional security based on the values used to calculate the Share Termination Unit Price.
Share Termination Unit Price:	The value of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to Issuer at the time of notification of the Payment Obligation.
Share Termination Delivery Unit:	In the case of a Termination Event, Event of Default or Delisting, one Share or, in the case of an Insolvency, Nationalization, Merger Event or Tender Offer, a Share or a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Insolvency, Nationalization, Merger Event or Tender Offer. If such Insolvency, Nationalization, Merger Event or Tender Offer involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.
Failure to Deliver:	Applicable
Other applicable provisions:	If Share Termination Alternative is applicable, the provisions of Sections 9.8, 9.9, 9.10, 9.11 (except that the Representation and Agreement contained in Section 9.11 of the Equity Definitions shall be modified by excluding any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws as a result of the fact that Seller is the Issuer of the Shares) and 9.12 of the Equity Definitions will be applicable as if "Physical Settlement" applied to the Transaction, except that all references to "Shares" shall be read as references to "Share Termination Delivery Units". If, in the reasonable judgment of Dealer,

for any reason, any securities comprising the Share Termination Delivery Units deliverable pursuant to this Section 8(a) would not be immediately freely transferable by Dealer under Rule 144(k) under the Securities Act, then Dealer may elect to either (x) accept delivery of such securities notwithstanding any restriction on transfer or (y) have the provisions set forth in Section 8(b) below apply.

(b) *Registration/Private Placement Procedures*. (i) With respect to the Transaction, the following provisions shall apply to the extent provided for above opposite the caption "Net Share Settlement" in Section 2 or in paragraph (a) of this Section 8. If so applicable, then, at the election of Issuer by notice to Buyer within one Exchange Business Day after the relevant delivery obligation arises, but in any event at least one Exchange Business Day prior to the date on which such delivery obligation is due, either (A) all Shares or Share Termination Delivery Units, as the case may be, delivered by Issuer to Buyer shall be, at the time of such delivery, covered by an effective registration statement of Issuer for immediate resale by Buyer (such registration statement and the corresponding prospectus (the "**Prospectus**") (including, without limitation, any sections describing the plan of distribution) in form and content commercially reasonably satisfactory to Buyer) or (B) Issuer shall deliver additional Shares or Share Termination Delivery Units, as the case may be, so that the value of such Shares or Share Termination Delivery Units, as determined by the Calculation Agent to reflect an appropriate liquidity discount, equals the value of the number of Shares or Share Termination Delivery Units that would otherwise be deliverable if such Shares or Share Termination Delivery Units were freely tradeable (without prospectus delivery) upon receipt by Buyer (such value, the "**Freely Tradeable Value**"); *provided* that, if requested by Dealer, Issuer shall make the election described in this clause (B) with respect to Shares delivered on all Settlement Dates no later than one Exchange Business Day prior to the first Expiration Date, and the applicable procedures described below shall apply to all Shares delivered on the Settlement Dates on an aggregate basis. (For the avoidance of doubt, as used in this paragraph (b) only, the term "Issuer" shall mean the issuer of the relevant securities, as the context shall require.)

(ii) If Issuer makes the election described in clause (b)(i)(A) above:

(A) Buyer (or an affiliate of Buyer designated by Buyer) shall be afforded a reasonable opportunity to conduct a due diligence investigation with respect to Issuer that is customary in scope for underwritten offerings of equity securities and that yields results that are commercially reasonably satisfactory to Buyer or such affiliate, as the case may be, in its discretion; and

(B) Buyer (or an affiliate of Buyer designated by Buyer) and Issuer shall enter into an agreement (a "**Registration Agreement**") on commercially reasonable terms in connection with the public resale of such Shares or Share Termination Delivery Units, as the case may be, by Buyer or such affiliate substantially similar to underwriting agreements customary for underwritten offerings of equity securities, in form and substance commercially reasonably satisfactory to Buyer or such affiliate and Issuer, which Registration Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating to the indemnification of, and contribution in connection with the liability of, Buyer and its affiliates and Issuer, shall provide for the payment by Issuer of all expenses in connection with such resale, including all registration costs and all fees and expenses of counsel for Buyer, and shall provide for the delivery of accountants' "comfort letters" to Buyer or such affiliate with respect to the financial statements and certain financial information contained in or incorporated by reference into the Prospectus.

(iii) If Issuer makes the election described in clause (b)(i)(B) above:

(A) Buyer (or an affiliate of Buyer designated by Buyer) and any potential institutional purchaser of any such Shares or Share Termination Delivery Units, as the case may be, from Buyer or such affiliate identified by Buyer shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation in compliance with applicable law with respect to Issuer customary in scope for private placements of equity securities (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them), subject to execution by such recipients of customary confidentiality agreements reasonably acceptable to Issuer;

(B) Buyer (or an affiliate of Buyer designated by Buyer) and Issuer shall enter into an agreement (a "**Private Placement Agreement**") on commercially reasonable terms in connection with the private placement of such Shares or Share Termination Delivery Units, as the case may be, by Issuer to Buyer or such affiliate and the private resale of such shares by Buyer or such affiliate, substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance commercially reasonably satisfactory to Buyer and Issuer, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating to the indemnification of, and contribution in connection with the liability of, Buyer and its affiliates and Issuer, shall provide for the payment by Issuer of all expenses in connection with such resale, including all fees and expenses of counsel for Buyer, shall contain representations, warranties and agreements of Issuer reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales, and shall use best efforts to provide for the delivery of accountants' "comfort letters" to Buyer or such affiliate with respect to the financial statements and certain financial information contained in or incorporated by reference into the offering memorandum prepared for the resale of such Shares; and

(C) Issuer agrees that any Shares or Share Termination Delivery Units so delivered to Dealer, (i) may be transferred by and among Dealer and its affiliates, and Issuer shall effect such transfer without any further action by Dealer and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed with respect to such Shares or any securities issued by Issuer comprising such Share Termination Delivery Units, Issuer shall promptly remove, or cause the transfer agent for such Shares or securities to remove, any legends referring to any such restrictions or requirements from such Shares or securities upon delivery by Dealer (or such affiliate of Dealer) to Issuer or such transfer agent of seller's and broker's representation letters customarily delivered by Dealer in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Dealer (or such affiliate of Dealer).

(D) Issuer shall not take, or cause to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Issuer to Dealer (or any affiliate designated by Dealer) of the Shares or Share Termination Delivery Units, as the case may be, or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Shares or Share Termination Delivery Units, as the case may be, by Dealer (or any such affiliate of Dealer).

(c) *Make-whole Shares*. If Issuer makes the election described in clause (b)(i)(B) of paragraph (b) of this Section 8, then Dealer or its affiliate may sell (which sale shall be made in a commercially reasonable manner) such Shares or Share Termination Delivery Units, as the case may be, during a period (the "**Resale Period**") commencing on the Exchange Business Day following delivery of such Shares or Share Termination Delivery Units, as the case may be, and ending on the Exchange Business Day on which Dealer completes the sale of all such Shares or Share Termination Delivery Units, as the case may be, or a sufficient number of Shares or Share Termination Delivery Units, as the case may be, so that the realized net proceeds of such sales exceed the Freely Tradeable Value. If any of such delivered Shares or Share Termination Delivery Units remain after such realized net proceeds exceed the Freely Tradeable Value, Dealer shall return such remaining Shares or Share Termination Delivery Units to Issuer. If the Freely Tradeable Value exceeds the realized net proceeds from such resale, Issuer shall transfer to Dealer by the open of the regular trading session on the Exchange on the Exchange Trading Day immediately following the last day of the Resale Period the amount of such excess (the "**Additional Amount**") in cash or in a number of additional Shares ("**Make-whole Shares**") in an amount that, based on the Relevant Price on the last day of the Resale Period (as if such day was the "Valuation Date" for purposes of computing such Relevant Price), has a dollar value equal to the Additional Amount. The

Resale Period shall continue to enable the sale of the Make-whole Shares in the manner contemplated by this Section 8(c). This provision shall be applied successively until the Additional Amount is equal to zero, subject to Section 8(e).

(d) *Beneficial Ownership*. Notwithstanding anything to the contrary in the Agreement or this Confirmation, in no event shall Buyer be entitled to receive, or shall be deemed to receive, any Shares if, immediately upon giving effect to such receipt of such Shares, the "beneficial ownership" (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Buyer or any affiliate of Buyer subject to aggregation with Buyer under such Section 13 and rules (collectively, "**Buyer Group**") would be equal to or greater than 8.5% or more of the outstanding Shares (or the ownership of Buyer Group as defined for purposes of any ownership limitation contained in Issuer's articles of incorporation intended to preserve Issuer's status as a Real Estate Investment Trust (a "**REIT Ownership Provision**") would be equal to or greater than 1.0% less than the percentage of outstanding Shares that would trigger any REIT Ownership Provision with respect to Buyer). If any delivery owed to Buyer hereunder is not made, in whole or in part, as a result of this provision, Issuer's obligation to make such delivery shall not be extinguished and Issuer shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Buyer gives notice to Issuer that such delivery would not result in Buyer Group directly or indirectly so beneficially owning in excess of 8.5% of the outstanding Shares.

(e) *Limitations on Settlement by Issuer*. Notwithstanding anything herein or in the Agreement to the contrary, in no event shall Issuer be required to deliver Shares in connection with the Transaction in excess of 3,192,578 (as such number may be adjusted from time to time in accordance with the provisions hereof) (the "**Capped Number**"). Issuer represents and warrants to Dealer (which representation and warranty shall be deemed to be repeated on each day that the Transaction is outstanding) that the Capped Number is equal to or less than the number of authorized but unissued Shares of the Issuer that are not reserved for future issuance in connection with transactions in the Shares (other than the Transaction) on the date of the determination of the Capped Number (such Shares, the "**Available Shares**"). In the event Issuer shall not have delivered the full number of Shares otherwise deliverable as a result of this Section 8(e) (the resulting deficit, the "**Deficit Shares**"), Issuer shall be continually obligated to deliver, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, Shares when, and to the extent, that (i) Shares are repurchased, acquired or otherwise received by Issuer or any of its subsidiaries after the Trade Date (whether or not in exchange for cash, fair value or any other consideration), (ii) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to the relevant date become no longer so reserved and (iii) Issuer additionally authorizes any unissued Shares that are not reserved for other transactions. Issuer shall immediately notify Dealer of the occurrence of any of the foregoing events (including the number of Shares subject to clause (i), (ii) or (iii) and the corresponding number of Shares to be delivered) and promptly deliver such Shares thereafter.

(f) *Equity Rights*. Buyer acknowledges and agrees that this Confirmation is not intended to convey to it rights with respect to the Transaction that are senior to the claims of common stockholders in the event of Issuer's bankruptcy. For the avoidance of doubt, the parties agree that the preceding sentence shall not apply at any time other than during Issuer's bankruptcy to any claim arising as a result of a breach by Issuer of any of its obligations under this Confirmation or the Agreement. For the avoidance of doubt, the parties acknowledge that this Confirmation is not secured by any collateral that would otherwise secure the obligations of Issuer herein under or pursuant to any other agreement.

(g) *Transfer and Assignment*. Buyer may transfer or assign its rights and obligations hereunder and under the Agreement, in whole or in part, at any time without the consent of Issuer.

(h) *Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Issuer and each of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Issuer relating to such tax treatment and tax structure.

(i) *Designation by Dealer*. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Issuer, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Issuer to the extent of any such performance.

(j) *Additional Termination Events*. The occurrence of any of the following shall constitute an Additional Termination Event with respect to which the Transaction shall be the sole Affected Transaction and Issuer shall be the sole Affected Party; *provided* that with respect to any Additional Termination Event, Dealer may choose to treat part of the Transaction as the sole Affected Transaction, and, upon the termination of the Affected Transaction, a transaction with terms identical to those set forth herein except with a Number of Warrants equal to the unaffected number of Warrants shall be treated for all purposes as the Transaction, which shall remain in full force and effect:

(i) Buyer reasonably determines that it is advisable to terminate a portion of the Transaction so that Buyer's related hedging activities will comply with applicable securities laws, rules or regulations;

(ii) any "Person" or "Group" (other than Issuer or Rayonier TRS, or their respective subsidiaries, or Issuer's or Rayonier TRS' employee benefit plans) becomes the "Beneficial Owner" (as determined in accordance with Rule 13d-3 under the Exchange Act, as in effect on the Effective Date), directly or indirectly, of shares of Issuer's Voting Stock representing 50% or more of the total voting power of all outstanding classes of Issuer's Voting Stock or has the power, directly or indirectly, to elect a majority of the members of Issuer's Board of Directors and (A) files a Schedule 13D or Schedule TO, or any successor schedule, form or report under the Exchange Act, disclosing the same, or (B) Issuer or Rayonier TRS otherwise become aware of any such Person or Group, in any case other than through a transaction that otherwise would be subject to clause (iii) below, but for subclauses (A), (B) or (C) thereof;

(iii) Issuer consolidates with, or merges with or into, another person or in a single transaction or a series of transactions, Issuer sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets, or any person consolidates with, or merges with or into, Issuer; *provided, however*, that a transaction described in this clause (iii) will be deemed not to be an Additional Termination Event so long as (A) the persons that "beneficially owned" directly or indirectly, the shares of Issuer's Voting Stock immediately prior to such transaction beneficially own, directly or indirectly, shares of Voting Stock representing a majority of the total voting power of all outstanding classes of Voting Stock of the surviving or transferee person or a parent thereof, (B) such transaction is effected solely for the purpose of changing Issuer's jurisdiction of incorporation and resulting in a reclassification, conversion or exchange of outstanding Shares, if at all, solely into shares of the surviving entity or a direct or indirect parent of the surviving entity or (C) the consolidation or merger, or the sale, assignment, conveyance, transfer, lease or other disposition, is between or among Issuer, Rayonier TRS or Issuer's or Rayonier TRS's respective subsidiaries;

(iv) Shares or the common stock into which the notes are then exchangeable ceases to be listed on the New York Stock Exchange, Nasdaq or another national securities exchange and is not then quoted on an established automated over-the-counter trading market in the United States;

(v) Continuing Directors cease to constitute a majority of Issuer's Board of Directors; or

(vi) Issuer's stockholders approve any plan or proposal for Issuer's liquidation or dissolution;

provided, however, a merger or consolidation described in clause (iii) above shall not constitute an Additional Termination Event if at least 90% of all the consideration (excluding cash payments for fractional shares and cash payments pursuant to dissenters' appraisal rights) in the merger or consolidation consists of common stock traded or depositary shares or receipts in respect thereof on the New York Stock Exchange, Nasdaq or another national securities exchange (or which will be so traded when issued or exchanged in connection with such merger or consolidation).

"**Person**" and "**Group**" shall have the meanings given to such terms for purposes of Sections 13(d) and 14(d) of the Exchange Act or any successor provisions, and the term "Group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, or any successor provision.

"**Beneficial Owner**" will be determined in accordance with Rule 13d-3 under the Exchange Act, as in effect on the Effective Date.

"**Beneficially own**" and "**beneficially owned**" have meanings correlative to that of Beneficial Owner.

"**Board of Directors**" means the board of directors or other governing body charged with the ultimate management of any person.

"**Capital Stock**" means: (1) in the case of a corporation, corporate stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; or (4) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person.

"**Continuing Director**" means a director who either was a member of Issuer's Board of Directors on the date hereof or who becomes a member of Issuer's Board of Directors subsequent to such date and whose election, appointment or nomination for election by Issuer's stockholders is duly approved by a majority of the Continuing Directors on Issuer's Board of Directors at the time of such approval, either by a specific vote or by approval of the proxy statement issued by Issuer on behalf of its entire Board of Directors in which such individual is named a nominee for director.

"**Voting Stock**" means any class or classes of Capital Stock or other interests then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors.

(k) *Effectiveness*. If, prior to the Effective Date, Buyer reasonably determines that it is advisable to cancel the Transaction because of concerns that Buyer's related hedging activities could be viewed as not complying with applicable securities laws, rules or regulations, the Transaction shall be cancelled and shall not become effective, and neither party shall have any obligation to the other party in respect of the Transaction.

(l) *Extension of Settlement*. Dealer may divide any Component into additional Components and designate the Expiration Date and the Number of Warrants for each such Component if Dealer determines, in its reasonable discretion, that such further division is necessary or advisable to preserve Dealer's hedging activity hereunder in light of existing liquidity conditions in the cash market or stock loan market or to enable Dealer to effect purchases of Shares in connection with its hedging activity hereunder in a manner that would, if Dealer were Issuer or an affiliated purchaser of Issuer, be in compliance with applicable legal and regulatory requirements.

(m) *Waiver of Trial by Jury*. **EACH OF ISSUER AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF DEALER OR ITS AFFILIATES OR ISSUER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.**

(n) *Submission to Jurisdiction*. Each party hereby irrevocably and unconditionally submits for itself and its property in any legal action or proceeding by the other party against it relating to the Transaction to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the Supreme Court of the State of New York, sitting in New York County, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof.

(o) *Governing Law*. **THIS CONFIRMATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO ITS CHOICE OF LAW DOCTRINE).**

(p) *Netting and Set-off.* Each of Dealer and Issuer shall not net or set-off its obligations under the Transaction, if any, against its rights against the other party under any other transaction or instrument. Section 6(f) of the Agreement shall not apply.

(q) *Amendment*. If the initial purchasers party to the Purchase Agreement exercise their right to purchase additional exchangeable notes as set forth therein, then, at the discretion of Issuer, Dealer and Issuer will either enter into a new confirmation evidencing additional warrants to be issued by Issuer to Dealer or amend this Confirmation to evidence such additional warrants (in each case on pricing terms acceptable to Dealer and Issuer) (such additional confirmation or amendment to this Confirmation to provide for the payment by Dealer to Issuer of the additional premium related thereto in an amount to be agreed between the parties).

(r) *Counterparts*. This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(s) *Lock Up*. Prior to the first anniversary of the Trade Date, if the initial purchasers party to the Purchase Agreement exercise their right to purchase additional exchangeable notes set forth therein and Issuer does not elect to issue the maximum number of Additional Warrants as provided in paragraph (q) above, Issuer shall not issue or enter into any warrant, a call option, a variable forward or other derivative linked to the Shares (collectively, **"Warrants"**), whether cash settled and/or physically settled and/or net share settled, without a prior written consent of Dealer which shall not be unreasonably withheld, unless such Warrants are issued (i) pursuant to any present or future employee, director or consultant benefit plan or program of Issuer or any hedging arrangements in respect thereof, (ii) to all Issuer's stockholders as a free distribution or a distribution for less than the fair market value of such Warrants (as determined by the Calculation Agent), (iii) as part of mandatorily convertible units in a bona fide capital raising transaction unrelated to the exchangeable notes sold pursuant to the Purchase Agreement, or (iv) as part of a bona fide Share repurchase transaction unrelated to the exchangeable notes sold pursuant to the Purchase Agreement. "**Additional Warrants**" shall equal to the product of (i) the Warrant Entitlement, (ii) the initial exchange rate of the exchangeable notes and (iii) the aggregate principal amount of the additional notes purchased by the initial purchasers *divided by* USD1,000.

(t) *Role of Agent*. Each party agrees and acknowledges that (i) J.P. Morgan Securities Inc., an affiliate of Dealer ("**JPMSI**"), has acted solely as agent and not as principal with respect to the Transaction and (ii) JPMSI has no obligation or liability, by way of guaranty, endorsement or otherwise, in any manner in respect of the Transaction (including, if applicable, in respect of the settlement thereof). Each party agrees it will look solely to the other party (or any guarantor in respect thereof) for performance of such other party's obligations under the Transaction.

9. ISDA Master Agreement:

With respect to the Agreement, Issuer and Dealer agree as follows:

PART 1
TERMINATION PROVISIONS

(a) **"Specified Entity"** means in relation to Dealer for the purpose of:

Section 5(a)(v) (Default under Specified Transaction) :	Not Applicable
Section 5(a)(vi) (Cross Default):	Not Applicable

Section 5(a)(vii) (Bankruptcy):	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

and in relation to Issuer for the purpose of:

Section 5(a)(v) (Default under Specified Transaction):	Not Applicable
Section 5(a)(vi) (Cross Default)	Not Applicable
Section 5(a)(vii) (Bankruptcy)	Not Applicable
Section 5(b)(v) (Credit Event upon Merger):	Not Applicable

(b) **"Termination Currency"** means United States Dollars.

(c) **Force Majeure Event**. Notwithstanding anything to the contrary contained in the Agreement, Section 5(b)(ii) of the Agreement shall not apply and, for the avoidance of doubt, a Force Majeure Event shall not constitute a Termination Event with respect to Issuer or Dealer.

(d) **Failure to Pay or Deliver Event of Default**. Section 5(a)(i) of the Agreement is hereby amended by changing the word "first" wherever it appears therein to "third".

PART 3
AGREEMENT TO DELIVER DOCUMENTS

For the purpose of Section 4(a)(i) and (ii) of the Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are: none

(b) Other Documents to be delivered are:

PARTY REQUIRED TO DELIVER DOCUMENT	FORM/DOCUMENT/ CERTIFICATE	DATE BY WHICH TO BE DELIVERED	COVERED BY SECTION 3(d) REPRESENTATION
Issuer	Certified copies of all corporate authorizations and any other documents with respect to the execution, delivery and performance of this Confirmation	Effective Date	Yes
Dealer and Issuer	Certificate of authority and specimen signatures of individuals executing this Confirmation	Effective Date	Yes

PART 4
MISCELLANEOUS

(a) **Offices.** The provisions of Section 10(a) will apply to the Agreement.

(b) **Deduction or Withholding for Tax.** So long as Issuer is organized under the laws of the United States or any State thereof, the provisions of Section 2(d)(i)(4) of the Agreement shall not apply to the Transaction.

Issuer hereby agrees (a) to check this Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by Dealer) correctly sets forth the terms of the agreement between Dealer and Issuer with respect to the Transaction, by manually signing this Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to EDG Confirmation Group, J.P. Morgan Securities Inc., 277 Park Avenue, 11th Floor, New York, NY 10172-3401, or by fax to (212) 622 8519.

Yours faithfully,

J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association

By: _____
Authorized Signatory
Name:

Agreed and Accepted By:

RAYONIER INC.

By: _____
Name:
Title:

Annex A

For each Component of the Transaction, the Number of Warrants and Expiration Date is set forth below.

Component Number	Number of Warrants	Expiration Date
1	31,926	January 15, 2013
2	31,926	January 16, 2013
3	31,926	January 17, 2013
4	31,926	January 18, 2013
5	31,926	January 22, 2013
6	31,926	January 23, 2013
7	31,926	January 24, 2013
8	31,926	January 25, 2013
9	31,926	January 28, 2013
10	31,926	January 29, 2013
11	31,926	January 30, 2013
12	31,926	January 31, 2013
13	31,926	February 1, 2013
14	31,926	February 4, 2013
15	31,926	February 5, 2013
16	31,926	February 6, 2013
17	31,926	February 7, 2013
18	31,926	February 8, 2013
19	31,926	February 11, 2013
20	31,926	February 12, 2013
21	31,926	February 13, 2013
22	31,926	February 14, 2013
23	31,926	February 15, 2013
24	31,926	February 19, 2013
25	31,926	February 20, 2013
26	31,926	February 21, 2013
27	31,926	February 22, 2013
28	31,926	February 25, 2013
29	31,926	February 26, 2013
30	31,926	February 27, 2013
31	31,926	February 28, 2013
32	31,926	March 1, 2013
33	31,926	March 4, 2013
34	31,926	March 5, 2013
35	31,926	March 6, 2013
36	31,926	March 7, 2013
37	31,926	March 8, 2013
38	31,926	March 11, 2013
39	31,926	March 12, 2013
40	31,926	March 13, 2013
41	31,926	March 14, 2013
42	31,926	March 15, 2013
43	31,926	March 18, 2013
44	31,926	March 19, 2013
45	31,926	March 20, 2013
46	31,926	March 21, 2013
47	31,926	March 22, 2013
48	31,926	March 25, 2013
49	31,926	March 26, 2013
50	31,915	March 27, 2013

EXHIBIT 4.8

Credit Suisse Capital LLC
c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010

October 15, 2007

Rayonier Inc.
50 North Laura Street
Jacksonville, FL 32202

Re: Issuer Warrant Transaction Amendment

Rayonier Inc. ("**Issuer**") and Credit Suisse Capital LLC ("**Dealer**"), represented by Credit Suisse Securities (USA) LLC ("**Agent**"), as its agent, have entered into a confirmation dated as of October 10, 2007, Reference No. 40114194 (the "**Confirmation**") relating to Warrants on shares of common stock (no par value) of Issuer issued by Issuer to Dealer. This letter agreement (this "**Amendment**") amends the terms and conditions of the Transaction (the "**Transaction**") evidenced by the Confirmation.

Upon the effectiveness of this Amendment, all references in the Confirmation to the "Transaction" will be deemed to be to the Transaction as amended hereby. Capitalized terms used herein without definition shall have the meanings assigned to them in the Confirmation.

1. *Amendments*. The Confirmation is hereby amended as follows:

a. *Number of Warrants and Expiration Date*. The Numbers of Warrants and Expiration Dates specified in the Confirmation are hereby replaced in their entirety with the Numbers of Warrants and Expiration Dates set forth on Annex A attached hereto.

b. *Additional Premium*. The "Premium" shall be USD13,435,500.

c. *Capped Number*. The number "5,929,072" set forth in Section 8(e) of the Confirmation is hereby replaced with the number "7,114,888".

2. *Effectiveness.* This Amendment shall become effective upon execution by the parties hereto.

3. *No Additional Amendments or Waivers*. Except as amended hereby, all the terms of the Transaction and provisions in the Confirmation shall remain and continue in full force and effect and are hereby confirmed in all respects.

4. *Counterparts*. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all of the signatures thereto and hereto were upon the same instrument.

5. *Governing Law*. The provisions of this Amendment shall be governed by the New York law (without reference to choice of law doctrine).

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Amendment and returning it in the manner indicated in the attached cover letter.

Yours faithfully,

CREDIT SUISSE CAPITAL LLC

By: _____
Name:
Title:

CREDIT SUISSE SECURITIES (USA) LLC, AS AGENT FOR CREDIT SUISSE CAPITAL LLC

By: _____
Name:
Title:

Confirmed as of the date first above written:

RAYONIER INC.

By: _____
Name:
Title:

Annex A

For each Component of the Transaction, the Number of Warrants and Expiration Date are set forth below.

Component Number	Number of Warrants	Expiration Date
1.	71,149	January 15, 2013
2.	71,149	January 16, 2013
3.	71,149	January 17, 2013
4.	71,149	January 18, 2013
5.	71,149	January 22, 2013
6.	71,149	January 23, 2013
7.	71,149	January 24, 2013
8.	71,149	January 25, 2013
9.	71,149	January 28, 2013
10.	71,149	January 29, 2013
11.	71,149	January 30, 2013
12.	71,149	January 31, 2013
13.	71,149	February 1, 2013
14.	71,149	February 4, 2013
15.	71,149	February 5, 2013
16.	71,149	February 6, 2013
17.	71,149	February 7, 2013
18.	71,149	February 8, 2013
19.	71,149	February 11, 2013
20.	71,149	February 12, 2013
21.	71,149	February 13, 2013
22.	71,149	February 14, 2013
23.	71,149	February 15, 2013
24.	71,149	February 19, 2013
25.	71,149	February 20, 2013
26.	71,149	February 21, 2013
27.	71,149	February 22, 2013
28.	71,149	February 25, 2013
29.	71,149	February 26, 2013
30.	71,149	February 27, 2013
31.	71,149	February 28, 2013
32.	71,149	March 1, 2013
33.	71,149	March 4, 2013
34.	71,149	March 5, 2013
35.	71,149	March 6, 2013
36.	71,149	March 7, 2013
37.	71,149	March 8, 2013
38.	71,149	March 11, 2013
39.	71,149	March 12, 2013
40.	71,149	March 13, 2013
41.	71,149	March 14, 2013
42.	71,149	March 15, 2013
43.	71,149	March 18, 2013
44.	71,149	March 19, 2013
45.	71,149	March 20, 2013
46.	71,149	March 21, 2013
47.	71,149	March 22, 2013
48.	71,149	March 25, 2013
49.	71,149	March 26, 2013
50.	71,143	March 27, 2013

EXHIBIT 4.9

JPMorgan Chase Bank, National Association
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

October 15, 2007

Rayonier Inc.
50 North Laura Street
Jacksonville, FL 32202

Re: Issuer Warrant Transaction Amendment

Rayonier Inc. ("**Issuer**") and JPMorgan Chase Bank, National Association, London Branch ("**Dealer**") have entered into a confirmation dated as of October 10, 2007 (the "**Confirmation**") relating to Warrants on shares of common stock (no par value) of Issuer issued by Issuer to Dealer. This letter agreement (this "**Amendment**") amends the terms and conditions of the Transaction (the "**Transaction**") evidenced by the Confirmation.

Upon the effectiveness of this Amendment, all references in the Confirmation to the "Transaction" will be deemed to be to the Transaction as amended hereby. Capitalized terms used herein without definition shall have the meanings assigned to them in the Confirmation.

1. *Amendments*. The Confirmation is hereby amended as follows:

a. *Number of Warrants and Expiration Date*. The Numbers of Warrants and Expiration Dates specified in the Confirmation are hereby replaced in their entirety with the Numbers of Warrants and Expiration Dates set forth on Annex A attached hereto.

b. *Additional Premium*. The "Premium" shall be USD7,234,500.

c. *Capped Number*. The number "3,192,578" set forth in Section 8(e) of the Confirmation is hereby replaced with the number "3,831,094".

2. *Effectiveness.* This Amendment shall become effective upon execution by the parties hereto.

3. *No Additional Amendments or Waivers*. Except as amended hereby, all the terms of the Transaction and provisions in the Confirmation shall remain and continue in full force and effect and are hereby confirmed in all respects.

4. *Counterparts*. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all of the signatures thereto and hereto were upon the same instrument.

5. *Governing Law*. The provisions of this Amendment shall be governed by the New York law (without reference to choice of law doctrine).

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Amendment and returning it in the manner indicated in the attached cover letter.

Yours faithfully,

J.P. Morgan Securities Inc., as agent for
JPMorgan Chase Bank, National Association

By: _____
Authorized Signatory
Name:

Confirmed as of the date first above written:

RAYONIER INC.

By: _____
Name:
Title:

Annex A

For each Component of the Transaction, the Number of Warrants and Expiration Date are set forth below.

Component Number	Number of Warrants	Expiration Date
1.	38,311	January 15, 2013
2.	38,311	January 16, 2013
3.	38,311	January 17, 2013
4.	38,311	January 18, 2013
5.	38,311	January 22, 2013
6.	38,311	January 23, 2013
7.	38,311	January 24, 2013
8.	38,311	January 25, 2013
9.	38,311	January 28, 2013
10.	38,311	January 29, 2013
11.	38,311	January 30, 2013
12.	38,311	January 31, 2013
13.	38,311	February 1, 2013
14.	38,311	February 4, 2013
15.	38,311	February 5, 2013
16.	38,311	February 6, 2013
17.	38,311	February 7, 2013
18.	38,311	February 8, 2013
19.	38,311	February 11, 2013
20.	38,311	February 12, 2013
21.	38,311	February 13, 2013
22.	38,311	February 14, 2013
23.	38,311	February 15, 2013
24.	38,311	February 19, 2013
25.	38,311	February 20, 2013
26.	38,311	February 21, 2013
27.	38,311	February 22, 2013
28.	38,311	February 25, 2013
29.	38,311	February 26, 2013
30.	38,311	February 27, 2013
31.	38,311	February 28, 2013
32.	38,311	March 1, 2013
33.	38,311	March 4, 2013
34.	38,311	March 5, 2013
35.	38,311	March 6, 2013
36.	38,311	March 7, 2013
37.	38,311	March 8, 2013
38.	38,311	March 11, 2013
39.	38,311	March 12, 2013
40.	38,311	March 13, 2013
41.	38,311	March 14, 2013
42.	38,311	March 15, 2013
43.	38,311	March 18, 2013
44.	38,311	March 19, 2013
45.	38,311	March 20, 2013
46.	38,311	March 21, 2013
47.	38,311	March 22, 2013
48.	38,311	March 25, 2013
49.	38,311	March 26, 2013
50.	38,308	March 27, 2013