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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

OR

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER 1-6780

RAYONIER INC.

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

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

Telephone Number: (904) 357-9100

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES ☐ NO ☒

As of July 22, 2010, there were outstanding 80,254,551 Common Shares of the Registrant.

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PART I. FINANCIAL INFORMATION

Item1. Financial Statements

RAYONIER INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
SALES	$ 312,210	$ 278,698	$ 622,410	$ 558,083
Costs and Expenses				
Cost of sales	242,940	216,674	475,794	441,021
Selling and general expenses	15,172	14,349	32,139	28,991
Other operating income, net (Note 2)	(1,260)	(87,165)	(5,828)	(91,177)
	256,852	143,858	502,105	378,835
Equity in income (loss) of New Zealand joint venture	986	(602)	531	(1,839)
OPERATING INCOME BEFORE GAIN ON SALE OF A PORTION OF THE INTEREST IN THE NEW ZEALAND JOINT VENTURE	56,344	134,238	120,836	177,409
Gain on sale of a portion of the interest in the New Zealand joint venture (Note 3)	-	-	12,367	-
OPERATING INCOME	56,344	134,238	133,203	177,409
Interest expense	(12,250)	(12,248)	(24,736)	(24,840)
Interest and miscellaneous income, net	408	216	598	283
INCOME BEFORE INCOME TAXES	44,502	122,206	109,065	152,852
Income tax expense	(5,944)	(14,453)	(13,554)	(19,178)
NET INCOME	38,558	107,753	95,511	133,674
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency translation adjustments	(2,045)	15,825	(3,261)	10,947
Joint venture cash flow hedges	816	(277)	1,026	(2,627)
Amortization of pension and postretirement benefit costs, net of income tax expense (benefit) of $221 and $200, and ($2,366) and $666	535	691	4,639	1,116
COMPREHENSIVE INCOME	$ 37,864	$ 123,992	$ 97,915	$ 143,110
EARNINGS PER COMMON SHARE				
Basic earnings per share	$ 0.48	$ 1.37	$ 1.20	$ 1.70
Diluted earnings per share	$ 0.48	$ 1.35	$ 1.18	$ 1.68

See Notes to Condensed Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)

	June 30, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 344,184	$ 74,964
Accounts receivable, less allowance for doubtful accounts of $1,278 and $1,150	95,710	103,740
Inventory		
Finished goods	69,170	70,548
Work in process	7,004	8,884
Raw materials	13,850	6,829
Manufacturing and maintenance supplies	2,269	2,243
Total inventory	92,293	88,504
Income tax and alternative fuel mixture credit receivable	121	192,579
Prepaid and other current assets	62,381	49,909
Total Current Assets	594,689	509,696
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	1,146,216	1,188,559
PROPERTY, PLANT AND EQUIPMENT		
Land	24,787	24,789
Buildings	125,827	126,443
Machinery and equipment	1,318,628	1,275,955
Total property, plant and equipment, gross	1,469,242	1,427,187
Less - accumulated depreciation	(1,097,801)	(1,082,248)
Total property, plant and equipment, net	371,441	344,939
INVESTMENT IN JOINT VENTURE	63,784	50,999
OTHER ASSETS	176,459	158,738
TOTAL ASSETS	$ 2,352,589	$ 2,252,931
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 64,261	$ 58,584
Bank loans and current maturities	-	4,650
Accrued interest	6,312	6,512
Accrued customer incentives	9,421	25,644
Current liabilities for dispositions and discontinued operations (Note 11)	11,038	10,648
Other current liabilities	85,972	69,073
TOTAL CURRENT LIABILITIES	177,004	175,111
LONG-TERM DEBT	764,057	694,999
NON-CURRENT LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS (Note 11)	83,264	87,943
PENSION AND OTHER POSTRETIREMENT BENEFITS (Note 13)	111,795	111,662
OTHER NON-CURRENT LIABILITIES	34,606	37,010
COMMITMENTS AND CONTINGENCIES (Notes 10 and 12)		
SHAREHOLDERS' EQUITY		
Common Shares, 240,000,000 and 120,000,000 shares authorized, 80,253,894 and 79,541,974 shares issued and outstanding	580,108	561,962
Retained earnings	679,093	663,986
Accumulated other comprehensive loss	(77,338)	(79,742)
TOTAL SHAREHOLDERS' EQUITY	1,181,863	1,146,206
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,352,589	$ 2,252,931

See Notes to Condensed Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Six Months Ended June 30,	
	2010	**2009**
OPERATING ACTIVITIES		
Net income	$ 95,511	$ 133,674
Adjustments to reconcile net income to total cash provided by operating activities:		
Depreciation, depletion and amortization	76,522	86,675
Non-cash cost of real estate sold	3,434	5,232
Stock-based incentive compensation expense	7,960	8,162
Gain on sale of a portion of the interest in the New Zealand joint venture	(11,545)	-
Amortization of convertible debt discount	4,058	2,883
Deferred income tax expense (benefit)	385	(3,177)
Excess tax benefits on stock-based compensation	(3,951)	(891)
Other	1,747	4,965
Changes in operating assets and liabilities:		
Receivables	7,952	(5,802)
Inventories	(7,359)	(8,383)
Accounts payable	841	(3,988)
Income tax and alternative fuel mixture credit receivable	192,458	(83,218)
Other current assets	(11,796)	(19,463)
Accrued liabilities	4,459	9,446
Other assets	(91)	(46)
Other non-current liabilities	(466)	5,247
Expenditures for dispositions and discontinued operations	(4,319)	(4,102)
CASH PROVIDED BY OPERATING ACTIVITIES	355,800	127,214
INVESTING ACTIVITIES		
Capital expenditures	(71,348)	(50,107)
Change in restricted cash	(10,043)	(1,144)
Other	4,875	(2,137)
CASH USED FOR INVESTING ACTIVITIES	(76,516)	(53,388)
FINANCING ACTIVITIES		
Issuance of debt	127,000	30,000
Repayment of debt	(66,650)	(30,000)
Dividends paid	(79,990)	(78,929)
Proceeds from the issuance of common shares	12,232	3,698
Excess tax benefits on stock-based compensation	3,951	891
Debt issuance costs	(535)	-
Repurchase of common shares	(5,997)	(1,388)
CASH USED FOR FINANCING ACTIVITIES	(9,989)	(75,728)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(75)	106
CASH AND CASH EQUIVALENTS		
Increase (decrease) in cash and cash equivalents	269,220	(1,796)
Balance, beginning of year	74,964	61,685
Balance, end of period	$ 344,184	$ 59,889
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest	$ 19,700	$ 21,270
Income taxes	$ 144	$ 4,612
Non-cash investing activity:		
Capital assets purchased on account	$ 13,595	$ 8,644

See Notes to Condensed Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Dollars in thousands unless otherwise stated)

1. BASIS OF PRESENTATION AND NEW ACCOUNTING PRONOUNCEMENTS

Basis of Presentation

The unaudited condensed consolidated financial statements and notes thereto of Rayonier Inc. and its subsidiaries ("Rayonier" or "the Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, certain information in the financial statements of the Company's Annual Report on Form 10-K have been condensed. In the opinion of management, these financial statements and notes reflect all adjustments (including normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. These statements and notes should be read in conjunction with the financial statements and supplementary data included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC.

Subsequent Events

The Company evaluated events and transactions that occurred after the balance sheet date but before financial statements were issued, and one subsequent event warranted disclosure. See Note 16 – *Consolidating Financial Statements* for information about changes in the Company's guarantor structure.

New or Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued new guidance related to consolidation which replaced the quantitative-based risks and rewards calculation for determining which enterprise has a controlling interest in a variable interest entity with an approach primarily qualitative in nature. This Standard requires additional disclosures about an enterprise's involvement in variable interest entities and was effective January 1, 2010 for Rayonier. The Company's application of this guidance had no effect on the accompanying condensed consolidated financial statements. See Note 9 – *Fair Value Measurements* for additional information about the Company's variable interest entity.

Also in June 2009, the FASB issued new guidance related to the accounting for transfers of financial assets. The new standard eliminates the concept of a "qualifying special-purpose entity" ("QSPE") and associated guidance and creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale. Entities formerly classified as QSPEs are now evaluated for consolidation under the provisions related to the consolidation of controlling and non-controlling interests in an entity. Under the new guidance, the Company's investment in a special purpose entity does not require consolidation. See Note 9 – *Fair Value Measurements* for additional information about this entity.

2. ALTERNATIVE FUEL MIXTURE CREDIT ("AFMC")

The U.S. Internal Revenue Code allowed a tax credit for taxpayers that produced and used an alternative fuel in the operation of their business. Rayonier produces and uses an alternative fuel ("black liquor") at its Jesup, Georgia and Fernandina Beach, Florida Performance Fibers mills, which qualified for the $0.50 per gallon credit of alternative fuel used in operations through December 31, 2009. Accordingly, the Condensed Consolidated Statements of Income and Comprehensive Income for the three and six months ended June 30, 2009, include income of approximately $85.9 million, net of associated expenses, recorded in "Other operating income, net" for black liquor produced and used.

3. JOINT VENTURE INVESTMENT

The Company owns an interest in Matariki Forestry Group ("Matariki"), a joint venture ("JV") that owns or leases approximately 0.3 million acres of New Zealand timberlands. In addition to this investment, Rayonier New Zealand Limited ("RNZ"), a wholly-owned subsidiary of Rayonier serves as the manager of the JV forests and operates a log trading business.

Rayonier's investment in the JV is accounted for using the equity method of accounting. Income from the JV is reported in the Timber segment as operating income since the Company manages the forests and its JV interest is an extension of the Company's operations. A portion of Rayonier's investment is recorded at historical cost which generates a difference between the book value of the Company's investment and its proportionate share of the JV's net assets. The difference represents the Company's unrecognized gain from RNZ's sale of timberlands to the JV in 2005. The deferred gain is recognized on a straight-line basis over the estimated number of years the JV expects to harvest the timberlands.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollars in thousands unless otherwise stated)

In the third quarter of 2008, Rayonier's Board of Directors approved a plan to offer to sell the Company's 40 percent interest in the JV as well as the operations of RNZ. As a result, the operating results of the JV and RNZ were segregated from continuing operations in the Condensed Consolidated Statements of Income and Comprehensive Income and reported as discontinued operations.

In the second quarter of 2009, as a result of distressed capital markets and the weak global economic conditions, Rayonier and its joint venture partners decided to discontinue the sale process and continue with ongoing operations. Accordingly, the operating results of the joint venture are included in continuing operations in the Condensed Consolidated Statements of Income and Comprehensive Income for all periods presented.

In December of 2009, the JV signed an agreement to sell a 35 percent interest in the JV to a new investor for NZ$167 million. Matariki issued new shares to the investor and used the proceeds entirely to pay down a portion of its outstanding NZ$367 million debt. Consummation of this transaction occurred in February 2010. Upon closing, Rayonier's ownership interest in Matariki declined from 40 percent to 26 percent. As a result of this transaction, results for 2010 include a gain of $11.5 million, net of $0.9 million in tax, or $0.14 per diluted share.

4. EARNINGS PER COMMON SHARE

The following table provides details of the calculation of basic and diluted earnings per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net income	$ 38,558	$ 107,753	$ 95,511	$ 133,674
Shares used for determining basic earnings per common share	80,104,004	78,913,563	79,923,790	78,860,562
Dilutive effect of:				
Stock options	374,768	427,016	387,399	317,981
Performance and restricted shares	613,931	448,496	592,281	358,654
Shares used for determining diluted earnings per common share	81,092,703	79,789,075	80,903,470	79,537,197
Basic earnings per common share:	$ 0.48	$ 1.37	$ 1.20	$ 1.70
Diluted earnings per common share:	$ 0.48	$ 1.35	$ 1.18	$ 1.68

5. INCOME TAXES

Rayonier is a real estate investment trust ("REIT"). In general, only Rayonier TRS Holdings Inc. ("TRS"), the Company's wholly-owned taxable subsidiary whose businesses include the Company's non-REIT qualified activities, is subject to corporate income taxes. However, Rayonier Inc. is subject to U.S. federal corporate income tax on built-in gains (the excess of fair market value over tax basis for property held upon REIT election at January 1, 2004) on taxable sales of such property during the first 10 years following the election to be taxed as a REIT. Accordingly, the provision for corporate income taxes relates principally to current and deferred taxes on certain property sales and on TRS income.

The Company's effective tax rate is below the 35 percent U.S. statutory tax rate primarily due to tax benefits associated with being a REIT and like-kind exchange ("LKE") transactions. Effective tax rates before discrete items were 19.1 percent and 21.5 percent for the three months ended June 30, 2010 and 2009, respectively. Year-to-date effective tax rates before discrete items were 17.6 percent and 20.2 percent in 2010 and 2009, respectively. The lower rate in 2010 was due to proportionately higher earnings from the REIT.

Including discrete items, the effective tax rates for the quarter and year-to-date were 13.4 percent and 12.4 percent compared to 11.9 percent and 12.6 percent in 2009, respectively.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollars in thousands unless otherwise stated)

6. RESTRICTED DEPOSITS

In order to qualify for LKE treatment, the proceeds from real estate sales must be deposited with a third party intermediary. These proceeds are accounted for as restricted cash until a suitable replacement property is acquired. In the event that LKE purchases are not completed, the proceeds are returned to the Company after 180 days and reclassified as available cash. As of June 30, 2010 and December 31, 2009, the Company had $10.1 million and $0.1 million, respectively, of proceeds from real estate sales classified as restricted cash in Other Assets, which were deposited with an LKE intermediary.

7. SHAREHOLDERS' EQUITY

An analysis of shareholders' equity for the six months ended June 30, 2010 and the year ended December 31, 2009 is shown below (share amounts not in thousands):

	Common Shares		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
	Shares	Amount			
Balance, December 31, 2008	78,814,431	$ 527,302	$ 509,931	$ (98,296)	$ 938,937
Net income	-	-	312,541	-	312,541
Dividends ($2.00 per share)	-	-	(158,486)	-	(158,486)
Issuance of shares under incentive stock plans	776,905	11,115	-	-	11,115
Equity portion of convertible debt	-	8,850	-	-	8,850
Warrants and hedge, net	-	(2,391)	-	-	(2,391)
Stock-based compensation	-	15,754	-	-	15,754
Excess tax benefit on stock-based compensation	-	2,720	-	-	2,720
Repurchase of common shares	(49,362)	(1,388)	-	-	(1,388)
Net gain from pension and postretirement plans	-	-	-	4,879	4,879
Foreign currency translation adjustment	-	-	-	15,980	15,980
Joint venture cash flow hedges	-	-	-	(2,305)	(2,305)
Balance, December 31, 2009	79,541,974	$ 561,962	$ 663,986	$ (79,742)	$ 1,146,206
Net income	-	-	95,511	-	95,511
Dividends ($1.00 per share)	-	-	(80,404)	-	(80,404)
Issuance of shares under incentive stock plans	847,366	12,232	-	-	12,232
Stock-based compensation	-	7,960	-	-	7,960
Excess tax benefit on stock-based compensation	-	3,951	-	-	3,951
Repurchase of common shares	(135,446)	(5,997)	-	-	(5,997)
Amortization of pension and postretirement benefit costs	-	-	-	4,639	4,639
Foreign currency translation adjustment	-	-	-	(3,261)	(3,261)
Joint venture cash flow hedges	-	-	-	1,026	1,026
Balance, June 30, 2010	80,253,894	$ 580,108	$ 679,093	$ (77,338)	$ 1,181,863

8. SEGMENT INFORMATION

Rayonier operates in four reportable business segments: Timber, Real Estate, Performance Fibers, and Wood Products. Timber sales include all activities that relate to the harvesting of timber. Real Estate sales include all property sales, including those designated for higher and better use ("HBU"). The assets of the Real Estate segment include HBU property held by the Company's real estate subsidiary, TerraPointe LLC. The Performance Fibers segment includes two major product lines, cellulose specialties and absorbent materials. The Wood Products segment is comprised of lumber operations. The Company's remaining operations include harvesting and selling timber acquired from third parties (log trading). These operations are reported in "Other Operations." Sales between operating segments are made based on fair market value, and intercompany sales, purchases and profits (losses) are eliminated in consolidation. The Company evaluates financial performance based on the operating income of the segments.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollars in thousands unless otherwise stated)

Operating income (loss) as presented in the Condensed Consolidated Statements of Income and Comprehensive Income is equal to segment income (loss). Certain income (loss) items in the Condensed Consolidated Statements of Income and Comprehensive Income are not allocated to segments. These items, which include gains (losses) from certain asset dispositions, interest income (expense), miscellaneous income (expense) and income tax (expense) benefit, are not considered by Company management to be part of segment operations.

Total assets, sales, operating income (loss) and depreciation, depletion and amortization by segment including Corporate were as follows:

	June 30, 2010	December 31, 2009
ASSETS		
Timber	$ 1,275,635	$ 1,259,675
Real Estate	79,550	71,118
Performance Fibers	543,182	517,941
Wood Products	21,474	21,972
Other Operations	25,944	19,432
Corporate and other	406,804	362,793
TOTAL	$ 2,352,589	$ 2,252,931

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
SALES				
Timber	$ 48,917	$ 43,591	$ 96,025	$ 78,518
Real Estate	12,712	41,378	45,729	67,970
Performance Fibers	201,947	177,109	401,719	380,743
Wood Products	21,573	12,495	37,505	24,247
Other Operations	30,246	8,959	47,354	14,659
Intersegment Eliminations	(3,185)	(4,834)	(5,922)	(8,054)
TOTAL	$ 312,210	$ 278,698	$ 622,410	$ 558,083

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
OPERATING INCOME (LOSS)				
Timber	$ 8,663	$ 432	$ 16,872	$ (1,906)
Real Estate	4,183	24,155	21,537	38,568
Performance Fibers	44,990	34,687	89,847	75,536
Wood Products	4,270	(2,571)	4,311	(6,144)
Other Operations	726	(2,068)	1,336	(1,330)
Corporate and other	(6,488)	79,603 (a)	(700) (b)	72,685(a)
TOTAL	$ 56,344	$ 134,238	$ 133,203	$ 177,409

(a) Includes $85.9 million relating to the AFMC. For additional information, see Note 2 – *Alternative Fuel Mixture Credit ("AFMC").*

(b) Includes a gain of $12.4 million from the sale of a portion of the Company's interest in its New Zealand joint venture. See Note 3 – *Joint Venture Investment* for additional information.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollars in thousands unless otherwise stated)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
DEPRECIATION, DEPLETION AND AMORTIZATION				
Timber	$ 17,269	$ 21,951	$ 34,005	$ 39,432
Real Estate	2,486	12,055	12,002	17,445
Performance Fibers	12,203	12,708	28,007	26,996
Wood Products	1,078	1,214	2,144	2,432
Other Operations	1	1	2	2
Corporate and other	170	182	362	368
TOTAL	$ 33,207	$ 48,111	$ 76,522	$ 86,675

9. FAIR VALUE MEASUREMENTS

The following table presents the carrying amount and estimated fair values of financial instruments held by the Company at June 30, 2010 and December 31, 2009, using market information and what the Company believes to be appropriate valuation methodologies under generally accepted accounting principles:

	June 30, 2010		December 31, 2009	
Asset (liability)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 344,184	$ 344,184	$ 74,964	$ 74,964
Short-term debt	-	-	(4,650)	(4,650)
Long-term debt	(764,057)	(848,298)	(694,999)	(790,763)

Rayonier uses the following methods and assumptions in estimating the fair value of its financial instruments:

Cash and cash equivalents - The carrying amount is equal to fair market value.

Debt - The Company's short-term bank loans and floating rate debt approximate fair value. The fair value of fixed rate long-term debt is based upon quoted market prices for debt with similar terms and maturities.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

Asset	Carrying Value at June 30, 2010	Level 2	Carrying Value at December 31, 2009	Level 2
Investment in special-purpose entity	$ 2,733	$ 2,733	$ 2,733	$ 2,733

Variable Interest Entity

Rayonier holds a variable interest in a bankruptcy-remote, limited liability subsidiary ("special-purpose entity") which was created in 2004 when Rayonier monetized a $25.0 million installment note and letter of credit received in connection with a timberland sale. The Company contributed the note and a letter of credit to the special-purpose entity and using the installment note and letter of credit as collateral, the special-purpose entity issued $22.6 million of 15-year Senior Secured Notes and remitted cash of $22.6 million to the Company. There are no restrictions that relate to the transferred financial assets. Rayonier maintains a $2.6 million interest in the entity and receives immaterial cash payments equal to the excess of interest received on the installment

(Dollars in thousands unless otherwise stated)

note over the interest paid on the Senior Secured Notes. The Company's interest is recorded at fair value and is included in "Other Assets" in the Condensed Consolidated Balance Sheets. In addition, the Company calculated and recorded a de minimus guarantee liability to reflect its obligation of up to $2.6 million under a make-whole agreement pursuant to which it guaranteed certain obligations of the entity. This guarantee obligation is also collateralized by the letter of credit. The Company's interest in the entity, together with the make-whole agreement, represents the maximum exposure to loss as a result of the Company's involvement with the special-purpose entity. Upon maturity of the Senior Secured Notes in 2019 and termination of the special purpose entity, Rayonier will receive the remaining $2.6 million of cash. The Company determined, based upon an analysis under the variable interest entity guidance, that it does not have the power to direct activities that most significantly impact the entity's economic success. Therefore, Rayonier is not the primary beneficiary and is not required to consolidate the entity.

10. GUARANTEES

The Company provides financial guarantees as required by creditors, insurance programs, and state and foreign governmental agencies. As of June 30, 2010, the following financial guarantees were outstanding:

	Maximum Potential Payment	Carrying Amount of Liability
Standby letters of credit (1)	$ 43,807	$ 38,110
Guarantees (2)	2,555	43
Surety bonds (3)	11,605	1,851
Total	$ 57,967	$ 40,004

(1) Approximately $39 million of the standby letters of credit serve as credit support for industrial revenue bonds. The remaining letters of credit support obligations under various insurance related agreements, primarily workers' compensation and pollution liability policy requirements. These letters of credit expire at various dates during 2010 and 2011 and will be renewed as required.

(2) In conjunction with a timberland sale and note monetization in the first quarter of 2004, the Company issued a make-whole agreement pursuant to which it guaranteed $2.6 million of obligations of a special-purpose entity that was established to complete the monetization. At June 30, 2010 the Company has recorded a de minimus liability to reflect the fair market value of its obligation to perform under the make-whole agreement.

(3) Rayonier issued surety bonds primarily to secure timber in the State of Washington and to provide collateral for the Company's workers' compensation self-insurance program in Washington and Georgia. These surety bonds expire at various dates during 2010, 2011 and 2014, and are expected to be renewed as required.

11. LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS

An analysis of activity in the liabilities for dispositions and discontinued operations for the six months ended June 30, 2010 and the year ended December 31, 2009, is as follows:

	June 30, 2010	December 31, 2009
Balance, January 1	$ 98,591	$ 104,575
Expenditures charged to liabilities	(4,319)	(8,095)
Increase (reduction) to liabilities	30	2,111
Balance, end of period	94,302	98,591
Less: Current portion	(11,038)	(10,648)
Non-current portion	$ 83,264	$ 87,943

Subject to the factors described in the next paragraph of this footnote and in Note 16 – *Liabilities for Dispositions and Discontinued Operations* in the 2009 Annual Report on Form 10-K, the Company believes established liabilities are sufficient for costs expected to be incurred over the next 20 years with respect to its dispositions and discontinued operations. Remedial actions

(Dollars in thousands unless otherwise stated)

for these sites vary, but can include, among other remedies, on-site (and in certain cases off-site) removal or treatment of contaminated soils and sediments, recovery and treatment/remediation of groundwater, and source remediation and/or control.

In addition, the Company is exposed to the risk of reasonably possible additional losses in excess of the established liabilities. As of June 30, 2010, it is estimated that this amount could range up to $36 million and arises from uncertainty over the availability or effectiveness of certain remediation technologies, additional or different contamination that may be discovered, development of new or improved environmental remediation technologies, changes in applicable law and the exercise of discretion in interpretation of applicable law and regulations by governmental agencies.

For additional information on the Company's environmental liabilities refer to Note 16 – *Liabilities for Dispositions and Discontinued Operations* in the 2009 Annual Report on Form 10-K.

12. CONTINGENCIES

Rayonier is engaged in various legal actions, including certain environmental proceedings. The Company has been named as a defendant in various other lawsuits and claims arising in the normal course of business. While the Company has procured reasonable and customary insurance covering risks normally occurring in connection with its businesses, it has in certain cases retained some risk through the operation of self-insurance, primarily in the areas of workers' compensation, property insurance and general liability. These other lawsuits and claims, either individually or in the aggregate, are not expected to have a material effect on the Company's financial position, results of operations, or cash flow.

There have been no material changes in the status of the other specific matters referenced in Note 16 – *Liabilities for Dispositions and Discontinued Operations* in the 2009 Annual Report on Form 10-K.

13. EMPLOYEE BENEFIT PLANS

The Company has four qualified non-contributory defined benefit pension plans covering the majority of its employees and an unfunded plan that provides benefits in excess of amounts allowable under current tax law in the qualified plans. Three of the qualified plans, as well as the unfunded plan, are closed to new participants. Employee benefit plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

The net periodic benefit costs of the Company's pension and postretirement plans (medical and life insurance) are shown in the following table:

	Pension		Postretirement	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2010	2009	2010	2009
Components of Net Periodic Benefit Cost				
Service cost	$ 1,452	$ 1,842	$ 146	$ 90
Interest cost	4,291	4,349	257	301
Expected return on plan assets	(5,416)	(5,291)	-	-
Amortization of prior service cost	518	354	22	22
Amortization of plan amendment	-	-	(2,392)	(2,392)
Amortization of losses	1,130	1,349	1,478	1,558
Net periodic benefit cost	$ 1,975	$ 2,603	$ (489)	$ (421)

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollars in thousands unless otherwise stated)

	Pension		Postretirement	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Components of Net Periodic Benefit Cost				
Service cost	$ 3,098	$ 3,685	$ 292	$ 180
Interest cost	8,870	8,698	514	601
Expected return on plan assets	(10,826)	(10,582)	-	-
Amortization of prior service cost	829	708	44	44
Amortization of plan amendment	-	-	(4,784)	(4,784)
Amortization of losses	3,228	2,698	2,956	3,116
Net periodic benefit cost	$ 5,199	$ 5,207	$ (978)	$ (843)

The Company made no discretionary contributions to the pension plans during the six months ended June 30, 2010. The Company's 2010 full year discretionary pension contributions may be in the $40 million to $50 million range in order to improve funded status.

14. DEBT

In March 2010, TRS borrowed $75 million under a five-year term loan agreement with a group of banks at LIBOR plus 275 basis points. There were no other significant changes to the Company's outstanding debt as reported in Note 13 – *Debt* of the Company's 2009 Annual Report on Form 10-K.

15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated Other Comprehensive Income (Loss) was comprised of the following:

	June 30, 2010	December 31, 2009
Foreign currency translation adjustments	$ 23,508	$ 26,769
Joint venture cash flow hedges	(1,279)	(2,305)
Unrecognized components of employee benefit plans, net of tax	(99,567)	(104,206)
Total	$ (77,338)	$ (79,742)

16. CONSOLIDATING FINANCIAL STATEMENTS

In October 2007, TRS issued $300 million of 3.75% Senior Exchangeable Notes due 2012, and in August 2009 TRS issued $172.5 million of 4.50% Senior Exchangeable Notes due 2015. The notes for both transactions are guaranteed by Rayonier and are non-callable. In connection with these exchangeable notes, the Company provides the following condensed consolidating financial information in accordance with SEC Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements, except for the use of the equity method of accounting to reflect ownership interests in wholly-owned subsidiaries which are eliminated upon consolidation and the allocation of certain expenses of Rayonier incurred for the benefit of its subsidiaries.

Subsequent Event

On July 29, 2010, Rayonier Inc. reorganized its operating structure by creating a new wholly owned operating entity Rayonier Operating Company LLC ("ROC"), and entering into a contribution agreement under which Rayonier Inc. contributed all assets and liabilities to ROC. As part of this agreement, ROC guarantees the TRS notes mentioned above. Rayonier Inc.'s guarantee of the TRS notes was unchanged by the transaction.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
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The new operating structure will allow Rayonier Inc. to adopt an umbrella real estate investment trust ("UPREIT") structure. An UPREIT structure allows for the acquisition of timberlands in exchange for ROC equity and can be attractive to timberland sellers, because by accepting ROC equity interests in exchange for their assets, sellers may be able to defer taxable gains. ROC equity interests may also offer sellers diversification and liquidity in their investments and comparable dividends to Rayonier Inc. shareholders.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
For the Three Months Ended June 30, 2010

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
SALES	$ -	$ -	$ 294,765	$ 33,410	$ (15,965)	$ 312,210
Costs and Expenses						
Cost of sales	-	-	240,382	23,712	(21,154)	242,940
Selling and general expenses	2,856	-	11,539	777	-	15,172
Other operating expense (income), net	24	-	425	(1,709)	-	(1,260)
	2,880	-	252,346	22,780	(21,154)	256,852
Equity in income of New Zealand joint venture	836	-	150	-	-	986
OPERATING (LOSS) INCOME	(2,044)	-	42,569	10,630	5,189	56,344
Interest expense	260	(7,333)	(5,148)	(29)	-	(12,250)
Interest and miscellaneous income (expense), net	1,332	(1,299)	(4,740)	5,115	-	408
Equity in income from subsidiaries	39,350	23,926	-	-	(63,276)	-
INCOME BEFORE INCOME TAXES	38,898	15,294	32,681	15,716	(58,087)	44,502
Income tax (expense) benefit	(340)	3,151	(8,755)	-	-	(5,944)
NET INCOME	$ 38,558	$ 18,445	$ 23,926	$ 15,716	$ (58,087)	$ 38,558

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
For the Three Months Ended June 30, 2009

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
SALES	$ -	$ -	$ 220,184	$ 66,806	$ (8,292)	$ 278,698
Costs and Expenses						
Cost of sales	-	-	183,764	42,636	(9,726)	216,674
Selling and general expenses	2,409	-	11,101	834	5	14,349
Other operating expense (income), net	193	-	(85,210)	(2,148)	-	(87,165)
	2,602	-	109,655	41,322	(9,721)	143,858
Equity in (loss) income of New Zealand joint venture	(807)	-	205	-	-	(602)
OPERATING (LOSS) INCOME	(3,409)	-	110,734	25,484	1,429	134,238
Interest expense	(126)	(4,607)	(6,360)	(1,155)	-	(12,248)
Interest and miscellaneous income (expense), net	781	(774)	(1,062)	1,305	(34)	216
Equity in income from subsidiaries	112,043	88,431	-	-	(200,474)	-
INCOME BEFORE INCOME TAXES	109,289	83,050	103,312	25,634	(199,079)	122,206
Income tax (expense) benefit	(1,536)	1,964	(14,881)	-	-	(14,453)
NET INCOME	$ 107,753	$ 85,014	$ 88,431	$ 25,634	$ (199,079)	$ 107,753

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
For the Six Months Ended June 30, 2010

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
SALES	$ -	$ -	$ 579,333	$ 134,868	$ (91,791)	$ 622,410
Costs and Expenses						
Cost of sales	-	-	474,223	65,882	(64,311)	475,794
Selling and general expenses	4,856	-	25,730	1,553	-	32,139
Other operating expense (income), net	20	-	(1,635)	(4,213)	-	(5,828)
	4,876	-	498,318	63,222	(64,311)	502,105
Equity in income of New Zealand joint venture	26	-	505	-	-	531
OPERATING (LOSS) INCOME BEFORE GAIN ON SALE OF A PORTION OF THE INTEREST IN THE NEW ZEALAND JOINT VENTURE	(4,850)	-	81,520	71,646	(27,480)	120,836
Gain on sale of a portion of the interest in the New Zealand joint venture	4,670	-	7,697	-	-	12,367
OPERATING (LOSS) INCOME	(180)	-	89,217	71,646	(27,480)	133,203
Interest expense	150	(14,723)	(10,084)	(79)	-	(24,736)
Interest and miscellaneous income (expense), net	10,259	(2,598)	(16,347)	9,284	-	598
Equity in income from subsidiaries	86,824	44,452	-	-	(131,276)	-
INCOME BEFORE INCOME TAXES	97,053	27,131	62,786	80,851	(158,756)	109,065
Income tax (expense) benefit	(1,542)	6,322	(18,334)	-	-	(13,554)
NET INCOME	$ 95,511	$ 33,453	$ 44,452	$ 80,851	$ (158,756)	$ 95,511

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
For the Six Months Ended June 30, 2009

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
SALES	$ -	$ -	$ 457,859	$ 118,022	$ (17,798)	$ 558,083
Costs and Expenses						
Cost of sales	-	-	383,982	77,179	(20,140)	441,021
Selling and general expenses	4,898	-	22,413	1,675	5	28,991
Other operating expense (income), net	88	-	(86,779)	(4,486)	-	(91,177)
	4,986	-	319,616	74,368	(20,135)	378,835
Equity in loss of New Zealand joint venture	(1,560)	-	(279)	-	-	(1,839)
OPERATING (LOSS) INCOME	(6,546)	-	137,964	43,654	2,337	177,409
Interest expense	(236)	(9,214)	(13,077)	(2,313)	-	(24,840)
Interest and miscellaneous income (expense), net	1,576	(1,547)	(2,271)	2,588	(63)	283
Equity in income from subsidiaries	141,506	102,136	-	-	(243,642)	-
INCOME BEFORE INCOME TAXES	136,300	91,375	122,616	43,929	(241,368)	152,852
Income tax (expense) benefit	(2,626)	3,928	(20,480)	-	-	(19,178)
NET INCOME	$ 133,674	$ 95,303	$ 102,136	$ 43,929	$ (241,368)	$ 133,674

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING BALANCE SHEETS
As of June 30, 2010

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 41,277	$ -	$ 254,093	$ 48,814	$ -	$ 344,184
Accounts receivable, less allowance for doubtful accounts	8	-	93,104	2,598	-	95,710
Inventory	-	-	104,474	-	(12,181)	92,293
Intercompany interest receivable	-	-	-	4,264	(4,264)	-
Income tax and alternative fuel mixture credit receivable	-	-	121	-	-	121
Prepaid and other current assets	2,121	776	58,107	1,377	-	62,381
Total current assets	43,406	776	509,899	57,053	(16,445)	594,689
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	1,807	-	62,936	1,081,473	-	1,146,216
NET PROPERTY, PLANT AND EQUIPMENT	1,344	-	368,513	826	758	371,441
INVESTMENT IN JOINT VENTURE	75,233	-	(11,449)	-	-	63,784
INVESTMENT IN SUBSIDIARIES	1,215,080	882,980	-	-	(2,098,060)	-
OTHER ASSETS	23,350	10,148	684,671	14,578	(556,288)	176,459
TOTAL ASSETS	$1,360,220	$ 893,904	$ 1,614,570	$ 1,153,930	$ (2,670,035)	$ 2,352,589
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Accounts payable	$ 1,284	$ -	$ 62,355	$ 622	$ -	$ 64,261
Accrued interest	237	5,286	768	21	-	6,312
Accrued customer incentives	-	-	9,421	-	-	9,421
Current liabilities for dispositions and discontinued operations	-	-	11,038	-	-	11,038
Other current liabilities	17,659	-	47,780	20,533	-	85,972
Total current liabilities	19,180	5,286	131,362	21,176	-	177,004
LONG-TERM DEBT	-	445,391	318,666	-	-	764,057
NON-CURRENT LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	-	-	83,264	-	-	83,264
PENSION AND OTHER POSTRETIREMENT BENEFITS	87,061	-	24,734	-	-	111,795
OTHER NON-CURRENT LIABILITIES	11,112	-	22,886	608	-	34,606
INTERCOMPANY PAYABLE	61,004	-	150,678	8,749	(220,431)	-
TOTAL LIABILITIES	178,357	450,677	731,590	30,533	(220,431)	1,170,726
TOTAL SHAREHOLDERS' EQUITY	1,181,863	443,227	882,980	1,123,397	(2,449,604)	1,181,863
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,360,220	$ 893,904	$ 1,614,570	$ 1,153,930	$ (2,670,035)	$ 2,352,589

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING BALANCE SHEETS
As of December 31, 2009

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 2,895	$ -	$ 69,722	$ 2,347	$ -	$ 74,964
Accounts receivable, less allowance for doubtful accounts	-	-	101,710	2,030	-	103,740
Inventory	-	-	114,187	-	(25,683)	88,504
Intercompany interest receivable	-	-	-	1,081	(1,081)	-
Income tax and alternative fuel mixture credit receivable	-	-	192,579	-	-	192,579
Prepaid and other current assets	1,430	758	44,722	2,999	-	49,909
Total current assets	4,325	758	522,920	8,457	(26,764)	509,696
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	1,807	-	87,747	1,099,005	-	1,188,559
NET PROPERTY, PLANT AND EQUIPMENT	1,493	-	341,790	1,147	509	344,939
INVESTMENT IN JOINT VENTURE	75,248	-	(24,249)	-	-	50,999
INVESTMENT IN SUBSIDIARIES	1,173,256	869,169	-	-	(2,042,425)	-
OTHER ASSETS	23,135	11,668	496,195	4,313	(376,573)	158,738
TOTAL ASSETS	$ 1,279,264	$ 881,595	$ 1,424,403	$ 1,112,922	$ (2,445,253)	$ 2,252,931
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Accounts payable	$ 3,057	$ -	$ 54,871	$ 656	$ -	$ 58,584
Bank loans and current maturities	-	-	4,650	-	-	4,650
Accrued interest	519	5,286	707	-	-	6,512
Accrued customer incentives	-	-	25,644	-	-	25,644
Current liabilities for dispositions and discontinued operations	-	-	10,648	-	-	10,648
Other current liabilities	18,885	-	37,726	12,462	-	69,073
Total current liabilities	22,461	5,286	134,246	13,118	-	175,111
LONG-TERM DEBT	5,000	441,332	243,667	5,000	-	694,999
NON-CURRENT LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	-	-	87,943	-	-	87,943
PENSION AND OTHER POSTRETIREMENT BENEFITS	86,522	-	25,140	-	-	111,662
OTHER NON-CURRENT LIABILITIES	13,352	-	23,035	23,553	(22,930)	37,010
INTERCOMPANY PAYABLE	5,723	-	41,203	8,706	(55,632)	-
TOTAL LIABILITIES	133,058	446,618	555,234	50,377	(78,562)	1,106,725
TOTAL SHAREHOLDERS' EQUITY	1,146,206	434,977	869,169	1,062,545	(2,366,691)	1,146,206
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,279,264	$ 881,595	$ 1,424,403	$ 1,112,922	$ (2,445,253)	$ 2,252,931

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollars in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2010

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings, Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
CASH PROVIDED BY OPERATING ACTIVITIES	$ 117,276	$ 25,000	$ 231,519	$ 118,793	$ (136,788)	$ 355,800
INVESTING ACTIVITIES						
Capital expenditures	(139)	-	(58,842)	(12,367)	-	(71,348)
Purchase of timberlands	-	-	-	(22,936)	22,936	-
Purchase of real estate	-	-	(41,254)	-	41,254	-
Change in restricted cash	-	-	-	(10,043)	-	(10,043)
Other	-	-	6,855	(1,980)	-	4,875
CASH USED FOR INVESTING ACTIVITIES	(139)	-	(93,241)	(47,326)	64,190	(76,516)
FINANCING ACTIVITIES						
Issuance of debt	-	-	75,000	52,000	-	127,000
Repayment of debt	(5,000)	-	(4,650)	(57,000)	-	(66,650)
Dividends paid	(79,990)	-	-	-	-	(79,990)
Proceeds from the issuance of common shares	12,232	-	-	-	-	12,232
Excess tax benefits on stock-based compensation	-	-	3,951	-	-	3,951
Debt issuance costs	-	-	(535)	-	-	(535)
Repurchase of common shares	(5,997)	-	-	-	-	(5,997)
Distributions to parent	-	(25,000)	(27,598)	(20,000)	72,598	-
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(78,755)	(25,000)	46,168	(25,000)	72,598	(9,989)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	-	(75)	-	-	(75)
CASH AND CASH EQUIVALENTS						
Change in cash and cash equivalents	38,382	-	184,371	46,467	-	269,220
Balance, beginning of year	2,895	-	69,722	2,347	-	74,964
Balance, end of period	$ 41,277	$ -	$ 254,093	$ 48,814	$ -	$ 344,184

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2009

	Rayonier Inc. (Parent Guarantor)	Rayonier TRS Holdings Inc. (Issuer)	Subsidiaries of Rayonier TRS Holdings Inc. (Non-guarantors)	All Other Subsidiaries (Non-guarantors)	Consolidating Adjustments	Total Consolidated
CASH PROVIDED BY OPERATING ACTIVITIES	$ 80,210	$ 15,000	$ 11,925	$ 125,320	$ (105,241)	$ 127,214
INVESTING ACTIVITIES						
Capital expenditures	(4)	-	(36,215)	(16,482)	2,594	(50,107)
Change in restricted cash	-	-	-	(1,144)	-	(1,144)
Other	-	-	(1,693)	(444)	-	(2,137)
CASH USED FOR INVESTING ACTIVITIES	(4)	-	(37,908)	(18,070)	2,594	(53,388)
FINANCING ACTIVITIES						
Issuance of debt	-	-	-	30,000	-	30,000
Repayment of debt	-	-	-	(30,000)	-	(30,000)
Dividends paid	(78,929)	-	-	-	-	(78,929)
Proceeds from the issuance of common shares	3,698	-	-	-	-	3,698
Excess tax benefits on stock-based compensation	-	-	891	-	-	891
Repurchase of common shares	(1,388)	-	-	-	-	(1,388)
Distributions to Parent	-	(15,000)	(16,647)	(71,000)	102,647	-
CASH USED FOR FINANCING ACTIVITIES	(76,619)	(15,000)	(15,756)	(71,000)	102,647	(75,728)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	-	106	-	-	106
CASH AND CASH EQUIVALENTS						
Change in cash and cash equivalents	3,587	-	(41,633)	36,250	-	(1,796)
Balance, beginning of year	9,741	-	47,082	4,862	-	61,685
Balance, end of period	$ 13,328	$ -	$ 5,449	$ 41,112	$ -	$ 59,889

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

When we refer to "we," "us," "our," "the Company," or "Rayonier," we mean Rayonier Inc. and its consolidated subsidiaries. References herein to "Notes to Financial Statements" refer to the Notes to the Condensed Consolidated Financial Statements of Rayonier Inc. included in Item 1 of this Report.

The Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors which may affect future results. Our MD&A should be read in conjunction with the 2009 Annual Report on Form 10-K.

Forward - Looking Statements

Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their companies. Certain statements in this document regarding anticipated financial outcomes including earnings guidance, if any, business and market conditions, outlook and other similar statements relating to Rayonier's future financial and operational performance, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "anticipate" and other similar language.

Forward looking statements are subject to future events, risks and uncertainties (many of which are beyond our control or are currently unknown to us) as well as potentially inaccurate estimates, assumptions and judgments by us that could cause actual results to differ materially from results contemplated by our forward-looking statements. Some of these events, risks and uncertainties are set forth in Item 1A – *Risk Factors* in our 2009 Annual Report on Form 10-K. Forward-looking statements are not guarantees of future performance and undue reliance should not be placed on these statements.

Critical Accounting Policies and Use of Estimates

The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect our assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. We base these estimates and assumptions on historical data and trends, current fact patterns, expectations and other sources of information we believe are reasonable. Actual results may differ from these estimates under different conditions. For a full description of our critical accounting policies, see Item 7 – *Management's Discussion and Analysis of Financial Condition and Results of Operations* in the 2009 Annual Report on Form 10-K.

Segments

We are a leading international forest products company primarily engaged in timberland management, the sale and entitlement of real estate, and the production and sale of high value specialty cellulose fibers and fluff pulp. We operate in four reportable business segments: Timber, Real Estate, Performance Fibers, and Wood Products. The Timber sales include all activities which relate to the harvesting of timber. Real Estate sales include all property sales, including those designated for higher and better use ("HBU"). The assets of the Real Estate segment include HBU property held by the Company's real estate subsidiary, TerraPointe LLC. The Performance Fibers segment includes two major product lines, cellulose specialties and absorbent materials. The Wood Products segment is comprised of lumber operations. Our remaining operations include harvesting and selling timber acquired from third parties (log trading). These operations are combined and reported in "Other Operations." Sales between operating segments are made based on fair market value, and intercompany sales, purchases and profits or losses are eliminated in consolidation.

We evaluate financial performance based on the operating income of the segments. Operating income, as presented in the Condensed Consolidated Statements of Income and Comprehensive Income, is equal to segment income (loss). Certain income (loss) items in the Condensed Consolidated Statements of Income and Comprehensive Income are not allocated to segments. These items, which include gains (losses) from certain asset dispositions, interest income (expense), miscellaneous income (expense) and income tax (expense) benefit, are not considered by Company management to be part of segment operations.

Results of Operations, Three and Six Months Ended June 30, 2010 Compared to Three and Six Months Ended June 30, 2009.

Financial Information (in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Sales				
Timber	$ 48.9	$ 43.6	$ 96.0	$ 78.5
Real Estate				
Development	0.4	1.2	1.6	1.4
Rural	4.2	5.8	7.6	9.6
Non-Strategic Timberlands	8.1	34.4	36.5	57.0
Total Real Estate	12.7	41.4	45.7	68.0
Performance Fibers				
Cellulose specialties	162.6	134.7	319.9	291.4
Absorbent materials	39.3	42.4	81.8	89.3
Total Performance Fibers	201.9	177.1	401.7	380.7
Wood Products	21.6	12.5	37.5	24.3
Other operations	30.3	9.0	47.4	14.7
Intersegment Eliminations	(3.2)	(4.9)	(5.9)	(8.1)
Total Sales	$ 312.2	$ 278.7	$622.4	$558.1
Operating Income (Loss)				
Timber	$ 8.7	$ 0.4	$ 16.9	$ (1.9)
Real Estate	4.1	24.2	21.5	38.6
Performance Fibers	45.0	34.7	89.9	75.5
Wood Products	4.3	(2.6)	4.3	(6.1)
Other operations	0.7	(2.1)	1.3	(1.3)
Corporate and other expenses / eliminations [1]	(6.5)	79.6	(0.7)	72.6
Total Operating Income	56.3	134.2	133.2	177.4
Interest Expense	(12.2)	(12.2)	(24.7)	(24.8)
Interest / Other income	0.4	0.3	0.6	0.3
Income tax expense	(5.9)	(14.5)	(13.6)	(19.2)
Net Income	$ 38.6	$ 107.8	$ 95.5	$133.7
Diluted Earnings Per Share	$ 0.48	$ 1.35	$ 1.18	$ 1.68

[1] The six months ended June 30, 2010 includes a first quarter gain of $12.4 million from the sale of a portion of the Company's interest in its New Zealand joint venture. See Note 3 – *Joint Venture Investment* for additional information. The three and six months ended June 30, 2009 include $85.9 million related to the alternative fuel mixture credit. See Note 2 – *Alternative Fuel Mixture Credit ("AFMC")* for additional information.

TIMBER

Sales (in millions)		Changes Attributable to:			
	2009	Price	Volume/Mix	Other	2010
Three months ended June 30,					
Eastern	$ 30.9	$ 5.6	$ (7.0)	$ 0.3	$ 29.8
Western	10.7	5.7	-	0.2	16.6
New Zealand	2.0	-	-	0.5	2.5
Total Sales	$ 43.6	$ 11.3	$ (7.0)	$ 1.0	$ 48.9
Six months ended June 30,					
Eastern	$ 54.7	$ 8.8	$ (4.7)	$ 0.5	$ 59.3
Western	20.0	8.2	3.7	-	31.9
New Zealand	3.8	-	-	1.0	4.8
Total Sales	$ 78.5	$ 17.0	$ (1.0)	$ 1.5	$ 96.0

In the Eastern region, average prices rose 33 percent and 35 percent in the three and six months ended June 30, 2010 compared to the prior year periods, respectively, primarily from restricted timber supply caused by wet weather conditions. Prices in 2010 were also impacted by improved timber demand and a shift in sales mix. Volumes declined 28 percent and 20 percent in second quarter and year-to-date 2010 from the prior year periods, respectively, primarily due to lower thinning volumes in second quarter 2010. Year-to-date volumes were also unfavorably impacted by the restricted hardwood supply in first quarter 2010 caused by wet weather.

In the Western region, prices increased 51 percent and 34 percent in the three and six months ended June 30, 2010 from the respective 2009 periods reflecting improved export demand and tight supply. Overall volumes declined 7 percent for second quarter but increased 15 percent for the six months as we accelerated the year's harvest schedule to first quarter to capitalize on increased prices. The sales impact of the volume decline in second quarter 2010 was offset by a mix shift to higher-priced delivered logs.

New Zealand sales represent timberland management fees for services provided to the joint venture, of which Rayonier has a 26 percent equity interest.

Operating Income (Loss) (in millions)		Changes Attributable to:			
	2009	Price	Volume/Mix	Cost/Other	2010
Three months ended June 30,					
Eastern	$ 3.4	$ 5.6	$ (2.1)	$ (1.5)	$ 5.4
Western	(2.4)	5.7	(0.6)	(0.3)	2.4
New Zealand/Other	(0.6)	-	-	1.5	0.9
Total Operating Income	$ 0.4	$ 11.3	$ (2.7)	$ (0.3)	$ 8.7
Six months ended June 30,					
Eastern	$ 6.3	$ 8.8	$ (2.9)	$ 1.5	$ 13.7
Western	(6.3)	8.2	(0.2)	1.1	2.8
New Zealand/Other	(1.9)	-	-	2.3	0.4
Total Operating Income (Loss)	$ (1.9)	$ 17.0	$ (3.1)	$ 4.9	$ 16.9

In the Eastern region, second quarter operating income improved from the 2009 period as higher sales prices more than offset lower volumes as well as increased costs primarily from depletion and logging expenses due to sales mix. For year-to-date 2010, operating income improved from the prior year period reflecting increased sales as well as lower costs due to geographic sales mix and improved production and transportation costs.

In the Western region, operating income in the second quarter improved from the prior year period as higher prices more than offset the decline in volume and slight increase in costs. In the six months ended June 30, 2010, operating income increased from the prior year period reflecting higher prices and favorable logging costs. Year-to-date operating income was also impacted by an unfavorable shift in sales mix.

New Zealand operating income primarily represents equity earnings related to the joint venture's timber activities which have increased from the prior year periods due primarily to improved export demand.

REAL ESTATE

Sales (in millions)

	2009	Changes Attributable to: Price	Volume/Mix	2010
Three months ended June 30,				
Development	$ 1.2	$ 0.1	$ (0.9)	$ 0.4
Rural	5.8	(1.9)	0.3	4.2
Non-Strategic Timberlands	34.4	1.1	(27.4)	8.1
Total Sales	$ 41.4	$ (0.7)	$ (28.0)	$ 12.7
Six months ended June 30,				
Development	$ 1.4	$ (0.7)	$ 0.9	$ 1.6
Rural	9.6	(3.8)	1.8	7.6
Non-Strategic Timberlands	57.0	1.8	(22.3)	36.5
Total Sales	$ 68.0	$ (2.7)	$ (19.6)	$ 45.7

Operating Income (in millions)

	2009	Changes Attributable to: Price	Volume/Mix	Cost/Other	2010
Three months ended June 30,					
Total Operating Income	$ 24.2	$ (0.7)	$ (17.9)	$ (1.5)	$ 4.1
Six months ended June 30,					
Total Operating Income	$ 38.6	$ (2.7)	$ (11.8)	$ (2.6)	$ 21.5

For second quarter 2010, sales and operating income were $29 million and $20 million below 2009, respectively. Year-to-date, sales and operating income were $22 million and $17 million below 2009, respectively. The unfavorable results were primarily driven by fewer non-strategic timberland acres sold. Second quarter 2009 included 31,000 acres of non-strategic timberland sales compared to 6,000 in second quarter 2010. The 2010 periods were also negatively impacted by a decline in rural prices primarily due to geographic mix.

PERFORMANCE FIBERS

Sales (in millions)

	2009	Changes Attributable to: Price	Volume/Mix	2010
Three months ended June 30,				
Cellulose specialties	$ 134.7	$ (7.9)	$ 35.8	$ 162.6
Absorbent materials	42.4	6.1	(9.2)	39.3
Total Sales	$ 177.1	$ (1.8)	$ 26.6	$ 201.9
Six months ended June 30,				
Cellulose specialties	$ 291.4	$ (10.8)	$ 39.3	$ 319.9
Absorbent materials	89.3	4.0	(11.5)	81.8
Total Sales	$ 380.7	$ (6.8)	$ 27.8	$ 401.7

Cellulose specialties sales improved in both 2010 periods as increased volume reflecting stronger demand more than offset a decline in prices from the prior year periods due to the third quarter 2009 removal of a cost-based surcharge. Volumes rose 27

percent and 14 percent for the three and six months ended June 30, 2010, respectively, while prices declined five percent and three percent for the quarter and six months ended June 30, 2010 from the prior year periods.

While absorbent materials prices improved by 19 percent and five percent for the three and six months ended June 30, 2010 due to strong demand, sales declined in both periods reflecting a 22 percent and 14 percent decrease in volumes for the three and six months, respectively, due to the timing of customer orders, a shift in production to cellulose specialties and pre-shutdown production issues.

Operating Income (in millions)

	2009	Changes Attributable to: Price	Volume/Mix	Costs/Other	2010
Three months ended June 30,					
Total Operating Income	$ 34.7	$ (1.8)	$ 11.5	$ 0.6	$ 45.0
Six months ended June 30,					
Total Operating Income	$ 75.5	$ (6.8)	$ 11.3	$ 9.9	$ 89.9

Operating income improved in both 2010 periods primarily due to increased cellulose specialties volumes, higher absorbent materials prices and lower chemical costs offset in part by higher wood costs.

WOOD PRODUCTS

Sales (in millions)

	2009	Changes Attributable to: Price	Volume	2010
Three months ended June 30,				
Total Sales	$ 12.5	$ 7.4	$ 1.7	$ 21.6
Six months ended June 30,				
Total Sales	$ 24.3	$ 11.0	$ 2.2	$ 37.5

Operating (Loss) Income (in millions)

	2009	Changes Attributable to: Price	Volume/Mix/Costs	2010
Three months ended June 30,				
Total Operating (Loss) Income	$ (2.6)	$ 7.4	$ (0.5)	$ 4.3
Six months ended June 30,				
Total Operating (Loss) Income	$ (6.1)	$ 11.0	$ (0.6)	$ 4.3

Sales and operating income improved from the prior year periods primarily due to increased prices resulting from supply constraints caused by wet weather conditions. Prices rose 52 percent and 41 percent for the three and six months ended June 30, 2010 from the prior year periods. Although below historical averages, volumes increased 13 percent and nine percent in second quarter and year-to-date 2010 from the 2009 periods, respectively, reflecting higher production to capitalize on improved pricing. Operating income was unfavorably impacted by higher costs, primarily wood prices, in both 2010 periods.

OTHER OPERATIONS

Sales and operating income increased from the prior year periods. The improvement in operating income was primarily driven by foreign exchange gains and higher earnings from log trading.

Corporate and Other Expenses

The six months ended June 30, 2010 results include a first quarter gain of $12 million from the sale of a portion of the Company's interest in its New Zealand joint venture. See Note 3 – *Joint Venture Investment* for additional information. The three and six months ended June 30, 2009 results include $86 million relating to the alternative fuel mixture credit. See Note 2 – *Alternative Fuel Mixture Credit ("AFMC")* for additional information. Excluding these special items, corporate and other expenses were $6 million for the three months ended June 30, 2010 and 2009 and $13 million for the six months ended June 30, 2010 and 2009.

Interest Expense and Other Income, Net

For the three and six months ended June 30, 2010, interest and other expenses were comparable to the prior year periods as higher average debt balances were offset by interest income related to a favorable IRS settlement and lower average interest rates.

Income Tax Expense

Second quarter effective tax rates before discrete items were 19.1 percent and 21.5 percent in 2010 and 2009, respectively. For the six months, the effective tax rates were 17.6 percent and 20.2 percent in 2010 and 2009, respectively. The decreased rates in 2010 were due to proportionately higher earnings from the REIT.

Including discrete items, the effective tax rates for the quarter and year-to-date were 13.4 percent and 12.4 percent compared to 11.9 percent and 12.6 percent in 2009, respectively.

Outlook

With solid performance in the first half, we are well positioned for strong full year results. In Timber, by acting quickly to pull forward stumpage volume, we effectively locked in higher prices. In Real Estate, we are expecting an increase in rural and conservation sales in the second half while reducing our sales of non-strategic timberland. With strategic investments in our mills lowering costs and enabling us to meet increasing demand for our cellulose specialties and absorbent materials products, we are on track for another strong year in Performance Fibers.

As a result we are again increasing our 2010 guidance. We now expect earnings of $2.05 per share to $2.20 per share for 2010, excluding the gain on the New Zealand joint venture transaction, and Cash Available for Distribution of $360 million to $380 million.

Employee Relations

In April 2010, collective bargaining agreements covering approximately 240 hourly employees at our Fernandina Beach, Florida Performance Fibers mill expired. Negotiations have now been successfully concluded and on July 29 the unions ratified a new four-year agreement. See Item 1 – *Business* and Item 1A – *Risk Factors*, respectively, in the 2009 Annual Report on Form 10-K for more information on employee relations.

Liquidity and Capital Resources

Historically, our operations have generally produced consistent cash flows and required limited capital resources. Short-term borrowings have helped fund cyclicality and seasonality in working capital needs and long-term debt has been used to fund major acquisitions.

$75 million Five-Year Term Loan Agreement

In March 2010, TRS borrowed $75 million under a five-year term loan agreement with a group of banks at LIBOR plus 275 basis points. We expect to use these funds for general corporate purposes.

Summary of Liquidity and Financing Commitments (in millions of dollars)

	As of June 30, 2010	As of December 31, 2009
Cash and cash equivalents [1]	$ 344	$ 75
Total debt	764	700
Shareholders' equity	1,182	1,146
Total capitalization (total debt plus equity)	1,946	1,846
Debt to capital ratio	39%	38%

[1] Cash and cash equivalents consisted primarily of time deposits with original maturities of 90 days or less.

Cash Provided by Operating Activities (in millions of dollars)

	2010	2009	Increase
Six months ended June 30,	$ 356	$ 127	$ 229

Cash provided by operating activities for the six months ended June 30, 2010 increased primarily due to a cash refund of $189 million related to the AFMC received in April 2010. See Note 2 – *Alternative Fuel Mixture Credit ("AFMC")* for additional information. Excluding the impact of the AFMC, cash provided by operating activities increased by approximately $40 million primarily due to improved operating results and lower working capital requirements related to the timing of payments.

Cash Used for Investing Activities (in millions of dollars)

	2010	2009	Increase
Six months ended June 30,	$ 77	$ 53	$ 24

Cash used for investing activities increased primarily due to a planned increase in capital expenditures for cost reduction and efficiency projects as well as environmental expenditures at our Jesup, Georgia Performance Fibers mill required under a 2008 consent decree. Additionally, restricted cash increased over prior year due to the timing of a like-kind exchange ("LKE") transaction.

Cash Used for Financing Activities (in millions of dollars)

	2010	2009	Decrease
Six months ended June 30,	$ 10	$ 76	$ 66

Cash used for financing activities decreased mainly due to higher net borrowings of $60 million in 2010 versus no net borrowings in 2009.

Expected 2010 Expenditures

The amount of tax payments were de minimus during the first six months of 2010 compared to payments of $5 million in the same period 2009. Cash payments for income taxes during 2010 are anticipated to be between $18 million and $22 million. A cash refund of $189 million related to the AFMC was received in April 2010. The credit was effective for alternative fuel used in operations through December 31, 2009. See Note 2 – *Alternative Fuel Mixture Credit ("AFMC")* for additional information. We made no discretionary pension contributions in the first six months of 2010; however, discretionary pension contributions may be in the $40 million to $50 million range later in the year, funded primarily by proceeds from the AFMC. Capital expenditures in 2010 are forecasted to be between $140 million and $145 million compared to $92 million in 2009. Expenditures related to dispositions and discontinued operations were $4 million for the first six months of 2010 and 2009. Full year 2010 expenditures of approximately $10 million are anticipated.

Performance and Liquidity Indicators

The discussion below is presented to enhance the reader's understanding of our operating performance, liquidity, ability to generate cash and satisfy rating agency and creditor requirements. This information includes two measures of financial results:

Earnings before Interest, Taxes, Depreciation, Depletion and Amortization ("EBITDA") and Adjusted Cash Available for Distribution ("Adjusted CAD"). These measures are not defined by Generally Accepted Accounting Principles ("GAAP") and the discussion of EBITDA and Adjusted CAD is not intended to conflict with or change any of the GAAP disclosures described above. Management considers these measures to be important to estimate the enterprise and shareholder values of the Company as a whole and of its core segments, and for allocating capital resources. In addition, analysts, investors and creditors use these measures when analyzing our operating performance, financial condition and cash generating ability. Management uses EBITDA as a performance measure and Adjusted CAD as a liquidity measure. EBITDA is defined by the Securities and Exchange Commission. Adjusted CAD as defined, however, may not be comparable to similarly titled measures reported by other companies.

We reconcile EBITDA to Net Income for the consolidated Company and Operating Income for the Segments, as those are the nearest GAAP measures for each. Below is a reconciliation of Net Income to EBITDA for the respective periods (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net Income	$ 38.6	$ 107.8	$ 95.5	$ 133.7
Income tax expense	5.9	14.5	13.6	19.2
Interest, net	11.8	11.9	24.1	24.5
Depreciation, depletion and amortization	33.2	48.2	76.5	86.7
EBITDA	$ 89.5	$ 182.4	$ 209.7	$ 264.1

EBITDA by segment is a critical valuation measure used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management. EBITDA by segment for the respective periods was as follows (millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
EBITDA by Segment				
Timber	$ 25.9	$ 22.4	$ 50.9	$ 37.5
Real Estate	6.6	36.3	33.5	56.1
Performance Fibers	57.2	47.4	117.9	102.5
Wood Products	5.4	(1.3)	6.5	(3.7)
Other Operations	0.7	(2.1)	1.3	(1.3)
Corporate and other	(6.3)	79.7(a)	(0.4)(b)	73.0(a)
Total	$ 89.5	$ 182.4	$ 209.7	$ 264.1

(a) 2009 results include $85.9 million related to the AFMC.

(b) Six months ended June 30, 2010 includes a gain of $12.4 million from the sale of a portion of the Company's interest in the New Zealand joint venture. See Note 3 - *Joint Venture Investment* for additional information.

For the three months ended June 30, 2010, EBITDA was $93 million below the prior year period primarily due to the inclusion of $86 million in the 2009 results related to the AFMC. Excluding the AFMC, lower sales in the Real Estate segment were partially offset by higher operating results in the other segments.

For the six months ended June 30, 2010, EBITDA was $54 million below the prior year period primarily due to the inclusion of $86 million in the 2009 results related to the AFMC. Excluding the AFMC, EBITDA was $32 million above prior year primarily due to higher operating results and a $12 million gain from the sale of a portion of Rayonier's interest in its New Zealand joint venture in the 2010 period.

The following tables reconcile Operating Income by segment to EBITDA by segment (millions of dollars):

	Timber	Real Estate	Performance Fibers	Wood Products	Other Operations	Corporate and other	Total
Three Months Ended June 30, 2010							
Operating income (loss)	$ 8.7	$ 4.1	$ 45.0	$ 4.3	$ 0.7	$ (6.5)	$ 56.3
Add: Depreciation, depletion and amortization	17.2	2.5	12.2	1.1	-	0.2	33.2
EBITDA	$ 25.9	$ 6.6	$ 57.2	$ 5.4	$ 0.7	$ (6.3)	$ 89.5
Three Months Ended June 30, 2009							
Operating income (loss)	$ 0.4	$ 24.2	$ 34.7	$ (2.6)	$ (2.1)	$ 79.6(a)	$ 134.2
Add: Depreciation, depletion and amortization	22.0	12.1	12.7	1.3	-	0.1	48.2
EBITDA	$ 22.4	$ 36.3	$ 47.4	$ (1.3)	$ (2.1)	$ 79.7	$ 182.4
Six Months Ended June 30, 2010							
Operating income (loss)	$ 16.9	$ 21.5	$ 89.9	$ 4.3	$ 1.3	$ (0.7)(b)	$ 133.2
Add: Depreciation, depletion and amortization	34.0	12.0	28.0	2.2	-	0.3	76.5
EBITDA	$ 50.9	$ 33.5	$ 117.9	$ 6.5	$ 1.3	$ (0.4)	$ 209.7
Six Months Ended June 30, 2009							
Operating (loss) income	$ (1.9)	$ 38.6	$ 75.5	$ (6.1)	$ (1.3)	$ 72.6(a)	$ 177.4
Add: Depreciation, depletion and amortization	39.4	17.5	27.0	2.4	-	0.4	86.7
EBITDA	$ 37.5	$ 56.1	$ 102.5	$ (3.7)	$ (1.3)	$ 73.0	$ 264.1

(a) 2009 results include $85.9 million related to the AFMC.

(b) Six months ended June 30, 2010 results include a gain of $12.4 million from the sale of a portion of the Company's interest in the New Zealand joint venture. See Note 3 – *Joint Venture Investment* for additional information.

Adjusted CAD is a non-GAAP measure of cash generated during a period which is available for dividend distribution, repurchasing common shares, debt reduction and for strategic acquisitions net of associated financing (e.g. realizing LKE tax benefits). We define Cash Available for Distribution ("CAD") as Cash Provided by Operating Activities adjusted for capital spending, the tax benefits associated with certain strategic acquisitions, the change in committed cash, and other items which include cash provided by discontinued operations, proceeds from matured energy forward contracts, excess tax benefits on stock based compensation and the change in capital expenditures purchased on account. Committed cash represents outstanding checks that have been drawn on our zero balance bank accounts but have not been paid. In compliance with Securities and Exchange Commission requirements for non-GAAP measures, we reduce CAD by mandatory debt repayments which results in the measure entitled "Adjusted CAD."

Below is a reconciliation of Cash Provided by Operating Activities to Adjusted CAD (in millions of dollars):

	Six Months Ended June 30,	
	2010	2009
Cash used for investing activities	$ (76.5)	$ (53.4)
Cash used for financing activities	$ (10.0)	$ (75.7)
Cash provided by operating activities	$ 355.8	$ 127.2
Capital expenditures	(71.3)	(50.1)
Change in committed cash	9.9	20.5
Other	8.8	(1.2)
CAD	303.2	96.4
Mandatory debt repayments	-	-
Adjusted CAD	$ 303.2	$ 96.4

For the six months ended June 30, 2010, adjusted CAD was $207 million higher than the prior year period primarily due to the receipt of $189 million related to the AFMC and lower working capital requirements. Adjusted CAD generated in any period is not necessarily indicative of amounts that may be generated in future periods.

Liquidity Facilities

We have a $250 million unsecured revolving credit facility at an interest rate of LIBOR plus 40 basis points. The facility expires in August 2011. At June 30, 2010, the available borrowing capacity was $245 million.

In connection with our installment notes, $75 million five-year term loan agreement, and $250 million revolving credit facility, covenants must be met, including ratios based on the facility's definition of EBITDA, Funds from Operations, and ratios of cash flows to fixed charges. At June 30, 2010, we are in compliance with all of these covenants.

In addition to these financial covenants, the installment notes, five-year term loan agreement and credit facility include customary covenants that limit the incurrence of debt, the disposition of assets, and the making of certain payments between RFR and Rayonier among others. An asset sales covenant in the RFR installment note-related agreements requires us, subject to certain exceptions, to either reinvest cumulative timberland sales proceeds for individual sales greater than $10 million (the "excess proceeds") in timberland-related investments and activities or, once the amount of excess proceeds not reinvested exceeds $50 million, to offer the note holders prepayment of the notes ratably in the amount of the excess proceeds. As of December 31, 2009, the excess proceeds were $19.8 million. During March 2010, the excess proceeds exceeded the $50 million limit and as a result, repayment of $53.0 million was offered to the note holders. The note holders declined the offer and the excess proceeds were reset to zero. As of June 30, 2010, the excess proceeds were $12.2 million.

Contractual Financial Obligations and Off-Balance Sheet Arrangements

We have no material changes to the Contractual Financial Obligations table as presented in Item 7 – *Management's Discussion and Analysis of Financial Condition and Results of Operations* of our 2009 Annual Report on Form 10-K. See Note 10 – *Guarantees* for details on the letters of credit, surety bonds and guarantees as of June 30, 2010.

New or Recently Adopted Accounting Pronouncements

For information on new or recently adopted accounting pronouncements, see Note 1 – *Basis of Presentation and New Accounting Pronouncements*.

Sales Volumes by Segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Timber				
Western region, in millions of board feet	40	43	87	75
Eastern region, in thousands of short green tons	1,449	2,019	2,864	3,591
Real Estate				
Acres sold				
Development	64	213	374	223
Rural	2,948	2,793	4,950	4,162
Non-strategic timberlands	6,227	30,594	30,223	49,663
Total	9,239	33,600	35,547	54,048
Performance Fibers				
Sales Volume				
Cellulose specialties, in thousands of metric tons	115	91	226	199
Absorbent materials, in thousands of metric tons	51	65	112	130
Lumber				
Sales volume, in millions of board feet	65	57	120	110

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market and Other Economic Risks

Our exposures to market risk have not changed materially since December 31, 2009. For quantitative and qualitative disclosures about market risk, see Item 7A - *Quantitative and Qualitative Disclosures about Market Risk* in our 2009 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Rayonier management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")), are designed with the objective of ensuring that information required to be disclosed by the Company in reports filed under the Exchange Act, such as this quarterly report on Form 10-Q, is (1) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no control evaluation can provide absolute assurance that all control exceptions and instances of fraud have been prevented or detected on a timely basis. Even systems determined to be effective can provide only reasonable assurance that their objectives are achieved.

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that the design and operation of the disclosure controls and procedures were effective as of June 30, 2010.

In the quarter ended June 30, 2010, based upon the evaluation required by paragraph (d) of SEC Rule 13a-15, there were no changes in our internal control over financial reporting that would materially affect or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. Other Information

On July 29, 2010, we completed a reorganization of our operating structure (the "Restructuring"). In connection with the Restructuring, Rayonier Inc. ("Rayonier") formed a new operating entity, named Rayonier Operating Company LLC ("ROC"), and entered into a contribution, conveyance and assumption agreement with ROC pursuant to which Rayonier contributed all of its assets to ROC in exchange for the assumption by ROC of all of Rayonier's liabilities and obligations. Rayonier now conducts and intends to continue to conduct its business through ROC, which owns all of the assets previously owned by Rayonier. As the sole member of ROC, Rayonier generally has the exclusive power under ROC's operating agreement to manage and conduct the business of ROC. Currently, ROC is wholly owned by Rayonier.

Among other advantages, the Restructuring will allow Rayonier to adopt a structure commonly referred to as an umbrella partnership real estate investment trust (or "UPREIT"). The UPREIT structure may enable us to acquire timberland assets and other properties from sellers on a tax deferred basis, because by accepting ROC equity interests in exchange for such assets sellers may be able to defer taxable gain otherwise required to be recognized by them upon disposition of these assets. ROC equity interests may also offer sellers diversification and liquidity in their investments and other benefits afforded to REIT shareholders. If Rayonier ever decides to acquire timberlands or other properties in exchange for equity interests in ROC (such that ROC would no longer be a wholly owned subsidiary of Rayonier), we would expect to amend and restate ROC's operating agreement.

In addition, as a result of the Restructuring, ROC became (i) a borrower under Rayonier's $250 million unsecured revolving credit facility, and a guarantor of the obligations of the other borrowers (who, like ROC, are also subsidiaries of Rayonier) under the revolving credit facility, by entering into an assignment and assumption agreement and joinder agreement, respectively, each for the benefit of the lenders under the revolving credit facility and (ii) a guarantor of the outstanding 3.75% Senior Exchangeable Notes due 2012 and 4.50% Senior Exchangeable Notes due 2015 (collectively, the "Exchangeable Notes") issued by Rayonier TRS Holdings Inc., by entering into, in each case, a supplemental indenture to the respective indenture governing such Exchangeable Notes.

Copies of the limited liability company agreement for ROC, the contribution, conveyance and assumption agreement relating to the Restructuring, the assignment and assumption agreement and the joinder to the guarantee agreement relating to the revolving credit facility, and the supplemental indentures relating to the Exchangeable Notes are filed as exhibits to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation	Incorporated by reference to Exhibit 3.1 to the Registrant's May 25, 2010 Form 8-K
3.2	Bylaws	Incorporated by reference to Exhibit 3.2 to the Registrant's October 21, 2009 Form 8-K
3.3	Limited Liability Company Agreement of Rayonier Operating Company LLC	Filed herewith
10.1	Rayonier Incentive Stock Plan, as amended	Incorporated by reference to Exhibit 10.1 to the Registrant's May 25, 2010 Form 8-K
10.2	Rayonier Inc. Excess Benefit Plan, as amended	Filed herewith
10.3	Rayonier Inc. Excess Savings and Deferred Compensation Plan, as amended	Filed herewith
10.4	Form of Rayonier Inc. Excess Savings and Deferred Compensation Plan Agreements	Filed herewith

10.5	Election Form for the Performance Share Deferral Program	Filed herewith
10.6	Five Year Revolving Credit Agreement, dated as of August 4, 2006, among Rayonier Inc., Rayonier TRS Holdings Inc., and Rayonier Forest Resources, L.P., as borrowers, and the lenders and issuing banks from time to time parties thereto	Filed herewith
10.7	Contribution, Conveyance and Assumption Agreement, dated as of July 29, 2010, between Rayonier Inc. and Rayonier Operating Company LLC relating to the Restructuring.	Filed herewith
10.8	Assignment and Assumption Agreement, dated as of July 29, 2010, between Rayonier Inc. and Rayonier Operating Company LLC relating to the Revolving Credit Agreement.	Filed herewith
10.9	Joinder to Guarantee Agreement, dated as of July 29, 2010, between Rayonier Operating Company LLC and Credit Suisse AG (formerly known as Credit Suisse) acting through its Cayman Islands Branch, as administrative agent, relating to the Revolving Credit Agreement.	Filed herewith
10.10	First Supplemental Indenture, dated as of July 29, 2010, to the Indenture related to the 3.75% Senior Exchangeable Notes due 2012 dated as of October 16, 2007, among Rayonier TRS Holdings Inc., Rayonier Inc., Rayonier Operating Company LLC and The Bank of New York Mellon Trust Company, N.A., as trustee.	Filed herewith
10.11	First Supplemental Indenture, dated as of July 29, 2010, to the Indenture related to the 4.50% Senior Exchangeable Notes due 2015 dated as of August 12, 2009, among Rayonier TRS Holdings Inc., Rayonier Inc., Rayonier Operating Company LLC and The Bank of New York Mellon Trust Company, N.A., as trustee.	Filed herewith
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	Filed herewith
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	Filed herewith
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act	Furnished herewith
101	The following financial information from our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010, formatted in Extensible Business Reporting Language (“XBRL”), includes: (i) the Condensed Consolidated Statements of Income and Comprehensive Income for the Three and Six Months Ended June 30, 2010 and 2009; (ii) the Condensed Consolidated Balance Sheets as of June 30, 2010 and December 31, 2009; (iii) the Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2010 and 2009; and (iv) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.	Furnished herewith pursuant to Rule 406T of Regulation S-T

SIGNATURE

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RAYONIER INC.

By: /s/ HANS E. VANDEN NOORT
Hans E. Vanden Noort
Senior Vice President and Chief Financial Officer
(Principal Accounting Officer)

July 30, 2010

Exhibit 3.3

LIMITED LIABILITY COMPANY AGREEMENT
of
RAYONIER OPERATING COMPANY LLC
a Delaware Limited Liability Company

THIS LIMITED LIABILITY COMPANY AGREEMENT of RAYONIER OPERATING COMPANY LLC, a Delaware limited liability company (the "Company"), is dated as of June 3, 2010.

W I T N E S S E T H:

WHEREAS, RAYONIER INC. (the "Member"), a Delaware limited liability company, desires to form a limited liability company pursuant to the provisions of the Delaware Limited Liability Company Act, Del. Code Tit. 6, Section 18-101, et seq. (the "Act");

NOW, THEREFORE, in consideration of the promises of the party hereto, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by the party hereto as follows:

ARTICLE I
Introductory Provisions

Section 1.01. Certain Definitions. As used herein:

"Affiliate" shall mean, with respect to any Person, any other Person who controls, is controlled by or is under common control with such Person.

"Capital Account" has the meaning specified in Section 2.03.

"Capital Contribution" means a contribution by the Member to the capital of the Company pursuant to this Agreement.

"Certificate" means the Certificate of Formation of the Company as filed with the Secretary of State of Delaware, as it shall be amended from time to time.

"Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code shall include a reference to any amendatory or successor provision thereto.

"Fiscal Year" has the meaning specified in Section 4.03.

"Interest" means an interest in the Company representing a fractional part of the ownership interest in the Company and includes any and all benefits to which the holder of such an interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

"Net Profits" and "Net Losses" means the net profits and net losses of the Company as determined for each Fiscal Year in accordance with generally accepted accounting principles and procedures.

"Person" means an individual, corporation, association, limited liability company, limited liability partnership, limited partnership, partnership, estate, trust, unincorporated organization or a government or any agency or political subdivision thereof.

"Share" means a share of stock (or other comparable equity interest) of the Member. Shares may be issued in one or more classes or series in accordance with the terms of the certificate of incorporation of the Member. If there is more than one class or series of Shares, the term "Shares" shall, as the context requires, be deemed to refer to the class or series of Shares that corresponds to the class, series or sub-series of Interests for which the reference to Shares is made.

"Tax Matters Partner" has the meaning specified in Section 4.02.

"Transfer" means any direct or indirect sale, assignment, gift, hypothecation, pledge or other disposition.

"Treasury Regulations" means the regulations promulgated by the U.S. Department of the Treasury under the Code.

"TRS" means Rayonier TRS Holdings, Inc., a Delaware corporation.

Section 1.02. Name. The name of the Company shall be RAYONIER OPERATING COMPANY LLC.

Section 1.03. Principal Place of Business. The Company's principal place of business shall be located at 50 N. Laura Street, Suite 1900, Jacksonville, FL 32202 or at such other place as may be designated from time to time by the Member. The Company may maintain such other place or places of business as the Member may deem advisable from time to time.

Section 1.04. Registered Agent. The address of the registered office of the Company in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801; and the name and address of the registered agent of the Company in the State of Delaware upon whom process may be served is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

Section 1.05. Purpose. The purposes of the Company shall be to engage in any business, purpose or activity that may lawfully be engaged in by a limited liability company formed under the Act. The Company shall have the power to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of such purposes, and for the protection and benefit of its business.

Section 1.06. Duration. The Company was formed on June 3, 2010 by filing of a Certificate of Formation with the Office of the Secretary of State of Delaware pursuant to the Act, and shall continue until dissolved pursuant to Section 6.01.

Section 1.07. Limitation of Liability. The liability of the Member and each employee of the Company to third parties for obligations of the Company shall be limited to the fullest extent provided in the Act and other applicable law.

ARTICLE II
Capital Contributions; Capital Accounts; Interests in the Company; Allocations

Section 2.01. Capital Contributions. The Member has made a Capital Contribution in the amount, and shall have the Contribution Percentage, specified on Exhibit A. Thereafter, the Member shall make additional Capital Contributions as it deems necessary.

Section 2.02. Withdrawal of Capital; Limitation on Distributions. The Member shall not be entitled to withdraw any part of its Capital Contributions to, or to receive any distributions from, the Company except as provided in Section 5.01 and Section 6.02. The Member shall not be entitled to demand or receive (i) interest on its Capital Contributions or (ii) any property from the Company other than cash except as provided in Section 6.02.

Section 2.03. Capital Accounts. The Company shall maintain a capital account for the Member (a "Capital Account"). The Member's Capital Account shall be increased by:

(i) the amount of any money contributed by the Member to the Company;

(ii) the fair market value of any property contributed by the Member to the Company;

(iii) the amount of Net Profits allocated to the Member; and

(iv) the amount of any Company liabilities assumed by the Member (or taken subject to) if property is distributed to the Member by the Company;

and shall be decreased by:

(v) the amount of any money distributed to such Member by the Company;

(vi) the fair market value of any property distributed to such Member by the Company;

(vii) the amount of Net Losses allocated to such Member; and

(viii) the amount of such Member liabilities assumed by the Company (or taken subject to) if property is contributed to the Company by the Member.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended, in the event the Company admits one or more members in addition to the Member, to comply with Treasury Regulations under Section 704(b) of the Code and, to the extent not inconsistent with the provisions of this Agreement, shall be interpreted and applied in a manner consistent with such Regulations.

Section 2.04. Allocation of Net Profits and Net Losses.

(a) For so long as the Member is the sole member of the Company, all Net Profits and Net Losses shall be allocated to the Member.

(b) Allocations of income, gain, loss, deduction and credit for federal, state and municipal tax purposes shall be made in a manner consistent with the allocation of the corresponding Net Profits and Net Losses pursuant to Section 2.04(a). In the event the Company admits one or more members in addition to the Member, in accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, items of income, gain, loss, deduction and credit with respect to any property contributed to the capital of the Company shall, solely for federal income tax purposes, be allocated so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution.

Section 2.05. Restrictions on Transfers. No Transfer by the Member of all or any portion of its interest in the Company shall be effective until the Person to whom the interest is to be transferred has become a party to this Agreement. Upon any such Transfer, this Agreement shall be amended to reflect the terms of such Person's participation in the Company.

ARTICLE III
Management

Section 3.01. Management by the Member.

(a) Qualification of Office. The business and affairs of the Company shall be carried on and managed by the Member.

(b) Duties. The Member shall perform its duties in good faith in a manner it reasonably believes to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

(c) Powers. The Member shall have the right and authority to take all actions which it deems necessary, useful or appropriate for the day-to-day management and conduct of the Company's business. The Member may exercise all powers of the Company. All instruments, contracts, agreements and documents of whatsoever type executed on behalf of the Company shall be executed in the name of the Company by the Member. Without limiting the generality of the foregoing, except as otherwise provided herein, the Member shall have full power and authority:

(1) to engage in any phase of the provision of management or other services to any Affiliate;

(2) to purchase, write, hold and sell publicly-traded securities, including the making and covering of short sales, increasing, decreasing or liquidating such positions, without any limitation as to the frequency of the fluctuation in such positions;

(3) to borrow money and to issue evidences of indebtedness on behalf of the Company and, as security therefore, to mortgage, pledge, grant security interests in, or otherwise encumber, any or all of the assets and properties of the Company;

(4) to exercise all rights, powers, privileges and other incidents of ownership or possession with respect to the assets and properties of the Company (including voting rights in respect of securities) and to execute and deliver powers of attorney or proxies granting to other Persons authority, power and discretion to exercise the same;

(5) to open, maintain and close bank, brokerage and other accounts;

(6) to enter into, make and perform any and all contracts and other undertakings or obligations and to engage in and carry on any and all activities, transactions and things in connection with the conduct of the business and affairs of the Company including, without limitation, contracts, undertakings, obligations, activities, transactions and things with the Member or any other Persons having any business, financial or other relationship with the Member;

(7) to receive, acquire, buy, rent, lease, sell, exchange, trade, loan, borrow and otherwise deal in and with property in connection with the conduct of the business and affairs of the Company and, without limiting the foregoing, to maintain one or more offices and in connection therewith to rent, purchase or otherwise acquire office space and equipment and facilities and do such other acts as may be advisable or necessary in connection therewith;

(8) to pay any and all fees and to make any and all expenditures which the Member, in its sole and absolute discretion, deems necessary or appropriate in connection with the organization of the Company, the operation of the business of the Company and the carrying out of its obligations and responsibilities under this Agreement;

(9) to obligate the Company as surety, guarantor or indemnitor;

(10) to pay, extend, renew, notify, adjust, subject to arbitration, prosecute, defend or compromise, upon such terms as the Member may determine and upon such evidence as he may deem sufficient, any obligation, suit, liability, claim or cause of action either in favor of or against the Company;

(11) to purchase and maintain insurance of any kind, including, without limitation, insurance on behalf of any Person who is or was a member or any officer, employee or agent of the Company, or is or was serving at the request of the Company as a partner, trustee, director, officer, agent or employee of another corporation, partnership, joint venture, trust or other entity against any liability asserted against such Person and incurred by such Person in any such capacity or arising out of his status as such, whether

or not the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement;

(12) to appoint or remove officers of the Company and to appoint or otherwise engage or employ or terminate, on behalf of the Company, such agents, employees, managers, accountants, attorneys, consultants, independent contractors, custodian banks, investment counselors, managers or advisors and other Persons as may be necessary or desirable to carry out the business and affairs of the Company, and to pay such fees, expenses, salaries, wages and other compensation as shall be determined in the discretion of the Member in connection therewith;

(13) to adopt, amend and repeal policies and procedures concerning the conduct and operation of the business and affairs of the Company and the authority and duties of the officers or employees appointed or otherwise engaged or employed under subsection (12) above; and

(14) to otherwise possess, exercise and enjoy all rights and powers of a member of a limited liability company to the extent permitted under the laws of the State of Delaware.

Section 3.02. Officers.

(a) The Member may, from time to time, designate one or more persons to be officers of the Company. No officer need be a resident of the State of Delaware. Any officers so designated shall have such authority and perform such duties as the Member may, from time to time, delegate to them. The Member may assign titles to particular officers. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the General Corporation Law of the State of Delaware, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any restrictions on such authority imposed by the Member. Any number of offices may be held by the same person.

(b) Each officer shall hold office until his successor shall be duly designated and qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

(c) Any officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Member. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(d) Any officer may be removed as such, either with or without cause, by the Member whenever in his judgment the best interests of the Company will be served thereby. Any vacancy occurring in any office of the Company may be filled by the Member.

(e) Until such time as the Member takes action to designate different officers of the Company, the initial officers of the Company shall be as follows:

Lee M. Thomas – President
Paul G. Boynton – Executive Vice President
W. Edwin Frazier, III – Senior Vice President and Secretary
Carl E. Kraus – Senior Vice President
Jack M. Kriesel – Senior Vice President
Charles Margiotta – Senior Vice President
Hans E. Vanden Noort – SeniorVice President and Chief Financial Officer
Michael R. Herman – Vice President and Assistant Secretary
Joseph L. Iannotti – Vice President and Controller
Scott D. Winer – Vice President
Macdonald Auguste – Treasurer
Tracy K. Arthur – Assistant Secretary
Mark R. Bridwell – Assistant Secretary
Willliam M. McHugh – Assistant Secretary
Douglass E. Myers, III – Assistant Secretary
Donald L. Schwendiman – Assistant Secretary

(f) The President, any Executive Vice President, any Senior Vice President, any Vice President, the Treasurer and the Secretary are each authorized to designate depositaries for the funds of the Company deposited in its name and the signatories with respect thereto in each case, and from time to time, to change such depositaries and signatories, with the same force and effect as if each such depositary and the signatories with respect thereto and changes therein had been specifically designated or authorized by the Member; and each depositary so designated shall be entitled to rely upon the certificate of the Secretary or any Assistant Secretary of the Company setting forth the fact of such designation and of the appointment of the officers of the Company or of other persons who are to be signatories with respect to the withdrawal of funds deposited with such depositary, or from time to time the fact of any change in any depositary or in the signatories with respect thereto.

Section 3.03 Interest in Other Transactions. Nothing in this Agreement shall prohibit the Member from (i) engaging in and possessing interests in other business ventures of any and every type and description, independently or with others, including ones in competition with the Company, with no obligation to offer to the Company the right to participate therein; (ii) transacting business with the Company; and (iii) buying or selling publicly-traded securities for its own account, including publicly-traded securities which are the same as or different from those held by the Company and the Company shall not have any interest therein or in the profits therefrom, but the Member as principal shall not buy or sell securities from or to the Company.

Section 3.04. Admission of New Members. New or additional members may be admitted to the Company by the Member by the execution on the part of the Person or Persons being so admitted of a counterpart or counterparts of this Agreement and any other instrument or instruments required by the Member evidencing the agreement of the Persons or Persons so admitted to be bound by the terms and conditions of this Agreement. In the event of the admission of new or additional members, this Agreement may be amended to reflect the terms of such members' participation in the Company.

Section 3.05. Liability and Indemnification of the Member, Members, Employees and Agents.

(a) The Member shall not be liable, responsible or accountable in damages or otherwise to the Company for any act or omission performed or omitted by the Member on behalf of the Company and in a manner reasonably believed by the Member to be within the scope of authority of the Member, provided that such act or omission does not constitute bad faith or willful misconduct on the part of the Member.

(b) The Company shall indemnify and hold harmless the Member and any officer of the Company, to the fullest extent permitted by law, against all judgments, fines, amounts paid in settlement and expenses (including, without limitation, interest, penalties, counsel fees and disbursements and costs of preparation and investigation) incurred or paid by the Member or officer in any civil, criminal, administrative or investigative proceeding in which the Member or officer is or was involved or threatened to be involved by reason of being or having been a member in or officer of the Company or Tax Matters Partner of the Company or being or having been, at the request of the Company, a general partner, member, director, officer, employer or agent of any Affiliate or of any other corporation, partnership, joint venture, trust or other entity; provided, however, that the Company shall not be responsible for any judgments, fines, amounts paid in settlement or expenses that are the result of the Member's bad faith or willful misconduct.

(c) The Company may indemnify any employee or agent of the Company, to the fullest extent permitted by law, against all judgments, fines, amounts paid in settlement, and expenses (including, without limitation, interest, penalties, counsel fees and disbursements and costs of investigation and preparation) incurred by such Person in any civil, criminal, administrative or investigative proceeding in which such Person is involved or threatened to be involved by reason of such Person having been an employee or agent of the Company; provided, however, that the Company shall not be responsible for any judgments, fines, amounts paid in settlement or expenses that are the result of such indemnified person's bad faith or willful misconduct.

(d) The foregoing indemnification provisions shall not preclude any other rights to which the Persons indemnified hereunder may be entitled under any applicable statute, agreement, decision of the Member or otherwise, nor shall the foregoing preclude the Company from purchasing and maintaining insurance on behalf of any indemnified Person against liability which may be asserted against or incurred by such Person in such capacity, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of this Section 3.05. Expenses incurred in defending any proceeding may be advanced by the Company prior to final disposition of such proceeding upon receipt of an undertaking by or on behalf of the indemnified Person to repay such amount if it shall be determined ultimately that the indemnified Person is not entitled to be indemnified under or pursuant to this Section 3.05.

Section 3.06. Remedies. The remedies of the Member hereunder are cumulative and shall not exclude any other remedies to which the Member may be lawfully entitled.

Section 3.07. Reimbursement of the Member.

(a) No Compensation. Except as provided in this Section 3.07 and elsewhere in this Agreement (including the provisions of Articles II and V regarding distributions, payments and allocations to which it may be entitled), the Member shall not receive payment from the Company or otherwise be compensated for its services on behalf of the Company.

(b) Responsibility for Company and Member Expenses. The Company shall be responsible for and shall pay all expenses relating to the Company's organization, the ownership of its assets and its operations. The Member shall be reimbursed on a monthly basis, or such other basis as the Member may determine in its sole and absolute discretion, for all expenses it incurs relating to or resulting from the ownership and operation of, or for the benefit of, the Company (including, without limitation, expenses related to the operations of the Member and to the management and administration of any subsidiaries of the Member, or the Company or Affiliates of the Company, such as auditing expenses and filing fees); provided that (i) the amount of any such reimbursement shall be reduced by (x) any interest earned by the Member with respect to bank accounts or other instruments or accounts held by it on behalf of the Company (which interest is considered to belong to the Company and shall be paid over to the Company to the extent not applied to reimburse the Member for expenses hereunder); and (y) any amount derived by the Member from any investments permitted by this Agreement (which amounts shall be considered to belong to the Company and shall be paid over to the Company to the extent not applied to reimburse the Member for expenses hereunder); (ii) the Company shall not be responsible for expenses or liabilities incurred by the Member in connection with any business or assets of the Member other than its ownership of Interests, or operation of the business of the Company; and (iii) the Company shall not be responsible for any expenses or liabilities of the Member that are excluded from the scope of the indemnification provisions under the provisos in Section 3.05(a), (b) and (c). The Member shall determine in good faith the amount of expenses incurred by it related to the ownership of Interests, or operation of, or for the benefit of, the Company. For purposes of the preceding sentence, notwithstanding any other provision hereof, any liability of the Member arising under any agreement, contract or arrangement the Member is a party to at the time this Agreement becomes effective for the first time shall be considered an expense incurred by it related to the ownership of Interests or operation of, or for the benefit of, the Company. If expenses are incurred that are related both to the ownership of Interests or operation of, or for the benefit of, the Company and to the ownership of other assets or the operation of other businesses, such expenses will be allocated to the Company and such other entities (including the Member) owning such other assets or businesses in such a manner as the Member in its sole and absolute discretion deems fair and reasonable. Such reimbursements shall be in addition to any reimbursement to the Member pursuant to indemnification under Section 3.05. All payments and reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Company incurred on its behalf, and not as expenses of the Member.

(c) Issuance Expenses. The Member shall also be reimbursed for all expenses it incurs relating to any issuance of Interests, Shares, debt of the Company, or rights, options, warrants or convertible or exchangeable securities with respect to the Company or the Member (including, without limitation, all costs, expenses, damages and other payments resulting from or

arising in connection with litigation related to any of the foregoing), all of which expenses are considered to constitute expenses of, and for the benefit of, the Company.

(d) Purchases of Shares by the Member. If the Member exercises its rights under its certificate of incorporation to purchase Shares or otherwise elects to purchase from its shareholders Shares in connection with a Share repurchase or similar program or for the purpose of delivering such Shares to satisfy an obligation under any dividend reinvestment or equity purchase program adopted by the Member, any employee equity purchase plan adopted by the Member or any similar obligation or arrangement undertaken by the Member in the future, the purchase price paid by the Member for those Shares and any other expenses incurred by the Member in connection with such purchase shall be considered expenses of the Company and shall be reimbursable to the Member, subject to the condition that: if those Shares subsequently are to be sold by the Member, the Member shall pay to the Company any proceeds received by the Member for those Shares.

(e) Reimbursement not a Distribution. Except as set forth in the succeeding sentence, if and to the extent any reimbursement made pursuant to this Section 3.07 is determined for federal income tax purposes not to constitute a payment of expenses of the Company, the amount so determined shall constitute a guaranteed payment with respect to capital within the meaning of Section 707(c) of the Code, shall be treated consistently therewith by the Company and the Member and shall not be treated as a distribution for purposes of computing the Member's Capital Account.

(f) Funding for Certain Capital Transactions. In the event that the Member shall undertake to acquire (whether by merger, consolidation, purchase, or otherwise) the assets or equity interests of another Person and such acquisition shall require the payment of cash by the Member (whether to such Person or to any other selling party or parties in such transaction or to one or more creditors, if any, of such Person or such selling party or parties), (i) the Company shall advance to the Member the cash required to consummate such acquisition if, and to the extent that, such cash is not to be obtained by the Member through an issuance of Shares, (ii) the Member shall immediately, upon consummation of such acquisition, transfer to the Company (or cause to be transferred to the Company), in full and complete satisfaction of such advance the assets or equity interests of such Person acquired by the Member in such acquisition (or equity interests in Persons owning all of such assets or equity interests), and (iii) the Company shall issue to the Member, Interests and/or rights, options, warrants or convertible or exchangeable securities of the Company having designations, preferences and other rights that are substantially the same as those of any additional Shares or, other equity securities, as the case may be, issued by the Member in connection with such acquisition (whether issued directly to participants in the acquisition transaction or to third parties in order to obtain cash to complete the acquisition).

(g) Reimbursement for TRS Expenses. Member shall pay to the Company any amounts received from TRS for the reimbursement of costs incurred by Member in providing services or benefits to TRS (or shall cause TRS to pay directly to the Company any amounts due to Member for the provision of services or benefits).

ARTICLE IV
Books, Elections, Budgets; Fiscal Year

Section 4.01. Administrative Services, Books, Records and Reports. The Member shall cause to be performed all general and administrative services on behalf of the Company in order to assure that complete and accurate books and records of the Company are maintained at the Company's principal place of business showing the names, addresses and interests in the Company of each of the members of the Company, all receipts and expenditures, assets and liabilities, profits and losses, and all other records necessary for recording the Company's business and affairs.

Section 4.02. Tax Matters. The Member shall prepare and file any required tax returns or reports. For so long as the Member is the sole member of the Company, it is intended that the Company will be a disregarded entity that is part of the Member, for federal income tax purposes. In the event the Company admits one or more members in addition to the Member and is required to have a "Tax Matters Partner" within the meaning of Section 6231(a)(7) of the Code, then the Member shall be such Tax Matters Partner.

Section 4.03. Fiscal Year. The fiscal year of the Company for financial reporting and for federal income tax purposes (the "Fiscal Year") shall end on December 31 in each year or on the date of dissolution of the Company. The Fiscal Year of the Company may be changed at any time, and from time to time, by the Member.

ARTICLE V
Distributions

Section 5.01. Distributions. Distributions shall be made at such time and in such amounts as determined by the Member.

Section 5.02. Restoration of Funds. Except as otherwise provided by law, the Member shall not be required to restore to the Company any funds properly distributed to it pursuant to Section 5.01.

ARTICLE VI
Dissolution and Liquidation

Section 6.01. Dissolution. The Company shall be dissolved:

(a) on any date specified for dissolution by the Member at its election; or

(b) upon the happening of any of the events set forth in Section 18-801(4) of the Act which affects the Member and thereby results in the dissolution of the Company by operation of law.

Section 6.02. Winding up Affairs and Distribution of Assets.

If an event occurs that results in a dissolution of the Company, then the Member shall proceed as promptly as practicable to wind up the affairs of the Company and distribute the

assets thereof or appoint one or more liquidators to do so; provided that the assets of the Company shall be liquidated in an orderly and businesslike manner so as not to obtain less than fair value therefore. The appointment of any one or more liquidators may be revoked, or a successor or additional liquidator or liquidators may be appointed, by the Member. A final accounting shall be made by the Member or by a liquidator or liquidators so appointed, and the accountants of the Company shall review the final accounting and shall render their opinion with respect thereto. As part of the winding up of the affairs of the Company, the following steps shall be taken in the following order:

(1) The assets of the Company shall either be sold and the Capital Account of the Member adjusted in accordance with Section 2.03 hereof or, with the consent of the Member, some or all of the assets of the Company may be retained by the Company for distribution to the Member as hereinafter provided. Any asset distributed in accordance with this Section 6.02 shall be valued by the Member as of the close of business of the Company on the day such distribution becomes effective, and shall be distributed at such value;

(2) The assets of the Company shall be distributed as follows:

First, to creditors of the Company, including the Member if it is a creditor, to the extent otherwise permitted by law, in satisfaction of debts, liabilities and obligations of the Company (whether by payment or establishment of reserves) other than liabilities for distributions to the Member under Section 18-601 or 18-604 of the Act;

Second, to the Member in satisfaction (whether by payment or establishment of reserves) of liabilities of the Company under Section 18-601 or 18-604 of the Act; and

Third, to the Member; and

(3) The certificate of formation for the Company shall be canceled upon dissolution and completion of winding up of the Company, as provided in the Act.

ARTICLE VII
Miscellaneous

Section 7.01. Notices. Any and all notices or other communications permitted or required to be delivered or given under this Agreement shall be in writing and signed by the party giving such notice or other communication and shall be sent by facsimile or similar means of simultaneous transmission and receipt or shall be delivered personally, or sent by registered or certified mail, postage prepaid to the Company or the Member, as applicable, at 50 N. Laura Street, Jacksonville, Florida 32202, or at such other address as may be supplied by written notice given in conformity with the terms of this Section 7.01. In the case of personal delivery, the date of personal delivery or, in the case of telecopy or similar means of simultaneous transmission and receipt, the date of transmission or, in the case of mailing, the date of receipt, as the case may be, shall be the date of the delivery or giving of such notice.

Section 7.02. Successors and Assigns. Subject to the restrictions on transfer set forth herein, this Agreement, and each and every provision hereof, shall be binding upon and shall inure to the benefit of the Member, its successors, successors-in-title, executors, administrators, representatives, heirs and assigns. Each and every successor-in-interest to the Member, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, shall hold such interest subject to all of the terms and provisions of this Agreement.

Section 7.03. Title to Company Property. All property and assets owned by the Company, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity and the Member, individually, shall not have any ownership of such property and assets. The Company may hold any of its assets and properties in the name of the Company or in a "street name" or in the name of a nominee of the Company, which nominee may be one or more individuals, corporations, partnerships, trusts or other entities.

Section 7.04. Partition. The Member hereby agrees that neither it nor any of its successor-in-interest shall have the right while this Agreement remains in effect to have the property of the Company partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the Company partitioned, and the Member, on behalf of itself, and its successors, successors-in-title, executors, administrators, representatives, heirs and assigns, hereby waives any such right. It is the intention of the Member that during the term of this Agreement, the rights of the Member and its successors-in-interest, as among themselves, shall be governed by the terms of this Agreement and that the right of the Member or successor-in-interest to assign, transfer, sell or otherwise dispose of its interest in the Company shall be subject to the limitations and restrictions of this Agreement.

Section 7.05. No Waiver. The failure of the Member to insist upon strict performance of any covenant or obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of the Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent to or waiver of any other breach or default in the performance of the same or any other obligation hereunder.

Section 7.06. Further Assurances. Each party hereto agrees to execute, acknowledge, deliver, file, record and publish such further agreements, certificates, amendments of certificates, instruments or documents as may be required by law or may, in the opinion of the Member, be necessary or desirable to carry out the provisions of this Agreement.

Section 7.07. Acquisition for Investment. The Member represents and warrants that it is acquiring its interest in the Company solely for its own account and for investment purposes only and not for the account of any other person and not with a view to, or for, distribution, assignment, fractionalization or resale to others in whole or in part.

Section 7.08. Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

Section 7.09. Variations in Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the Person or Persons may require.

Section 7.10. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision or provisions shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision or provisions or the remaining provisions of this Agreement, unless such a construction would be unreasonable.

Section 7.11. Governing Law. This Agreement and the rights and obligations of the Member hereunder shall be governed by and interpreted, construed and enforced according to the laws of the State of Delaware.

Section 7.12. Entire Agreement. This Agreement constitutes the entire understanding and agreement by the Member with respect to the subject matter hereof, and supersedes all other prior agreements and understandings by the Member or any of them with respect to the subject matter hereof; and this Agreement may be amended, modified or supplemented only by a written instrument executed by the Member.

IN WITNESS HEREOF, the Member has duly executed this Agreement as of the opening of business on the day and year first above written.

RAYONIER INC.

By: /s/ Michael R. Herman
Michael R. Herman
Vice President, General Counsel and Assistant Secretary

EXHIBIT A

CAPITAL CONTRIBUTIONS AND PARTICIPATION PERCENTAGES OF MEMBERS

Name	Amount of Capital Contribution	Participation Percentage
RAYONIER INC.	$ 1,000	100%

RAYONIER INC.

EXCESS BENEFIT PLAN

As Amended and Restated as of July 15, 2010

INTRODUCTION

The Rayonier Inc. Excess Benefit Plan (the “Plan”) was established by the Board of Directors of Rayonier Inc. effective as of March 1, 1994 to pay supplemental benefits to employees who have qualified or may qualify for benefits under the Retirement Plan for Salaried Employees of Rayonier Inc. The Plan was amended and restated in its entirety effective as of December 31, 2007 to comply with the Code Section 409A Rules. The Plan is again being amended and restated in its entirety effective July 15, 2010 to provide that participants can elect a joint and survivor annuity and to clarify certain provisions of the Plan.

All benefits payable under this Plan, which is intended to constitute both an unfunded excess benefit plan under Sections 3(36) and 4(b)(5) of Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and an unfunded deferred compensation plan for a select group of management or highly compensated employees under Title I of ERISA, shall be paid out of the general assets of the Company. The Company may establish and fund a trust in order to aid it in providing benefits due under the Plan. The Plan is not intended to meet the qualification requirements of Section 401 of the Code, but is intended to comply with the Code Section 409A Rules.

RAYONIER INC.
EXCESS BENEFIT PLAN

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ARTICLE I

DEFINITIONS

1.01 Definitions. The following terms when capitalized herein shall have the meanings assigned below.

1.02 Associated Company shall mean any Associated Company, as defined in the Retirement Plan, not participating in the Plan.

1.03 Board of Directors shall mean the Board of Directors of Rayonier Inc.

1.04 Change in Control shall have the same meaning as a "change in control event" under the provisions of Treasury Regulation §1.409A-3(i)(5)(i)).

1.05 Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.06 Code Section 409A Rules shall mean Section 409A of the Code and the final regulations and other IRS guidance promulgated thereunder, as in effect from time to time.

1.07 Committee shall mean the Retirement Committee under the Retirement Plan.

1.08 Company shall mean Rayonier Inc. or any successor by merger, purchase or otherwise, with respect to its employees and those of its subsidiaries and affiliated companies which are designated as Participating Units, as that term is defined in the Retirement Plan.

1.09 Compensation shall mean a Participant's Compensation, as that term is defined in the Retirement Plan.

1.10 Distribution Election means a written election to receive payments in an actuarially equivalent annuity form other than a Single Life Annuity.

1.11 ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.12 Excess Benefit Portion shall mean the portion of the Plan which is intended to constitute an unfunded excess benefit plan under Sections 3(36) and 4(b)(5) of Title I of ERISA.

1.13 ITT Retirement Plan shall mean the ITT Industries Salaried Retirement Plan as in effect on December 19, 1995 or any successor thereto.

1.14 Participant shall mean a Member of the Retirement Plan who is participating in the Plan pursuant to Section 2.01 hereof.

1.15 Plan shall mean the Rayonier Inc. Excess Benefit Plan, as set forth herein or as amended from time to time.

1.16 Plan Year shall mean the calendar year.

1.17 Retirement Plan shall mean the Retirement Plan for Salaried Employees of Rayonier Inc., as amended from time to time.

1.18 Select Management Portion shall mean the portion of the Plan which is intended to constitute an unfunded deferred compensation plan for a select group of management or highly compensated employees under Title I of ERISA.

1.19 Separation Delay Period shall mean the six month period following the date of a Participant's Separation from Service (or such other applicable period as may be provided for by Section 409A(a)(2)(B)(i) of the Code as in effect at the time), or earlier upon the death of the Participant, such that any payment delayed during the Separation Delay Period is to be paid on the first business day of the seventh month following the Separation from Service or, if earlier, such Participant's death.

1.20 Separation from Service and Short-Term Deferral and Specified Employee shall have the respective meanings assigned such terms under the Code Section 409A Rules.

1.21 Single Life Annuity shall have the same meaning assigned to such term under Section 2.02 of the Plan.

ARTICLE II

PARTICIPATION; AMOUNT AND PAYMENT OF BENEFITS

2.01 Participation. Each Member of the Retirement Plan whose annual benefit at the time of payment exceeds the limitations imposed by Code Section 415(b) or 415(e) (as in effect prior to January 1, 2000) shall participate in the Excess Benefit Portion of the Plan. Each Member of the Retirement Plan whose annual benefit at the time of payment is limited by reason of the Code Section 401(a)(17) limitation on Compensation or is reduced as a result of deferrals of Compensation under the Rayonier Inc. Excess Savings and Deferred Compensation Plan shall participate in the Select Management Portion of the Plan. A Participant's participation in the Plan shall terminate upon the Participant's death or other termination of employment with the Company unless a benefit is payable under the Plan with respect to the Participant or his beneficiary under the provisions of this Article II.

2.02 Amount of Benefits. The benefits under this Article II with respect to a Participant shall be a monthly payment for the life of the Participant ("Single Life Annuity") equal to the excess, if any, of (a) the monthly retirement income which would have been payable to the Participant over his lifetime under Section 4.01, 4.02, 4.03, 4.04, 4.05, 8.06(c), or 8.06(d) of the Retirement Plan (or such successor sections), whichever is applicable, prior to the application of the offset determined pursuant to Section 4.01(b)(i)(4) or Section 4.09 of the Retirement Plan (or such successor sections) beginning at the Participant's Annuity Starting Date, as defined in Section 1.02 of the Retirement Plan (or such successor section), determined without regard to the provisions contained in

Section 4.08 of the Retirement Plan relating to the maximum limitation on pensions (the Excess Benefit Portion), without regard to the limitation on Compensation set forth in Code Section 401(a)(17) and contained in Section 1.11 of the Retirement Plan (or such successor section), and without regard to deferrals of Compensation under the Rayonier Inc. Excess Savings and Deferred Compensation Plan (the Select Management Portion), over (b) the sum of the following amounts:

(i) the amount actually payable to the Participant under the Retirement Plan;

(ii) the amount of the benefit payable to the Participant under the ITT Retirement Plan or any other defined benefit plan maintained by ITT Industries, Inc. as constituted on January 1, 2000 (or any successor thereto), the Company or any Associated Company with respect to any service which is recognized as Benefit Service for purposes of the computation of benefits under the Retirement Plan; and

(iii) the amount of the benefit payable to the Participant under any nonqualified defined benefit plan maintained by ITT Industries, Inc. as constituted on January 1, 2000 (or any successor thereto), the Company or any Associated Company with respect to any service which is recognized as Benefit Service for purposes of the computation of benefits under the Retirement Plan.

For purposes of this Section 2.02, if any benefit described in (b) above is payable in a form other than a Single Life Annuity commencing on the Participant's Annuity Starting Date, as defined in Section 1.02 of the Retirement Plan (or such successor section), such benefit shall be converted to a single life annuity, commencing on such date, of equivalent actuarial value, and "equivalent actuarial value" shall be computed on the basis set forth in Section 1.16 of the Retirement Plan (or such successor section).

2.03 Vesting

(a) A Participant shall be vested in, and have a nonforfeitable right to, the benefit payable under this Article II to the same extent as the Participant is vested in his Accrued Benefit under Section 4.05 of the Retirement Plan (or such successor section).

(b) Notwithstanding any provision of this Plan to the contrary, in the event of a Change in Control, all Participants shall become fully vested in the benefits provided under this Plan.

2.04 Payment of Benefits

(a) Within the 90 day period following a Participant's retirement or other termination of employment with the Company, other than by reason of death, the Participant's benefit under Section 2.02 to the extent vested pursuant to Section 2.03, shall commence to be paid in the form of a Single Life Annuity calculated in the same manner as under the Retirement Plan. In lieu of the Single Life Annuity, a Participant may elect a joint and 50% survivor annuity or a joint and 100% survivor annuity by filing a Distribution Election with the Committee, or its delegee, no later than 30 days before the date that payments would otherwise commence as a Single Life Annuity, provided that such survivor annuities are actuarially equivalent to the Single Life Annuity at time of commencement. If the annuity form of payment is other than a Single Life Annuity, the Participant's benefit shall be adjusted as provided in Section 4.06 of the Retirement Plan (or

such successor section) to reflect such different payment form. In the event that the other annuity payment form is not actuarially equivalent to the Single Life Annuity after the adjustments provided under Section 4.06 of the Retirement Plan (or such successor section) are applied, the Participant's Distribution Election shall be void and his or her benefit shall be paid in the form of a Single Life Annuity.

(b) In the event a Participant dies while in active service with the Company, the Participant's beneficiary for purposes of Section 4.07 of the Retirement Plan (or such successor section), if any, shall receive a monthly payment for the life of the beneficiary commencing on the earliest date that the Participant's beneficiary could have commenced payment under the Retirement Plan. The amount of benefit payable to such beneficiary shall be equal to the excess, if any, of (i) the monthly income which would have been payable to such beneficiary under Section 4.07 of the Retirement Plan (or such successor section) based on the hypothetical retirement benefit as calculated under clause (a) of Section 2.02 hereof over (ii) the sum of the following amounts:

(A) the amount actually payable to such beneficiary under the Retirement Plan;

(B) the amount payable to such beneficiary under the ITT Retirement Plan or any other defined benefit plan maintained by ITT Industries, Inc. as constituted on January 1, 2000 (or any successor thereto), the Company or any Associated Company with respect to any service which is recognized

as Benefit Service for purposes of the computation of benefits under the Plan; and

(C) the amount payable to such beneficiary under any nonqualified defined benefit plan maintained by ITT Industries, Inc. as constituted on January 1, 2000 (or any successor thereto), the Company or any Associated Company with respect to any service which is recognized as Benefit Service for purposes of the computation of benefits under the Retirement Plan.

(c) Notwithstanding the foregoing paragraphs (a) and (b) of this Section 2.04, if the lump sum value of the benefits payable to or on behalf of a Participant under this Article II, determined by using the interest rate and mortality table assumptions under the Retirement Plan for purposes of determining lump sum payments is less than $15,000, then such lump sum amount shall be paid to such Participant, or such Participant's beneficiary, as the case may be, as soon as practicable following the date such benefits would otherwise have commenced, in lieu of an annuity form of payment. If the Participant has not attained age 55 at the time the lump sum is payable, the lump sum shall be the value of the benefit that would have been payable to the Participant at age 55 if the Participant had received a Single Life Annuity. If the Participant has attained age 55 at the time the lump sum is payable, the lump sum shall be the value of the benefit that would have been payable immediately to the Participant in the form of a Single Life Annuity.

(d) No distribution under this Section 2.04 that is made on account of a Participant's Separation from Service shall be made earlier than the end of the Separation

Delay Period if the distribution is on account of such Separation from Service and at that date the Participant is a Specified Employee; provided that, such delay in payment shall not apply to any portion of a distribution that is excepted from such delay under the Code Section 409A Rules as a Short-Term Deferral.

2.05 Beneficiary. In the event a benefit commences to be paid under this Article II to the Participant in a form other than a Single Life Annuity the Participant's retirement or other termination of employment with the Company, other than by reason of death, the Participant may not change the beneficiary under this Plan after commencement.

2.06 Restoration to Service. If permitted by the Code Section 409A Rules as in effect at the time, at the Company's election if a Participant who retired or otherwise terminated employment with the Company is restored to service, any payment of a benefit hereunder (a) shall cease and (b) upon his subsequent retirement or termination, his benefits hereunder shall be recomputed in accordance with the provisions of this Article II and reduced by the equivalent actuarial value (as determined in accordance with the restoration of service provisions in Section 4.11(c) of the Retirement Plan (or such successor section)), of the benefit payments previously paid under the Plan, if any; provided that, the timing of the payments at that time shall be made in accordance with Section 2.04 with respect to the then Separation from Service so as to comply with the Code Section 409A Rules.

ARTICLE III

GENERAL PROVISIONS

3.01 Funding

(a) All amounts payable in accordance with this Plan shall constitute a general unsecured obligation of the Company. Such amounts, as well as any administrative costs relating to the Plan, shall be paid out of the general assets of the Company, to the extent not paid from the assets of any trust established pursuant to paragraph (b) below.

(b) The Company may, for administrative reasons, establish a grantor trust for the benefit of Participants in the Plan. The assets placed in said trust shall be held separate and apart from other Company funds, and shall be used exclusively for the purposes set forth in the Plan and the applicable trust agreement, subject to the following conditions:

(i) the creation of said trust shall not cause the Plan to be other than "unfunded" for purposes of Title I of ERISA;

(ii) the Company shall be treated as "grantor" of said trust for purposes of Section 677 of the Code; and

(iii) the agreement of said trust shall provide that its assets may be used upon the insolvency or bankruptcy of the Company to satisfy claims of the Company's general creditors, and that the rights of such general creditors are enforceable by them under federal and state law.

3.02 Duration of Benefits. Benefits shall accrue under the Plan on behalf of a Participant only for so long as the provisions of Section 415 or 401(a)(17) of the Code limit the retirement

benefits that are payable under the Retirement Plan or deferrals of Compensation under the Rayonier Inc. Excess Savings and Deferred Compensation Plan reduce such retirement benefits.

ARTICLE IV

ADMINISTRATION

4.01 Discontinuance, Amendment, and Termination. The Compensation and Management Development Committee of the Board of Directors reserves the right to modify, amend, in whole or in part, discontinue benefit accrual under, or terminate the Plan at any time. However, no modification or amendment shall be made to Section 4.02, and no modification, discontinuance, amendment or termination shall adversely affect the right of any Participant to receive the benefits accrued as of the date of such modification, discontinuance, amendment, or termination.

4.02 Vesting Upon Termination or Discontinuance. If the Company terminates the Plan, or discontinues benefit accruals thereunder, each Participant shall be fully vested in his accrued benefit; for purposes of the foregoing, "accrued benefit" shall mean the value of a Participant's benefit under the Plan, as of the date of termination or discontinuance, based upon the Participant's Compensation and Credited Service (as that term is defined in the Retirement Plan) accrued as of such date. Benefits under the Plan shall be paid in the manner and at the times indicated in Article II, unless the Compensation and Management Development Committee of the Board of Directors shall determine otherwise, in accordance with Code Section 409A Rules. The Plan will be deemed to be terminated when all the liabilities of the Plan have been discharged.

4.03 Special Provisions Upon Change in Control. Notwithstanding any provision of this Plan to the contrary, upon the occurrence of a Change in Control the benefit that would become payable to or on behalf of a Participant under Article II as if the Participant terminated employment with the Company on the date of the Change in Control shall become payable. All benefits previously payable and the benefits that become payable under this Section 4.03 shall be paid in a lump sum determined in accordance with Section 2.04(c), but subject to delay as provided in Section 2.04(d). If the Participant has already commenced receipt of benefits at the time the lump sum becomes payable, the lump sum shall be the remaining unpaid value of the benefit in the form of payment elected by the Participant.

4.04 Administration and Interpretation. Full power and authority to construe, interpret and administer the Plan shall be vested in the Committee. Any interpretation of the Plan by the Committee or any administrative act by the Committee shall be final and binding on all Participants and beneficiaries. All rules relating to the quorum of the Committee and to the conduct of its business shall also apply to the Committee in administering this Plan.

4.05 Appointment of Subcommittees. The members of the Committee may appoint from their number such committees with such powers as they shall determine, may authorize one or more of their number or any agent to execute or deliver any instrument or instruments in their behalf, and may employ such counsel, agents and other services as they may require in carrying out their duties. Subject to the limitations of the Plan, the Committee shall, from time to time, establish rules and regulations for the administration of the Plan and

the transaction of its business and shall maintain or cause to be maintained all records which it shall deem necessary for purposes of the Plan.

4.06 No Contract of Employment. The establishment of the Plan shall not be construed as conferring any legal rights upon any person for a continuation of employment, nor shall it interfere with the rights of the Company to discharge any employee and to treat him without regard to the effect which such treatment might have upon him as a Participant in the Plan.

4.07 Facility of Payment. In the event that the Committee shall find that a Participant is unable to care for his affairs because of illness or accident, the Committee may direct that any benefit payment due him, unless claim shall have been made therefor by a duly appointed legal representative, be paid to his spouse, a child, a parent or other blood relative, or to a person with whom he resides, and any such payment so made shall be a complete discharge of the liabilities of the Company and the Plan therefor.

4.08 Withholding Taxes. The Company shall have the right to deduct from each payment to be made under the Plan and any trust any required withholding taxes.

4.09 Nonalienation. Subject to any applicable law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void, nor shall any such benefit be in any

manner liable for or subject to garnishment, attachment, execution or levy, or liable for or subject to the debts, contracts, liabilities, engagements or torts of a Participant.

4.10 Forfeiture for Cause. In the event that a Participant shall at any time be convicted of a crime involving dishonesty or fraud on the part of such Participant in his relationship with the Company, all benefits that would otherwise be payable to him or to a beneficiary under the Plan shall be forfeited.

4.11 Claims Procedure.

(a) Initial Review and Decision. Any claim for benefits under, or other relief with respect to, this Plan shall be submitted in writing to the Committee's delegee or in such manner or to such person or other entity as the Committee may from time to time provide. If any claim is wholly or partially denied, the claimant shall be given notice in writing within a reasonable period of time after receipt of the claim by the Plan (not to exceed 90 days after receipt of the claim or, if special circumstances require an extension of time, written notice of the extension shall be furnished to the claimant prior to the end of the initial 90-day period and an additional 90 days will be granted to consider the claim). The notice of denial shall be written in a manner calculated to be understood by the claimant and shall set forth the following information:

(i) The specific reasons for such denial;

(ii) Specific reference to pertinent Plan provisions on which the denial is based;

(iii) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) A statement that any appeal the claimant wishes to make of the denial must be in writing to the Committee within sixty (60) days after receipt of the notice of the denial of benefits. The notice must further advise the claimant of his or her right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

(b) Review and Decision on Appeal. Any appeal of a claim for benefits under the Plan shall be submitted to the Committee. Any such appeal shall be submitted in writing or in such other manner as the Committee may from time to time provide. If a claimant should appeal, he or she, or his or her duly authorized representative, may submit to the Committee written comments, documents, records and other information relating to the claim. The claimant, or his or her duly authorized representative, may review all documents, records and other information relevant to the claimant's claim.

The Committee shall reexamine all facts to the appeal taking into account all comments, documents, records and other information submitted by the claimant relating to the claim, regardless of whether such information was submitted or considered in the initial benefit determination, and make a final determination as to whether the denial is justified under the circumstances.

With respect to the Committee's review of the appeal, the following shall apply:

If the Committee holds regularly scheduled meetings at least quarterly, the Committee shall consider a claimant's written request for review at its next regularly scheduled meeting following receipt of the claimant's request, provided, however, that, if the claimant's request is received less than 30 days before the Committee's next regularly scheduled meeting, such request shall be considered at the second regularly scheduled Committee meeting following receipt of the claimant's written request for review. If the Committee determines that an extension of time for processing is required, written notice of extension shall be furnished to the claimant prior to the termination of the initial period. In no event shall the Committee render a decision respecting a denial for a claim later than the third regularly scheduled Committee meeting following receipt of the claimant's written request for review.

If the Committee does not have a meeting scheduled within 90 days of receipt of a claimant's written request for review, the Committee shall advise the claimant of its decision within 60 days of receipt of the claimant's request, unless special circumstances would make rendering a decision within such 60 days unfeasible. If the Committee determines that an extension of time for processing is required, written notice of extension shall be furnished to the claimant prior to the termination of the initial 60-day period. In no event shall the Committee render a decision respecting a denial for a claim for benefits later than 120 days after its receipt of a request for review.

If the appeal is denied, the Committee's written notification to the claimant shall set forth:

(1) The specific reason for the adverse determination;

(2) Specific reference to pertinent Plan provisions on which the Committee based its adverse determination;

(3) A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies, of, all documents, records and other information relevant to the claimant's claim for benefits; and

(4) A statement that the claimant has a right to bring a civil action under Section 502(a) of ERISA.

A decision of the Committee shall be binding on all persons affected thereby.

4.12 Construction

(a) The Plan shall be construed, regulated and administered under the laws of the State of Florida, to the extent not preempted by ERISA or other federal law.

(b) When used herein, the masculine pronoun shall include the feminine pronoun, and the singular shall include the plural, where appropriate.

Adopted, as amended, effective the __ day of _____, 2010.

RAYONIER INC.

Attest: /s/ Shelby Pyatt

By: /s/ W. Edwin Frazier
W. Edwin Frazier

Title: Director Compensation, Benefits and Employee Services

Title: Senior Vice President, Administration

Exhibit 10.3

Rayonier Inc. Excess Savings and Deferred Compensation Plan

(Amended and Restated Effective July 15, 2010)

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ARTICLE I The Plan

1.1 Establishment of the Plan

Rayonier Inc. heretofore established and presently maintains an unfunded supplemental retirement plan for eligible salaried Employees, first effective as of March 1, 1994, known as the "Rayonier Inc. Excess Savings and Deferred Compensation Plan" (hereinafter referred to as the "Plan"). This amendment and restatement of the Plan is effective July 15, 2010. [1]

1.2 Purpose

The Plan is intended to provide Employees with contributions lost due to restrictions on defined contribution plans under Sections 401(a)(17), 401(k), 401(m), 402(g), and 415 of the Code, which primarily affect higher-paid Employees. The intent is to provide these Employees with allocations under this Plan that, when added to such Employees' contributions under the Rayonier Investment and Savings Plan for Salaried Employees, will be similar to contributions other Employees can receive under such plan. For eligible Employees who have elected to defer receipt of Performance Shares under the Rayonier Incentive Stock Plan, contribution to the Plan also will be made in an amount equal to the dividends that would have been earned on such shares by the employee had they been issued , which amount shall be included in the employee's PS Deferred Return Account.

The Plan also provides eligible Employees with the opportunity to defer a portion of their salary and all or any portion of their bonuses otherwise payable for a Plan Year. The Plan is intended to be an unfunded plan under the Employee Retirement Income Security Act of 1974, as amended, that is maintained for the purpose of providing deferred compensation for a select group of management or highly compensated Employees.

ARTICLE II Definitions

2.1 Definitions

Capitalized terms used in the Plan shall have the respective meanings set forth below:

[1] Effective September 1, 1995, the Plan was amended to provide Employees with an opportunity to defer that portion of the Employee's Base Salary in excess of the qualified plan limitation under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, (the "Code") which primarily impacts higher-paid Employees. Effective January 1, 2002, the Plan was amended to authorize participation by Employees who are members of a select group of management or highly compensated employees, as determined by the Plan Administrator, and whose salary exceeds $170,000. Effective December 31, 2007 the Plan is amended to comply with the requirements of Section 409A of the Code.

(a) **"Accounts"** shall mean a Participant's Excess Savings Account (comprised of an Excess Tax-Deferred Contribution Account, an Excess Regular Matching Contribution Account, an Excess Additional Discretionary Matching Contribution Account and an Excess Profit Sharing Account), an Excess Base Salary Deferral Account, a Bonus Deferral Account, and a PS Deferred Return Account.

(b) **"Additional Discretionary Matching Contribution"** shall have the meaning set forth in the Qualified Plan.

(c) **"Base Salary"** shall mean an Employee's compensation from the Company at the Employee's base rate, determined prior to any election by the Participant pursuant to Section 401(k) or 125 of the Code, excluding any overtime, bonus, foreign service allowance, or any other form of compensation.

(d) **"Beneficiary"** shall mean the person designated under Section 4.11.

(e) **"Bonus Deferral"** shall mean the amount of annual bonus that the Participant elects to defer under Section 4.3.

(f) **"Bonus Deferral Account"** shall mean the account established for the Participant on the books of the Company under Section 4.1.

(g) **"Bonus Deferral Agreement"** shall mean a written agreement between the Company and the Participant to defer all or a portion of the Participant's annual bonus, as described in Section 4.3.

(h) **"Change of Control"** shall have the same meaning as a "change in control event" under the provisions of Treasury Regulation §1.409A-3(i)(5)(i)) under Section 409A(a)(2)(A)(v) of the Code.

(i) **"Code"** shall mean the Internal Revenue Code of 1986, as amended from time to time, and "Code Section 409A Rules" shall mean Section 409A of the Code and the final regulations and other IRS guidance promulgated thereunder, as in effect from time to time.

(j) **"Company"** shall mean Rayonier, Inc.

(k) **"Employee"** shall have the meaning set forth in the Qualified Plan.

(l) **"Excess Additional Discretionary Matching Contribution"** shall mean the amount credited to the Participant under Section 4.5.

(m) **"Excess Additional Discretionary Matching Contribution Account"** shall mean the account established for the Participant on the books of the Company under Section 4.1.

(n) **"Excess Base Salary Deferral Account"** shall mean the account established for the Participant on the books of the Company under Section 4.1.

(o) **"Excess Base Salary Deferral Agreement"** shall mean a written agreement between the Company and the Participant to defer all or a portion of the Participant's Base Salary, as described in Section 4.2(b).

(p) **"Excess Base Salary Deferrals"** shall mean the amount of Base Salary that the Participant elects to defer, as described in Section 4.2(b).

(q) **"Excess Regular Matching Contribution"** shall mean the amount credited to the Participant under Section 4.4.

(r) **"Excess Regular Matching Contribution Account"** shall mean the account established for the Participant on the books of the Company under Section 4.1.

(s) **"Excess Profit Sharing Contribution Account"** shall mean the account established for the Participant on the books of the Company under Section 4.6

(t) **"Excess Savings Account"** shall mean an account comprised of an Excess Tax-Deferred Contribution Account, an Excess Regular Matching Contribution Account, and an Excess Additional Discretionary Matching Contribution Account.

(u) **"Excess Tax-Deferred Contribution"** shall mean those amounts deferred by the Participant under Section 4.2(a).

(v) **"Excess Tax-Deferred Contribution Account"** shall mean an account established for the Participant on the books of the Company under Section 4.1 to which the Participant's Excess Tax-Deferred Contributions are credited.

(w) **"Incentive Stock Plan"** shall mean the Rayonier Incentive Stock Plan, as it may be amended from time to time.

(x) **"Participant"** shall mean an Employee who participates in the Plan pursuant to Article III.

(y) **"Performance Period"** and **"Performance Shares"** have the meaning set forth in the Incentive Stock Plan as it relates to the PS Deferred Shares identified in an applicable PS Deferral Agreement.

(z) **"Plan Administrator"** shall mean the entity described in Article VI.

(aa) **"Plan Year"** shall mean the plan year of the Qualified Plan.

(bb) **"Profit Sharing Contribution"** shall have the meaning set forth in the Qualified Plan.

(cc) **"PS Deferral Agreement"** shall mean a written agreement by which a Participant timely elects to defer receipt of "Performance Shares" to which he or she would otherwise be entitled under the Incentive Stock Plan**.**

(dd) **"PS Deferred Return Account"** shall mean the account established for the Participant on the books of the Company under Section 4.6

(ee) **"PS Deferred Shares"** means the shares of stock of Rayonier Inc. that have been earned by a Participant as of the end of an applicable "Performance Period" under the Incentive Stock Plan, the receipt of which shares has been deferred pursuant to a timely PS Deferral Agreement.

(ff) **"Qualified Plan"** shall mean the Rayonier Investment and Savings Plan for Salaried Employees, which is intended to be qualified under Section 401(a) of the Code.

(gg) **"Regular Matching Contribution"** shall have the meaning set forth in the Qualified Plan.

(hh) "**Separation Delay Period**" shall mean the six month period following the date of a Participant's Separation from Service (or such other applicable period as may be provided for by Section 409A(a)(2)(B)(i) of the Code as in effect at the time), or earlier upon the death of the Participant, such that any payment delayed during the Separation Delay Period is to be paid on the first business day of the seventh month following the Separation from Service or, if earlier, such Participant's death.

(ii) "**Separation from Service**" and "**Short-Term Deferral**" and "**Specified Employee**" shall have the respective meanings assigned such terms under the Code Section 409A Rules.

(jj) **"Tax-Deferred Contribution"** shall have the meaning set forth in the Qualified Plan.

(kk) **"Valuation Date"** shall have the meaning set forth in the Qualified Plan.

2.2 Gender and Number

Unless the context clearly requires otherwise, the masculine pronoun whenever used shall include the feminine and neuter pronoun, and the singular shall include the plural.

ARTICLE III Participation

3.1 Eligibility

With respect to a Plan Year, each management Employee or highly compensated Employee designated by the Plan Administrator who participates in the Qualified Plan and whose Base Salary exceeds the annual indexed amount under Section 401(a)(17) of the Code shall be eligible to participate in respect of the Excess Savings Account provisions of the Plan and each management Employee or highly compensated Employee designated by the Plan Administrator who whose Base Salary is expected to exceed $170,000 as of the beginning of the Plan Year or at the time of hire shall be eligible to participate in respect of the Excess Base Salary Deferral Account and Bonus Deferral Account provisions of the Plan.

3.2 Commencement

Each Employee shall become a Participant on the first day of the month coincident with or next following the date he satisfies the eligibility requirements of Section 3.1.

3.3 Termination of Eligibility

An individual shall cease to be a Participant as of the date such individual ceases to meet all of the applicable requirements of Section 3.1 above; provided, however, that benefits accrued as of such date shall not be reduced and shall be paid as provided herein.

ARTICLE IV Excess Savings and Contributions

4.1 Accounts

The Company shall establish and maintain as a bookkeeping entry an Excess Savings Account (with separate bookkeeping entries for the Excess Tax-Deferred Contribution Account, the Excess Regular Matching Contribution Account, the Excess Additional Discretionary Matching Contribution Account and the Excess Profit Sharing Account), an Excess Base Salary Deferral Account, a Bonus Deferral Account and a PS Deferred Return Account for each Participant. During each Plan Year, the Company shall credit to the appropriate Account the amounts described in this Article IV. Notwithstanding any other provision of the Plan, all Employee deferrals and Company credits to any Account provided in this Article IV shall be limited as necessary to comply with any applicable limitations of 1.409A-2(a)(9) and 1.409A-3(j)(5) of the Code Section 409A Rules.

4.2 Base Salary

(a) **Excess Tax-Deferred Contributions.** Each Employee described in Section 3.1 whose Base Salary exceeds the annual indexed amount under Section 401(a)(17) of the Code may enter into an Excess Tax-Deferred Contribution Agreement with the Company under which the Participant elects to defer an amount equal to the excess of up to 6 percent of the Base Salary that would otherwise be payable to him each payroll period during each subsequent Plan Year over the Tax-Deferred Contributions made for such Participant to the Qualified Plan for the corresponding payroll period. Such election shall be irrevocable and shall remain in effect for such Plan Year and all subsequent Plan Years unless the Participant, prior to the beginning of a Plan Year, elects to revoke or amend the Excess Tax-Deferred Contribution Agreement. An Excess Tax-Deferred Contribution Agreement may be reinstated or amended prior to the beginning of any Plan Year for Excess Base Salary payable in that Plan Year. Notwithstanding the foregoing, an Employee who becomes eligible during a Plan Year to participate in the Plan may execute an Excess Tax-Deferred Contribution Agreement with respect to unearned Base Salary within 30 days of becoming eligible. The Company shall credit the Excess Tax-Deferred Contributions to the Participant's Excess Tax-Deferred Contribution Account as of the payroll period to which the Excess Tax-Deferred Contributions relate.

(b) **Excess Base Salary Deferral.** Each Employee described in Section 3.1 may enter into an Excess Base Salary Deferral Agreement with respect to any Plan Year. Prior to the beginning of such Plan Year or at the time of hire, the Employee may elect to defer all or any portion of the Employee's excess Base Salary otherwise payable to him during that Plan Year; provided, however, that such deferral shall be reduced by the amount of any Excess Tax-Deferred Contributions made under Section 4.2(a) with respect to such Excess Base Salary. Such Excess Base Salary Deferral Agreement shall remain in effect for such Plan Year and shall be irrevocable. The Company shall credit the Excess Base Salary Deferral to the Participant's Excess Base Salary Deferral Account as of the payroll period to which the Excess Base Salary Deferral relates.

4.3 Bonus Deferral and PS Deferred Return

An Employee described in Section 3.1 may enter into a Bonus Deferral Agreement with the Company under which the Participant elects to defer all or any portion of any bonus that would otherwise be payable to him in respect of a Plan Year. Such Bonus Deferral Agreement shall be entered into by the Participant and the Company on or prior to the December 1 preceding the beginning of the Plan Year for which services are rendered with respect to the bonus, shall remain in effect for the Plan Year, and shall be irrevocable. The Company shall credit the above amounts to the Participant's Bonus Deferral Account as of the payroll period to which the deferral relates. In addition, the Plan Administrator may, from time to time, and in its sole discretion and subject to such rules as may be required by the Code Section 409A Rules, permit Participants to elect to defer other extraordinary amounts of compensation to the Plan in addition to the deferrals permitted under Section 4.2 and 4.3. Any amounts deferred pursuant to this

Section 4.3 shall be contributed to the Participant's Account and shall be subject to the provisions of this Plan.

If Participant has timely executed a PS Deferral Agreement, the Company shall credit the PS Deferred Return Account of the Participant with an amount equal to the cash dividends that would have been earned on the Participant's PS Deferred Shares had their receipt not been deferred by the Participant at the same time that the Participant would have received such cash dividends had the PS Deferred Shares been issued. **[**Only if specifically directed in a writing by the Committee under the Incentive Stock Plan, acting in its sole and absolute discretion, shall the Participant's PS Deferred Return Account also be credited with an amount equal to the value of any stock dividend or stock split in respect of the PS Deferred Shares.**]**

4.4 Excess Regular Matching Contribution Account

During each Plan Year, the Company shall credit to a Participant's Excess Regular Matching Contribution Account an amount that is equal to 60 percent of Excess Tax-Deferred Contributions for that Plan Year, but in no event more than an amount equal to 3.6 percent of Base Salary over the Regular Matching Contributions made for such Participant under the Qualified Plan for such Plan Year. The Excess Regular Matching Contribution shall be credited to the Participant's Excess Regular Matching Contribution Account as of the same date or dates that the Excess Tax-Deferred Contributions are allocated to the Participant's Excess Tax-Deferred Contributions Account.

4.5 Excess Additional Discretionary Matching Contribution Account

During each Plan Year that an Additional Discretionary Matching Contribution is made under the Qualified Plan, the Company shall credit to a Participant's Excess Additional Discretionary Matching Contribution Account an amount that is equal to the Additional Discretionary Matching Contribution percentage under the Qualified Plan multiplied by the Participant's Excess Tax-Deferred Contributions for that Plan Year. The Excess Additional Discretionary Matching Contribution shall be credited to the Participant's Excess Additional Discretionary Matching Contribution Account as of the same date or dates that the Excess Tax-Deferred Contributions are allocated to the Participant's Excess Tax-Deferred Contributions Account.

4.6 Excess Profit Sharing Contribution Account

During each Plan Year, the Company shall credit to a Participant's Excess Profit Sharing Contribution Account an amount that is equal to the Profit Sharing Contribution that would have been made under the Qualified Plan without giving affect to the limitation on annual compensation imposed by Section 401(a)(17) of the Code over the actual Profit Sharing Contribution made for such Participant under the Qualified Plan for such Plan Year.

4.7 Adjustment to Accounts

As of each Valuation Date, the Excess Base Salary Deferral Account and the Bonus Deferral Account of each Participant shall be credited or debited on the books of the Company with a gain or loss equal to the adjustment that would be made if assets equal to each such Account had been

invested with a rate of return equal to the rate of return of 10-Year Treasury Notes (adjusted monthly) plus 1.5 percent. As of each Valuation Date, the Excess Savings Account and the PS Deferred Return Account of each Participant shall be credited or debited on the books of the Company with a gain or loss equal to the adjustment that would be made if assets equal to such Account had been invested with a rate of return equal to 120% of the long-term Applicable Federal Rate (adjusted monthly).

4.8 Vesting

Except as provided in Section 4.10, a Participant shall have a nonforfeitable right to amounts credited to the Participant's Accounts.

4.9 Date of Payment

A Participant's Excess Savings Account shall be payable upon the Participant's termination of employment. At the time the Participant executes the Excess Base Salary Deferral Agreement and the Bonus Deferral Agreement, the Participant shall designate the date upon which the amounts deferred under such agreements shall become payable. Such amounts may be made payable either before, after, or upon the Participant's termination of employment; provided, however, that, subject to the provisions of Section 4.10, such election shall be irrevocable. Notwithstanding the foregoing, any amounts attributable to deferrals made after December 31, 2004 that are payable under this Section 4.9 on account of a Participant's Separation from Service shall be made earlier than the end of the Separation Delay Period if the distribution is on account of such Separation from Service and at that date the Participant is a Specified Employee; provided that, such delay in payment shall not apply to any portion of a distribution that is excepted from such delay under the Code Section 409A Rules as a Short-Term Deferral.

4.10 Form of Payment

(a) **Excess Base Salary and Bonus Deferral.** At the time the Participant executes the Excess Base Salary Deferral Agreement and the Bonus Deferral Agreement, the Participant shall elect one of the following forms of payment for amounts credited to the Excess Base Salary Deferral Account and one of the following forms of payment for amounts credited to the Bonus Deferral Account:

(1) **Lump Sum.** The Participant shall receive a single sum cash payment equal to the amount credited to such Account.

(2) **Installments.** The Participant shall receive the amount credited to such Account in annual installments payable over a period not exceeding 15 years. Earnings shall continue to be credited on the unpaid amounts.

In the event the Participant changes any of the foregoing elections prior to the date of payment or changes the time of payment elected under Section 4.9, then, notwithstanding the provisions of Section 4.8 and except as provided in Section 4.12, the Participant shall forfeit 6 percent of the amount otherwise payable to the

Participant under such election, and such forfeited amount shall cease to be an obligation of the Company and the Plan. No change of election may be made with respect to any amounts attributable to deferrals made after December 31, 2004.

(b) **Excess Savings Account.** At the time the Participant executes the Excess Tax-Deferred Contribution Agreement, the Participant shall elect one of the following forms of payment for amounts credited to the Excess Savings Account:

(1) **Lump Sum.** The Participant shall receive a single sum cash payment equal to the amount credited to the Excess Savings Account.

(2) **Installments.** The Participant shall receive the amount credited to the Excess Savings Account in annual installments payable over a period not exceeding 15 years. Earnings shall continue to be credited on the unpaid amounts.

In the event the Participant changes the foregoing election prior to the date of payment, then, notwithstanding the provisions of Section 4.8 and except as provided in Section 4.12, the Participant shall forfeit 6 percent of the amount otherwise payable to the Participant under such election, such forfeited amount shall cease to be an obligation of the Company and the Plan, and no subsequent changes may be made by the Participant. No change of election may be made with respect to any amounts attributable to deferrals made after December 31, 2004.

(c) **PS Deferred Return Account**. The amount of a Participant's PS Deferred Return Account shall be paid to the Participant at the time or times provided for in any applicable PS Deferral Agreement with respect to the particular PS Deferred Shares to which the amounts in the PS Deferred Return Account relate.

4.11 Death Benefits

At the time the Participant executes the Excess Tax-Deferred Contribution Agreement, the Excess Base Salary Deferral Agreement, and the Bonus Deferral Agreement, the Participant shall designate a Beneficiary to receive death benefits payable under this Section 4.11. In the event of the death of the Participant prior to full payment of amounts credited to the Participant's Accounts, the unpaid amounts shall be paid within 90 days of the participants death in a single sum cash payment to the Beneficiary. If no Beneficiary is designated or if no Beneficiary survives the Participant, the Participant's surviving spouse or, in the case of an unmarried Participant, the designated Beneficiary under the Rayonier Salaried Life Insurance Plan shall be the Beneficiary. In the event that no spouse survives the Participant or, in the case of an unmarried Participant, that the life insurance benefits have been assigned or that no Beneficiary has been designated under the Rayonier Salaried Life Insurance Plan, the Beneficiary shall be the Participant's estate.

4.12 Hardship Withdrawals

Notwithstanding the provisions of Section 4.10, a Participant may, prior to the date payment of his Accounts is otherwise to be made, request a financial hardship withdrawal from any of his Accounts. A hardship withdrawal shall be available only upon a determination by the Company's Senior Vice President, Administration, that the Participant has suffered a severe and unanticipated emergency caused by an event that is beyond the control of the Participant. The amount of the withdrawal shall be limited to the amount necessary to satisfy the hardship. The Company's Senior Vice President, Administration, shall examine all relevant facts and circumstances to determine whether the Participant has a financial hardship and may require a Participant to submit any and all documentation that he deems necessary to substantiate the existence of a financial hardship.

4.13 Change of Control

Notwithstanding the provisions of Sections 4.9 and 4.10, upon the occurrence of a Change of Control, a Participant shall receive a single sum cash payment equal to the amount credited to the Participant's Accounts; provided that, any distribution described in the last sentence of Section 4.9 with respect to a Participant who is a Specified Employee shall not be paid prior to the end of the Separation Delay Period.

ARTICLE V Rights of Participants

5.1 Contractual Obligation

It is intended that the Company is under a contractual obligation to make payments under this Plan when due. The benefits under this Plan shall be paid out of the general assets of the Company.

5.2 Unsecured Interest

No special or separate fund shall be established and no segregation of assets shall be made to assure the payment of benefits hereunder. No Participant hereunder shall have any right, title, or interest whatsoever in any specific asset of the Company. Nothing contained in this Plan and no action taken pursuant to its provisions shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and a Participant or any other person. To the extent that any person acquires a right to receive payments under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company. It is the intention of the Company that this Plan be unfunded for tax purposes and for purposes of Title I of ERISA and any trust created by the Company and any assets held by such trust to assist the Company in meeting its obligations under the Plan shall meet the requirements necessary to retain such unfunded status.

ARTICLE VI Administration

6.1 Administration

The Plan shall be administered by the Company as Plan Administrator. The Plan Administrator may appoint one or more individuals and delegate such of its powers and duties described herein as it deems desirable to any such individual, in which case every reference herein made to the Plan Administrator shall be deemed to mean or include the individuals as to matters within their jurisdiction; provided, however, that in the absence of any contrary appointment or delegation, the authority, powers, and duties herein shall be assigned to the Company's Senior Vice President, Administration. The Plan Administrator shall, in its sole discretion, be authorized to construe and interpret all provisions of the Plan, to adopt rules and practices concerning the administration of the same, and to make any determinations and calculations necessary or appropriate hereunder. The determination of the Plan Administrator as to any disputed question arising under this Plan, including questions of construction and interpretation, shall be final, binding, and conclusive on all persons.

6.2 Indemnification

To the extent permitted by law, all agents and representatives of the Plan Administrator shall be indemnified by the Company and saved harmless against any claims, and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect, or willful misconduct.

6.3 Expenses

The cost of benefit payments from this Plan and the expenses of administering the Plan shall be borne by the Company.

6.4 Tax Withholding

The Company may withhold from a payment any federal, state, or local taxes required by law to be withheld with respect to such payment and such sums as the Company may reasonably estimate are necessary to cover any taxes for which the Company may be liable and which may be assessed with regard to such payment.

6.5 Claims Procedure

(a) **Submission of Claims.** Claims for benefits under the Plan shall be submitted in writing to the Plan Administrator or to an individual designated by the Plan Administrator for this purpose.

(b) **Denial of Claim.** If any claim for benefits is wholly or partially denied, the claimant shall be given written or electronic notice within 90 days following the date on which the claim is filed, which notice shall set forth —

(1) the specific reason or reasons for the denial;

(2) specific reference to pertinent Plan provisions on which the denial is based;

(3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(4) an explanation of the Plan's claim review procedures and time limits applicable to such procedures, including a statement that the claimant has a right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

If special circumstances require an extension of time for processing the claim, written notice of an extension shall be furnished to the claimant prior to the end of the initial period of 90 days following the date on which the claim is filed. Such an extension may not exceed a period of 90 days beyond the end of said initial period.

(c) **Claim Review Procedure.** The claimant or his authorized representative may submit a written request for review to the Plan Administrator no later than 60 days after the date on which written or electronic notification of the denial is received by the claimant (or, if applicable, within 60 days after the date on which such denial is deemed to have occurred).

The claim for review shall be given a full and fair review that takes into account all comments, documents, records and other information that relates to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

Not later than 60 days after receipt of the request for review, the Plan Administrator shall render and furnish to the claimant written or electronic notice of the decision on review, which notice shall set forth —

(1) the specific reason or reasons for the decision;

(2) specific reference to pertinent Plan provisions on which the decision is based;

(3) a statement that the claimant has a right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review; and

(4) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant to the claim for benefit. A document is relevant

to the claim for benefits if it was relied upon in making the determination, was submitted, considered or generated in the course of making the determination or demonstrates that benefit determinations are made in accordance with the Plan and that Plan provisions have been applied consistently with respect to similarly situated claimants.

If special circumstances require an extension of time for processing the claim, the decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review, provided that written notice and explanation of the delay are given to the claimant prior to commencement of the extension. Such decision by the Plan Administrator shall not be subject to further review.

(d) **Exhaustion of Remedy.** No claimant shall institute any action or proceeding in any state or federal court of law or equity, or before any administrative tribunal or arbitrator, for a claim for benefits under the Plan, until the claimant has first exhausted the procedures set forth in this Section.

ARTICLE VII Miscellaneous

7.1 Nontransferability

In no event shall the Company make any payment under this Plan to any assignee or creditor of a Participant or of a Beneficiary, except as otherwise required by law. Prior to the time of a payment hereunder, a Participant or a Beneficiary shall have no rights by way of anticipation or otherwise to assign or otherwise dispose of any interest under this Plan, nor shall rights be assigned or transferred by operation of law.

7.2 Rights Against the Company

Neither the establishment of the Plan, nor any modification thereof, nor any payments hereunder, shall be construed to give any Participant the right to be retained in the employ of the Company or to interfere with the right of the Company to discharge the Participant at any time.

7.3 Amendment or Termination

The Plan may be amended, modified, or terminated at any time by the Company provided that, except as may be required in the reasonable judgment of the Company to comply with the 409A Rules, no such amendment, modification, or termination shall reduce or diminish without the consent of a Participant or Beneficiary, if applicable, such person’s right to receive any benefit accrued hereunder prior to the date of such amendment, modification, or termination. Notice of such amendment, modification, or termination shall be given in writing to each Participant and Beneficiary of a deceased Participant having an interest in the Plan to whom the provision applies.

7.4 Applicable Law

This instrument shall be binding on all successors and assignees of the Company and shall be construed in accordance with and governed by the laws of the State of Florida, subject to the provisions of all applicable Federal laws.

7.5 Illegality of Particular Provision

The illegality of any particular provision of this document shall not affect the other provisions, and the document shall be construed in all respects as if such invalid provision were omitted.

In Witness Whereof, Rayonier Inc. has caused this instrument to be executed, effective July 15, 2010.

Rayonier, Inc.

By /s/ W. Edwin Frazier, III
W. Edwin Frazier, III
Senior Vice President, Administration
and Corporate Secretary

Rayonier Inc. Excess Savings and Deferred Compensation Plan ("the Plan")

7/95

{Year} Excess Base Salary and Bonus Deferral Agreement **(Due Date: December 18, {Year})**

NAME (Last, First, Middle Initial)		
SOCIAL SECURITY NO.	DATE OF BIRTH / /	LOCATION

Carefully review the contents of your enrollment package before completing this AGREEMENT.

Return the signed original to W. Edwin Frazier, III, Senior Vice President, Chief Administrative Officer and Corporate Secretary, Rayonier, 50 N. Laura Street, Jacksonville, Florida 32202.

Keep a copy for your records.

Human Resources must receive your signed completed AGREEMENT by December 18, {Year}, for you to participate in the Plan.

BASE DEFERRAL ELECTION

I irrevocably elect to defer _____ percentage of my {Year} base salary.

FORM AND TIMING OF DISTRIBUTION

I elect that my benefits under the Plan be paid in the following form:

☐ Lump Sum ☐ Annual Installments for _____ years (not to exceed 15)
(Number)

I elect that my benefits under the Plan be distributed as follows (not earlier than January {Year}):

☐ The month and year of _____/_____ ☐ Upon termination of employment

BONUS DEFERRAL ELECTION

I irrevocably elect to defer _____ percentage or _____ dollar amount of my {Year} bonus payable in {Year}.

FORM AND TIMING OF DISTRIBUTION

I elect that my benefits under the Plan be paid in the following form:

☐ Lump Sum ☐ Annual Installments for _____ years (not to exceed 15)
(Number)

I elect that my benefits under the Plan be distributed as follows (not earlier than January {Year}):

☐ The month and year of _____/_____ ☐ Upon termination of employment

BENEFICIARY DESIGNATION

I understand that if I die before the payment date I select, a lump sum payment will be made to my designated beneficiary(ies). I further understand that if I die after payments have commenced but before I receive the number of installment payments I select, the remaining payments will be made in a lump sum to my designated beneficiary(ies).

I understand that if no beneficiary is designated or no designated beneficiary survives me, if I am a married participant, the beneficiary will be my surviving spouse and, if I am an unmarried participant, the beneficiary will be as I have designated under the Rayonier Salaried Life Insurance Plan. However, if no such beneficiary has been designated or if such life insurance benefits have been assigned, the beneficiary will be my estate. I further understand that I may change my beneficiary(ies) at any time.

I designate as my beneficiary(ies) the party(ies) listed below if such party(ies) is (are) living at the date of my death. (You may name a trust or estate.)

%	Name	Address	Social Security No.

I have read and agree to all of the provisions of the Rayonier Inc. Excess Savings and Deferred Compensation Plan as provided and the accompanying Question & Answer Summary and I specifically understand the following:

1. My deferral election is **irrevocable**.
2. This Plan is unfunded and my rights thereunder will be no greater than those of a general unsecured creditor of the Company.
3. My rights under the Plan are not assignable.

EMPLOYEE'S SIGNATURE _____ DATE _____

WITNESS _____ DATE _____

Exhibit 10.5

Rayonier

AGREEMENT TO DEFER PERFORMANCE SHARES
("PS Deferral Agreement")

The undersigned hereby irrevocably elects to defer receipt of the Performance Shares indicated below (the "Deferred Shares"), if any such shares are earned for the specified Performance Period (the "Class Award Year") under the Rayonier Incentive Stock Plan (the "Plan"). Terms not otherwise defined have the same meaning as in the Plan. The following terms shall apply to the Deferred Shares:

1. **Name**: _____

2. **Class Award Year**: {Year} Class Performance Shares payable January {Year}

3. **Number of Deferred Shares** (*select A, B or C and input the amount*):

A. I would like to defer _____% of shares awarded.

B. I would like to defer _____ shares and receive any additional shares awarded.

C. I would like to keep _____ shares and defer all shares awarded in excess of that amount.

4. **Employment Tax Liability** (*select A or B*):

Note: Employment taxes (Social Security and Medicare) are due at the time the shares are awarded, regardless of a deferral election.

A. _____ I elect to have enough whole shares withheld from my deferral to cover my employment tax liability.

B. _____ I elect to pay my employment taxes in cash.

5. **Timing of Payout** (*select A, B or C)*:

A. _____ I elect to have my Deferred Shares payable upon termination of my employment with Rayonier.

B. _____ I elect to have my Deferred Shares payable in January of the year following termination of my employment with Rayonier.

C. _____ I elect to have my Deferred Shares payable in the month / year of _____ / _____ (not earlier than February {Year}).

6. **Form of Payout** (*select A or B*):

A. _____ Lump sum.

B. _____ Annual installments payable over _____ years (not to exceed 10 years).

7. **Additional Terms**.

Additional terms applicable to this PS Deferral Agreement appear on the Uniform Terms

Addendum attached hereto.

CONSULT THE PLAN AND YOUR LEGAL AND/OR FINANCIAL ADVISOR ABOUT THE ADVISABILITY OF MAKING THIS ELECTION GIVEN YOUR PARTICULAR CIRCUMSTANCES.

_____ _____

Employee's Signature Date

PS DEFERRAL AGREEMENT — UNIFORM TERMS ADDENDUM

Additional Terms Applicable to Your Deferred Shares

• ***Notional Earnings***	The Company will credit a PS Deferral Account under the Excess Deferred Compensation and Savings Plan with an amount equal to the value of any dividends that would have been paid had the Deferred Shares been issued to you. Interest on such dividends will be earned at a rate equal to 120% of the long term Applicable Federal Rate as such rate is published by the Internal Revenue Service, adjusted monthly, from the date such dividends were paid by the Company. Amounts accrued in the Deferral Account will be payable to you at the time of payout of the Deferred Shares.
• ***Section 409A Rules***	This PS Deferral Agreement is governed by the rules of Section 409A of the Internal Revenue Code, the Treasury Regulations promulgated thereunder and published guidance of the Internal Revenue Services (together, the "Section 409A Rules").
• ***Early Termination of Deferral***	
Change in Control	The Deferral Period shall end upon a Change in Control as defined in the Section 409A Rules.
Capital Transactions	The Compensation and Management Development Committee of the Board of Directors shall establish rules governing the Deferred Shares in the event of a capital transaction identified in Section 13 of the Plan, which may include (a) crediting the PS Deferral Account with the value of any stock dividend or stock split, (b) transferring the shares to a trustee under a rabbi trust to hold the Deferred Shares and any shares received or exchanged in the capital transaction or (c) such other mechanism determined by the Committee in its discretion to reflect the Capital Transaction, including termination of the deferral and issuance of the Deferred Shares in a timely manner to participate directly in the capital transaction but only if such action is permitted at the time without resulting in a penalty under the Section 409A Rules.
• ***Further Deferral***	The Deferral Period may be extended for not less than an additional 5 years upon a Further Deferral Election under current Section 409A Rules. This election must be made not less than one year prior to the date payments of Deferred Shares are scheduled to begin.
• ***Eligibility***	Only employees with a base salary of $170,000 or more are eligible to enter into a PS Deferral Agreement

EXHIBIT 10.6
EXECUTION COPY

U.S. $250,000,000

FIVE-YEAR REVOLVING CREDIT AGREEMENT

Among

RAYONIER INC.,

RAYONIER TRS HOLDINGS INC.,

and

RAYONIER FOREST RESOURCES, L.P.,

as Borrowers

and

The Several Lenders from Time to Time Parties Hereto,

The Issuing Banks from Time to Time Parties Hereto,

CREDIT SUISSE,
as Administrative Agent,

CREDIT SUISSE SECURITIES (USA) LLC,
as Sole Bookrunner,

CREDIT SUISSE SECURITIES (USA) LLC and BANK OF AMERICA, N.A.,
as Co-Syndication Agents

JPMORGAN CHASE BANK, SUN TRUST BANK
and THE BANK OF NEW YORK,
as Co-Documentation Agents

and

CREDIT SUISSE SECURITIES (USA) LLC,
BANC OF AMERICA SECURITIES LLC
as Joint Lead Arrangers

Dated as of August 4, 2006

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Schedules

Exhibits

FIVE-YEAR REVOLVING CREDIT AGREEMENT, dated as of August 4, 2006 (as supplemented, modified and amended from time to time, the "Agreement"), among RAYONIER INC., a North Carolina corporation ("Rayonier"), RAYONIER TRS HOLDINGS INC., a Delaware corporation ("TRS"), RAYONIER FOREST RESOURCES, L.P., a Delaware limited partnership ("RFR") and any Additional Borrower (each of Rayonier, TRS, RFR and any Additional Borrower being referred to herein individually as a "Borrower" and collectively as the "Borrowers"), the several banks, financial institutions and other institutional lenders from time to time party hereto (the "Lenders"), the issuing banks from time to time party hereto (the "Issuing Banks"), CREDIT SUISSE, acting through one or more of its branches ("Credit Suisse" or "CS")), as Administrative Agent (in such capacity, the "Administrative Agent"), CREDIT SUISSE SECURITIES (USA) LLC ("Credit Suisse Securities"), as Sole Bookrunner, CREDIT SUISSE SECURITIES (USA) LLC and BANK OF AMERICA, N.A., as Co-Syndication Agents, JPMORGAN CHASE BANK, SUN TRUST BANK and THE BANK OF NEW YORK, as Co-Documentation Agents, and CREDIT SUISSE SECURITIES and BANC OF AMERICA SECURITIES LLC, as Joint Lead Arrangers.

PRELIMINARY STATEMENTS

1. The Borrowers have requested that the Lenders extend credit to the Borrowers in an aggregate principal amount of up to $250,000,000 in the form of revolving credit advances and letters of credit.

2. In consideration of the premises and the mutual covenants herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. CERTAIN DEFINED TERMS . As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Acquired Debt" means, with respect to any specified Person (a) Debt of any other Person existing at the time such other Person merged with or into or became a Subsidiary of such specified Person, including Debt incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person and (b) Debt encumbering any asset acquired by such specified Person.

"Additional Borrower" means a domestic Subsidiary of Rayonier designated by Rayonier as a borrower hereunder (such designation to be in the form of Exhibit G hereto), and as to which the Additional Borrower Effective Date shall have occurred, provided that:

(a) such Subsidiary shall be a direct Subsidiary of Rayonier, the accounts and financial reports of which shall be consolidated with Rayonier in accordance with GAAP;

(b) only one such designation may be made by Rayonier hereunder; and

(c) as of the Additional Borrower Effective Date, (i) Rayonier shall have transferred to such Additional Borrower all assets and properties of Rayonier, including, without limitation, all capital stock and other equity interests in all direct Subsidiaries of Rayonier, (ii) such Additional Borrower shall have assumed all liabilities and obligations of Rayonier, and (iii) for all purposes of this Agreement, (A) all Revolving Credit Advances owing by Rayonier and then outstanding shall be deemed to be Revolving Credit Advances made to and owing by such Additional Borrower, and (B) all Letters of Credit issued for the account of Rayonier and then outstanding shall be deemed to be Letters of Credit issued for the account of such Additional Borrower and such Additional Borrower shall have full liability in respect thereof to the same extent as though such Letters of Credit had been issued for the account of such Additional Borrower hereunder.

"Additional Borrower Assumption Agreement" has the meaning specified in Section 3.03(a).

"Additional Borrower Effective Date" means, with respect to any Additional Borrower, the date on which all conditions set forth in Section 3.03 shall have been satisfied or waived by the Required Lenders.

"Additional Subsidiary Guarantor" means a domestic Subsidiary of Rayonier that is not a Subsidiary of TRS or RFR and that is designated by Rayonier as a Subsidiary Guarantor hereunder (such designation to be in the form of Exhibit H hereto), provided that (a) such Subsidiary shall be a direct or indirect Subsidiary of Rayonier (or, after any Additional Borrower Effective Date, the Additional Borrower) the accounts and financial reports of which shall be consolidated with Rayonier in accordance with GAAP, (b) each Subsidiary of Rayonier (or, after any Additional Borrower Effective Date, the Additional Borrower) that directly or indirectly holds any interest in the Capital Stock of such Subsidiary shall also be an Additional Subsidiary Guarantor, and (c) the conditions set forth in Section 3.04 with respect to such Subsidiary shall have been satisfied or waived by the Required Lenders.

"Additional Subsidiary Guarantor Guarantee Agreement" means a guarantee agreement among one or more Additional Subsidiary Guarantors and CS, as Administrative Agent, pursuant to which each such Additional Subsidiary Guarantor guarantees all obligations of Rayonier, TRS, RFR and any Additional Borrower under this Agreement, such agreement to be substantially in the form of Exhibit C-4 hereto.

"Adjusted Asset Sales Amount" means $100,000,000 as increased by 10% of the purchase price of Asset Acquisitions (other than like-kind exchanges) subsequent to the Closing Date.

"Administrative Agent's Account" means the account of the Administrative Agent maintained by the Administrative Agent at The Bank of New York, ABA No. 02100018, Account No. 8900492627, Attn: Agency Cayman, Reference: Rayonier or such other account as the Administrative Agent may designate from time to time by notice to Rayonier and the Lenders.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Alternate Base Rate" shall mean, on any particular date, a rate of interest per annum equal to the higher of

(a) the rate of interest per annum announced from time to time by CS as its prime rate in effect at its principal office in New York City (which rate is not necessarily intended to be the lowest rate of interest charged by CS in connection with extensions of credit); and

(b) the Federal Funds Rate for such date plus 0.50%.

If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, the Alternate Base Rate shall be determined with out regard to clause (b) above until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the prime rate or the Federal Funds Rate shall be effective as of the effective day of such change in the prime rate or the Federal Funds Rate, respectively.

"Alternate Base Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(i).

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of an Alternate Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means (a) for Alternate Base Rate Advances, 0% per annum and (b) for Eurodollar Rate Advances, as of any date, a percentage per annum determined by reference to the Corporate Credit Rating in effect on such date as set forth below:

Corporate Credit Rating S&P/Moody's	Applicable Margin for Eurodollar Rate Advances
Level 1 BBB+ or Baa1 or above	0.320%
Level 2 Lower than Level 1 but at least BBB or Baa2	0.400%
Level 3 Lower than Level 2 but at least BBB- and Baa3	0.475%
Level 4 Lower than Level 3 (or Levels 1, 2 and 3 otherwise not applicable) but at least BBB- or Baa3	0.600%
Level 5 Lower than Level 4 but at least BB+ and Ba1	0.675%
Level 6 Lower than Level 5 (or Levels 1-5 otherwise not applicable)	1.025%

"Asset Acquisition" means (a) an Investment by RFR or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged with or into RFR or any Restricted Subsidiary, (b) the acquisition by RFR or any Restricted Subsidiary of the assets of any Person (other than a Restricted Subsidiary) which constitute all or substantially all of the assets of such Person, (c) the acquisition by RFR or any Restricted Subsidiary of merchantable Timber or Timberlands outside the ordinary course of business, or (d) the acquisition by RFR or any Restricted Subsidiary of any division or line of business of any Person (other than a Restricted Subsidiary).

"Asset Sale" means "Asset Sale" as such term is defined in the Installment Note Agreement as in existence as of the date hereof.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in the form of Exhibit F hereto (or such other form as may be acceptable to the Administrative Agent).

"Assuming Lender" has the meaning specified in Section 2.19(d).

"Assumption Agreement" has the meaning specified in Section 2.19(d)(ii).

"Attributable Debt" means, with respect to any Sale and Leaseback Transaction not involving a Capital Lease, as of any date of determination, the total obligation (discounted to present value at the rate of interest implicit in the lease included in such transaction) of the lessee for rental payments (other than amounts required to be paid on

account of property taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items which do not constitute payments for property rights) during the remaining portion of the term (including extensions which are at the sole option of the lessor) of the lease included in such transaction (in the case of any lease which is terminable by the lessee upon a payment of a penalty, such rental obligation shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated).

"Available Cash" means, with respect to any Fiscal Quarter,

(a) the sum of (i) all cash and cash equivalents of the Partnership Group on hand at the end of such Fiscal Quarter, and (ii) all additional cash and cash equivalents of the Partnership Group on hand on the date of determination of Available Cash with respect to such Fiscal Quarter resulting from the Working Capital Borrowings made subsequent to the end of such Fiscal Quarter, less

(b) the amount of any cash reserves that is necessary or appropriate in the reasonable discretion of the Managing General Partner to (i) provide for the proper conduct of the business of the Partnership Group (including reserves for future capital expenditures and for anticipated future credit needs of the Partnership Group) subsequent to such Fiscal Quarter, or (ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which any Group Member is a party or by which it is bound or its assets are subject.

For purposes of the definition of "Available Cash", the following terms shall have the following meanings:

"Group Member" means a member of the Partnership Group.

"Partnership Group" means RFR and all its Subsidiaries, treated as a single Consolidated entity.

"Working Capital Borrowings" means borrowings by the Partnership Group under any Working Capital Facility giving rise to Debt incurred for working capital purposes and for the purpose of making distributions to RFR and its Subsidiaries.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Capital Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by such Person (as lessee or guarantor or other surety) which would, in accordance with GAAP, be required to be classified and accounted for as a capital lease on a balance sheet of such Person.

"Capital Stock" means, with respect to any Person, any and all shares, units representing interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, including (x) with respect to partnerships, partnership interests (whether general or limited) and any other interest or participation that confers upon a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership, (y) with respect to limited liability companies, member interests, and (z) with respect to any Person, any rights (other than debt securities convertible into capital stock), warrants or options exchangeable for or convertible into such capital stock.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" has the meaning specified in Section 4.01(m).

"Closing Date" means the date on which the conditions precedent set forth in Section 3.01 shall be satisfied or waived by the Required Lenders.

"Commitment" means, with respect to any Lender at any time (a) the amount set forth opposite such Lender's name as its "Commitment Amount" on Schedule I hereto, or (b) if such Lender has entered into any Assignment and Acceptance, the amount set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(d), as such amount may be reduced pursuant to Section 2.05.

"Commitment Date" has the meaning specified in Section 2.19(b).

"Commitment Increase" has the meaning specified in Section 2.19(a).

"Commitment Percentage" means, as to any Lender at any time, the percentage which such Lender's Commitment then constitutes of the aggregate Commitments (or, at any time after the Closing Date, the percentage which the aggregate principal amount of such Lender's Revolving Credit Advances and its proportionate interest in LC Exposure then outstanding constitutes of the aggregate principal amount of the Revolving Credit Advances and LC Exposure then outstanding).

"Confidential Information" means (a) any financial information that relates specifically to the assets, results of operations or financial condition of any Loan Party or its Subsidiaries, or (b) any other information that any Borrower furnishes to the Administrative Agent or any Lender or Issuing Bank in a writing designated as confidential, but "Confidential Information" does not include any such information under clause (a) or (b) that is or becomes generally available to the public or that is or becomes available to the Administrative Agent or such Lender or Issuing Bank from a source other than any Borrower, that to the knowledge of the Administrative Agent or such Lender or Issuing Bank, as the case may be, is not acting in violation of a confidentiality agreement with any Borrower.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Consolidated Assets" means on any date of determination, all amounts that are or should, in accordance with GAAP be included under assets on a Consolidated balance sheet of any Person and its Subsidiaries determined in accordance with GAAP as at such date.

"Consolidated Cash Flow Available for Fixed Charges" means, with respect to RFR and its Restricted Subsidiaries for any period, the sum of, without duplication, the amounts for such period, taken as a single accounting period, of (a) RFR Consolidated Net Income, (b) Consolidated Non-Cash Charges, (c) Consolidated Interest Expenses, and (d) Consolidated Income Tax Expense.

"Consolidated Fixed Charges" means, with respect to RFR and its Restricted Subsidiaries for any period, the sum of, without duplication, (a) the amount for such period of Consolidated Interest Expense and (b) the product of (i) the aggregate amount of dividends and other distributions paid or accrued during such period in respect of Preferred Stock and Redeemable Capital Stock of Restricted Subsidiaries on a Consolidated basis and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then applicable current combined federal, state and local statutory tax rate, expressed as a percentage.

"Consolidated Income Tax Expense" means, with respect to any period, all provisions for federal, state, local and foreign income taxes of RFR and its Restricted Subsidiaries for such period as determined on a Consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to RFR and its Restricted Subsidiaries for any period, without duplication, the sum of (a) the interest expense (not including any amounts paid or accrued in respect of any Preferred Stock or Redeemable Capital Stock) of RFR and its Restricted Subsidiaries for such period as determined on a Consolidated basis in accordance with GAAP, including, without limitation, (i) any amortization of debt discount, (ii) the net cost under Interest Rate Agreements, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financings that constitute Debt, and (v) all accrued interest and (b) the interest component of Capital Leases paid, accrued or scheduled to be paid or accrued by RFR and its Restricted Subsidiaries during such period as determined on a Consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to any specified Person for any period, Consolidated net income (or loss) of such Person and its Subsidiaries for such period determined on a Consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any other Person accrued prior to the date

it becomes a Subsidiary of such specified Person or is merged into or Consolidated with such specified Person or any of its Subsidiaries and (b) the undistributed earnings of any Subsidiary of such specified Person to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation or requirement of law applicable to such Subsidiary.

"Consolidated Non-Cash Charges" means, with respect to RFR and its Restricted Subsidiaries for any period, the aggregate depreciation, depletion, amortization and any other non-cash charges (including, without limitation, the non-cash cost basis of land sold), in each case reducing RFR Consolidated Net Income for such period, determined on a Consolidated basis in accordance with GAAP.

"Consolidated Tangible Net Worth" means, with respect to any Person as of any date of determination, the excess of total assets over total liabilities, total assets and total liabilities each to be determined in accordance with GAAP, excluding, however, from the determination of total assets, (a) goodwill, experimental or organizational expenses, research and development expenses, franchises, trademarks, service marks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles, (b) all unamortized debt discount and expense, (c) treasury stock and Capital Stock, obligations or other securities of, or capital contributions to, or investments in, any Subsidiary, and (d) any items not included in clauses (a) through (c) above which are treated as intangibles in conformity with GAAP, in each case, determined on a Consolidated basis and in accordance with GAAP.

"Control" means (a) the possession of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise and (b) such other control, if any, required under GAAP for the consolidation of financial statements between the Person having such control and such other Person.

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.09 or 2.10.

"Corporate Credit Rating" means, as of any date, the rating that has been most recently announced by either S&P or Moody's, as the case may be, as the "corporate rating" or "corporate family rating" of Rayonier. For purposes of the foregoing, (i) if neither S&P nor Moody's shall have in effect a Corporate Credit Rating, the Applicable Margin and the Facility Fee will be set in accordance with Level 6 under the definitions of such terms; (ii) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (iii) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Corporate Credit Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person's business and that are not overdue for a period that is not consistent with the ordinary course of business of such Person), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptance, letter of credit or similar facilities (other than obligations under (i) Trade Letters of Credit, (ii) performance bonds or letters of credit issued in connection with the purchase of inventory, including prepaid timber stumpage, by Rayonier or any of its Subsidiaries in the ordinary course of business, (iii) performance bonds or letters of credit to secure obligations under workers' compensation laws or similar legislation, (iv) performance bonds or letters of credit issued for the account of Rayonier or any of its Subsidiaries to secure obligations under self-insurance programs to the extent permitted by the terms of this Agreement and in an aggregate maximum available amount with respect to all such performance bonds and letters of credit not to exceed at any one time $20,000,000 and (v) performance bonds or letters of credit issued for the account of Rayonier or any of its Subsidiaries not otherwise excluded from this definition in an aggregate maximum available amount with respect to all such performance bonds and letters of credit not to exceed at any one time $2,000,000, provided that in each case such performance bond or letter of credit (including, without limitation, any Trade Letters of Credit but excluding performance bonds or letters of credit described in clause (f)(v) above) does not secure Debt), (g) all Guarantees issued by such Person and (h) all Debt referred to in clauses (a) through (g) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt. The Debt of any Person shall include the Debt of any partnership in which such Person is a general partner, but shall not include obligations under a financial assurance statement that a Person is required to provide under Environmental Law in support of the closure and post-closure obligations of one or more of its Subsidiaries.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Default Interest" has the meaning specified in Section 2.07(b).

"Disclosed Litigation" has the meaning specified in Section 4.01(g).

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to Rayonier and the Administrative Agent.

"EBITDA" means, for any Person during any period, earnings (income) from continuing operations before the cumulative effect of accounting changes and any provision for dispositions, income taxes, interest expense and depreciation, depletion and amortization and the non-cash cost of timberland and real estate sales, provided that, for purposes of calculating compliance with Section 5.05, the EBITDA attributable to any Person or business unit acquired by Rayonier or any of its Subsidiaries during any period of four full Fiscal Quarters shall be included on a pro forma basis for such period of four full Fiscal Quarters (assuming the consummation of each such acquisition occurred on the first day of such period of four full Fiscal Quarters).

"Eligible Assignee" means (a) any Lender; (b) an Affiliate of a Lender; (c) a commercial bank organized under the laws of the United States, or any State thereof, and having total assets in excess of $10,000,000,000; (d) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow or of the Cayman Islands, or a political subdivision of any such country, and having total assets in excess of $10,000,000,000, so long as such bank is acting through a branch or agency located in the country in which it is organized or another country that is described in this clause (d); (e) the central bank of any country that is a member of the Organization for Economic Cooperation and Development; and (f) any other Person approved by the Administrative Agent; provided, however, that (x) each Eligible Assignee shall maintain a branch or representative office or similar presence in the United States and (y) no Borrower nor an Affiliate of any Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any (a) administrative, regulatory or judicial action, suit, written demand, demand letter, written claim, notice of noncompliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment including, without limitation, (i) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (ii) by any governmental or regulatory authority for damages, contribution, indemnification, cost recovery, compensatory or injunctive relief; and (b) any administrative, regulatory or judicial action, suit or proceeding brought by any third party properly before a forum of competent jurisdiction relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment or decree or any judicial or agency interpretation, policy or guidance binding on Rayonier or any Subsidiary of Rayonier relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials all as amended or hereafter amended.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of any Borrower's controlled group, or under common control with any Borrower, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Borrower or any of its ERISA Affiliates in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by any Borrower or any of its ERISA Affiliates from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA or Section 412 (n) of the Internal Revenue Code shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that could constitute grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurodollar Base Rate" means, with respect to any Eurodollar Rate Advance for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on the date which is two (2) Business Days prior to the beginning of such Interest Period by reference to the British Bankers' Association Interest Settlement Rates for deposits in Dollars (as set forth by the Bloomberg Information Service or any successor thereto or any other service selected by the Administrative Agent which has been nominated by the British Bankers' Association as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; provided that, to the extent that an interest rate is not

ascertainable pursuant to the foregoing provisions of this definition, the "Eurodollar Base Rate" shall be the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which deposits in Dollars are offered for such Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date which is two (2) Business Days prior to the beginning of such Interest Period.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to Rayonier and the Administrative Agent.

"Eurodollar Rate" means with respect to each day during each Interest Period pertaining to a Eurodollar Rate Advance, a rate per annum determined for such day in accordance with the following formula:

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Requirements}}$$

"Eurodollar Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(ii).

"Eurodollar Reserve Requirements" means, for any day as applied to a Eurodollar Rate Advance, the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors of the Federal Reserve System and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate, or other fronting office making or holding a Revolving Credit Advance) is subject for Eurocurrency Liabilities (as defined in Regulation D of such Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Rate Advances shall be deemed to constitute Eurocurrency Liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Eurocurrency Reserve Requirements shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Events of Default" has the meaning specified in Section 6.01.

"Excess Harvest" means a harvest of Timber (including timber deed, bulk, pay-as-cut and stumpage sales), to the extent in excess in the aggregate of the following limitations: (a) 140% of the Planned Volume during any fiscal year of RFR, (b) 135% of the Planned Volume during any period of two consecutive fiscal years of RFR, (c) 130% of the Planned Volume during any period of three consecutive fiscal years of RFR, (d) 125% of the Planned Volume during any period of four consecutive fiscal years of RFR, and (e) 120% of the Planned Volume during any period of five consecutive fiscal years of

RFR. In the event that RFR or any of its Restricted Subsidiaries sells Timber pursuant to a timber deed, bulk, pay-as-cut or stumpage contract, the Timber shall be deemed harvested in equal monthly amounts over the life of the contract, regardless of when the purchaser actually severs the Timber.

"Excess Harvest Offer" has the meaning specified in Section 5.04(d).

"Excess Harvest Proceeds" has the meaning specified in Section 5.04(d).

"Existing Credit Agreement" means the Three-Year Credit Agreement dated as of November 24, 2003 by and among Rayonier, TRS and RFR as borrowers, lenders from time to time parties thereto and CS, as administrative agent.

"Facility Fee" means, as of any date, a percentage per annum determined by reference to the Corporate Credit Rating in effect on such date as set forth below:

Corporate Credit Rating S&P/Moody's	**Facility Fee**
Level 1 BBB+ or Baa1 or above	0.080%
Level 2 Lower than Level 1 but at least BBB or Baa2	0.100%
Level 3 Lower than Level 2 but at least BBB- and Baa3	0.125%
Level 4 Lower than Level 3 (or Levels 1, 2 and 3 otherwise not applicable) but at least BBB- or Baa3	0.150%
Level 5 Lower than Level 4 but at least BB+ and Ba1	0.200%
Level 6 Lower than Level 5 (or Levels 1-5 otherwise not applicable)	0.225%

"Fair Market Value" means, at any time and with respect to any property, the sale value of such property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell).

"Federal Funds Rate" means for any particular date, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve

System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent (in its individual capacity) on such day on such transactions as determined by the Administrative Agent.

"Fiscal Quarter" means each consecutive three calendar month period ending March 31, June 30, September 30 or December 31 of any fiscal year.

"Funds From Operations," for any period, means Consolidated Net Income of Rayonier for such period, excluding, without duplication, (i) gains (or losses) from debt restructuring, sales of depreciable property not in the ordinary course of business or extraordinary items and (ii) gains (or losses) on investments in marketable securities, and plus, without duplication, (i) depletion, depreciation and amortization (excluding amortization of financing costs) of Consolidated Assets of Rayonier and its Subsidiaries and (ii) non-cash costs of timberland sales (to the extent not constituting previously depreciated operating property), in each case for such period.

"GAAP" has the meaning specified in Section 1.03.

"Governmental Authority" means any national government (United States or foreign), any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any agency, authority, instrumentality, or regulatory body of any thereof.

"Guarantee" by any Person, means any obligation, contingent or otherwise, of such Person guaranteeing directly or indirectly in any manner the Debt of any other Person, or in effect guaranteeing directly or indirectly the Debt of any other Person through an agreement (i) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss.

"Guarantee Agreement" means a guarantee agreement among Rayonier, TRS and any Additional Borrower, as guarantors, and CS, as Administrative Agent, pursuant to which (a) Rayonier guarantees all obligations of TRS, RFR and any Additional Borrower under this Agreement and any other Loan Document, (b) TRS guarantees all obligations of Rayonier, RFR and any Additional Borrower under this Agreement and any other Loan Document, and (c) any Additional Borrower guarantees all obligations of TRS, RFR and Rayonier under this Agreement and any other Loan Document, such agreement to be substantially in the form of Exhibit C-1 hereto.

"Hazardous Materials" means petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and any other chemicals, materials or substances designated, classified or regulated as being "hazardous" or "toxic" or words of similar import, under any applicable Environmental Law.

"Increase Date" as the meaning specified in Section 2.19(a).

"Increasing Lender" has the meaning specified in Section 2.19(b).

"Indemnified Costs" has the meaning specified in Section 7.05.

"Indemnified Party" has the meaning specified in Section 8.04(b).

"Installment Notes" means (a) $112,500,000 aggregate principal amount of RFR's Series A Senior Notes due December 31, 2007, (b) $147,500,000 aggregate principal amount of RFR's Series B Senior Notes due December 31, 2009, (c) $112,500,000 aggregate principal amount of RFR's Series C Senior Notes due December 31, 2011, and (d) $112,500,000 aggregate principal amount of RFR's Series D Senior Notes due December 31, 2014, all issued pursuant to the Installment Note Agreement.

"Installment Note Agreement" means the Note Purchase Agreement dated as of October 25, 1999, between RFR and Timber Capital Holdings LLC, as amended from time to time.

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Alternate Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by a Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by such Borrower pursuant to the provisions below, provided, however, that if the applicable Borrower shall fail to select the duration of such subsequent period pursuant to the provisions below, such Eurodollar Rate Advance shall be automatically converted to an Alternate Base Rate Advance on the last day of such then expiring Interest Period. The duration of each Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Administrative Agent not later than 12:00 Noon (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) a Borrower may not select any Interest Period that ends after the Termination Date;

(ii) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Revolving Credit Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement designated to protect RFR or any Restricted Subsidiary from fluctuations in interest rates.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Investment" means as applied to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person, and any other item which would be classified as an "investment" on a balance sheet of such Person prepared in accordance with GAAP, including, without limitation, any direct or indirect contribution by such Person of property or assets to a joint venture, partnership or other business entity in which such Person retains an interest (it being understood that a direct or indirect purchase or other acquisition by such Person of assets of any other Person (other than stock or other securities) shall not constitute an Investment). The amount involved in Investments made during any period shall be the aggregate cost to RFR and its Restricted Subsidiaries of all such Investments made during such period, determined in accordance with GAAP, but without regard to unrealized increases or decreases in value, or write-ups, write-downs or write-offs, of such Investments and without regard to the existence of any undistributed earnings or accrued interest with respect thereto accrued after the respective dates on which such Investments were made, less any net return of capital realized during such period upon the sale, repayment or other liquidation of such Investments (determined in accordance with GAAP, but without regard to any amounts received during such period as earnings (in the form of dividends not constituting a return of capital, interest or otherwise) on such Investments or as loans from any Person in whom such Investments have been made). Notwithstanding the foregoing, if RFR shall at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary, the amount of the Investment in such newly designated Unrestricted Subsidiary arising at such time by reason of such designation

shall be the portion of the Fair Market Value of the net assets of such Subsidiary allocable to RFR's equity interest in such Subsidiary at the time that such Subsidiary is designated an Unrestricted Subsidiary.

"Issuing Bank" means each Lender selected by Rayonier which agrees to act (pursuant to a written agreement among (and in form and substance acceptable to) such Lender, Rayonier and the Administrative Agent) as an Issuing Bank, in its capacity as issuer of Letters of Credit hereunder and which by execution of an agreement referred to above shall become a party hereto, and each of their successors in such capacity as provided in Section 2.03(h). For purposes of any Letter of Credit referred to in the second sentence of the definition of "Letter of Credit" and existing on the Closing Date, the term "Issuing Bank" shall mean the issuer of such Letters of Credit.

"LC Commitment" of an Issuing Bank means, as of any date, the amount mutually agreed between such Issuing Bank and Rayonier, not to exceed $50,000,000.

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the applicable Borrower at such time. The LC Exposure of any Lender at any time shall be its Commitment Percentage of the total LC Exposure at such time.

"Lenders" means the Lenders party hereto and each Person that shall become a party hereto pursuant to Section 8.07.

"Letters of Credit" means the letters of credit issued pursuant to Section 2.03(a). For all purposes of this Agreement, any and all "Letters of Credit" (as defined in the Existing Credit Agreement) outstanding on the Closing Date shall be deemed to be Letters of Credit issued hereunder on the Closing Date.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means collectively, this Agreement, the Guarantee Agreement, the RFR Subsidiary Guarantee Agreement, the TRS Subsidiary Guarantee Agreement, any Additional Borrower Assumption Agreement, any Additional Subsidiary Guarantor Guarantee Agreement, the Notes (if any) and each other agreement, instrument or certificate (other than an Assignment and Acceptance, pursuant to which the assignor therein sells and/or assigns an interest under this Agreement) issued, executed and delivered to the Administrative Agent, any Issuing Bank, or the Lenders hereunder or thereunder or pursuant hereto or thereto (in each case as the same may be amended, restated, supplemented, extended, renewed or replaced from time to time), and "Loan Document" means any one of them.

"Loan Event" has the meaning specified in Section 3.02.

"Loan Parties" means, collectively, (i) each Borrower (whether in its capacity as a borrower hereunder or as a guarantor under the Guarantee Agreement or otherwise), and (ii) each Subsidiary Guarantor.

"Managing General Partner" means the managing general partner of RFR, which on the date hereof is Rayonier Timberlands Management, LLC, and any successor thereto.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of Rayonier and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of Rayonier and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender or Issuing Bank under this Agreement, any Note or any other Loan Document or (c) the ability of any Borrower to perform its obligations under this Agreement, any Note or any other Loan Document.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Borrower or any of its ERISA Affiliates is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Borrower or any ERISA Affiliate and at least one Person other than such Borrower and its ERISA Affiliates or (b) was so maintained and in respect of which any Borrower or any of its ERISA Affiliates could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Net Proceeds" means, with respect to any Excess Harvest, the proceeds thereof in the form of cash or cash equivalents, including payments in respect of deferred payment obligations when received in the form of cash or cash equivalents (except to the extent that such deferred payment obligations are financed or sold with recourse to RFR or any Restricted Subsidiary), net of (a) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel and accountants and fees, expenses, discounts or commissions of underwriters, placement agents and investment bankers) related to such Excess Harvest, (b) provisions for all taxes payable as a result of such Excess Harvest, (c) amounts required to be paid to any

Person (other than RFR or any Restricted Subsidiary) owning a beneficial interest in the assets subject to such Excess Harvest, (d) appropriate amounts to be provided by RFR or any Restricted Subsidiary, as the case may be, as a reserve required in accordance with GAAP against liabilities associated with such Excess Harvest and retained by RFR or any Restricted Subsidiary, as the case may be, after such Excess Harvest, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Excess Harvest, and (e) amounts required to be applied to the repayment of Debt secured by a Lien on the asset or assets sold in such Excess Harvest.

"Note" means a revolving credit promissory note of the applicable Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.17, in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of such Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

"Notice of Revolving Credit Borrowing" has the meaning specified in Section 2.02(a).

"NPL" has the meaning specified in Section 4.01(m).

"Other Taxes" has the meaning specified in Section 2.15(b).

"Payment Restrictions" has the meaning specified in Section 5.04(e).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a reasonable period and which, individually or when aggregated with all other Permitted Liens outstanding on any date, do not materially affect the use of the property to which they relate; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way, encumbrances and minor defects or irregularities in title to real property not interfering in any material respect with the ordinary conduct of the business of any Borrower or any of its Subsidiaries.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Planned Volume" means 6,700,000 tons for the calendar year 2000 and shall increase 2% per year thereafter. In the event of the acquisition of merchantable Timber or Timberlands (other than in like-kind exchange of Timber or Timberlands for other Timber or Timberlands and other than Timber or Timberlands acquired with the Net Proceeds of an Excess Harvest) constituting an Asset Acquisition, Planned Volume will be increased for 10 years by 10% of the volume of merchantable Timber so acquired; provided that if such Asset Acquisition is made under a cutting contract with a term of less than 10 years, Planned Volume will be increased for each year during the term of the cutting contract by a number of tons equal to the number of tons so acquired multiplied by the quotient of 100% divided by the numbers of years in the cutting contract. In the event of a disposition of merchantable Timber or Timberlands constituting an Asset Sale, Planned Volume will be reduced by 10% of the volume of merchantable Timber sold in such Asset Sale. In the event of an Excess Harvest, Planned Volume will be reduced by 10% of the amount of the Excess Harvest. For the purpose of this definition, all volumes of Timber harvested that are denominated in board feet shall be converted to tons on the basis of 7.2 tons per thousand board feet.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated), which is preferred as to the payment of distributions, dividends, or upon and voluntary or involuntary liquidation or dissolution of such Person, over shares or units of Capital Stock of any other class of such Person.

"Qualified Transferee" means (a) as to any sale, lease, transfer or other disposition by TRS, (i) Rayonier, (ii) any Additional Borrower, (iii) any Subsidiary of TRS or (iv) any Additional Subsidiary Guarantor, (b) as to any sale, lease, transfer or other disposition by RFR, (i) Rayonier, (ii) any Additional Borrower, (iii) any Subsidiary of RFR, (iv) TRS, (v) any Subsidiary of TRS, or (vi) any Additional Subsidiary Guarantor, (c) as to any sale, lease, transfer or other disposition by any Subsidiary of TRS, (i) Rayonier, (ii) any Additional Borrower, (iii) TRS, (iv) any other Subsidiary of TRS, or (v) any Additional Subsidiary Guarantor, (d) as to any sale, lease, transfer or other disposition by any Subsidiary of RFR, (i) Rayonier, (ii) any Additional Borrower, (iii) RFR, (iv) any other Subsidiary of RFR, (v) TRS, (vi) any Subsidiary of TRS or (vii) any Additional Subsidiary Guarantor, and (e) as to any sale, lease, transfer or other disposition by any other Subsidiary of Rayonier not covered by any of the foregoing clauses (a) through (d), (i) Rayonier, (ii) any Additional Borrower, (iii) TRS, (iv) any Subsidiary of TRS, or (v) any Additional Subsidiary Guarantor.

"Redeemable Capital Stock" means any shares of any class or series of Capital Stock, that, either by the terms thereof, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is or upon the happening of an event or passage of time would be, (i) required to be redeemed prior to the Termination Date, (ii) redeemable at the option of the holder thereof at any time prior to the Termination Date, or (iii) convertible into or exchangeable for debt securities at any time prior to the Termination Date.

"Register" has the meaning specified in Section 8.07(d).

"REIT" means a real estate investment trust.

"Required Lenders" means at any time Lenders owed at least a majority in interest of the then aggregate unpaid principal amount of the Revolving Credit Advances and LC Exposure owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Commitments.

"Restricted Subsidiary" means any Subsidiary of RFR which, as of the date of determination, is not an Unrestricted Subsidiary.

"Revolving Credit Advance" means an advance by a Lender to any Borrower as part of a Revolving Credit Borrowing and refers to a Alternate Base Rate Advance or a Eurodollar Rate Advance (each of which shall be a "Type" of Revolving Credit Advance).

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"RFR Consolidated Fixed Charge Coverage Ratio" means, with respect to RFR and its Restricted Subsidiaries, the ratio of the aggregate amount of Consolidated Cash Flow Available for Fixed Charges for the most recent four full Fiscal Quarters for which financial information in respect thereof is available immediately preceding the date of the transaction (the "Transaction Date") giving rise to the need to calculate the RFR Consolidated Fixed Charge Coverage Ratio (such most recent four full Fiscal Quarter period being referred to herein as the "Four Quarter Period") to the aggregate amount of Consolidated Fixed Charges for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated Cash Flow Available for Fixed Charges" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to, without duplication (a) the incurrence or repayment of any Debt of RFR or any of its Restricted Subsidiaries (and, in the case of any incurrence, the application of the net proceeds thereof) during the period commencing on the first day of the Four Quarter Period to and including the Transaction Date (the "Reference Period"), including, without limitation, the incurrence of the Debt giving rise to the need to make such calculation (and the application of the net proceeds thereof), as if such incurrence (and application) occurred on the first day of the Reference Period (including any actual interest payments made with respect to Debt under the Working Capital Facility), and (b) any Asset Sales or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of RFR or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Debt) occurring during the Reference Period, as if such Asset Sale or Asset Acquisition occurred on the first day of the Reference Period; provided, however, that (i) Consolidated Fixed Charges shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the obligations giving rise to such Consolidated Fixed Charges would no longer be obligations contributing to the Consolidated Fixed Charges

subsequent to the date of determination of the Consolidated Fixed Charge Coverage Ratio and (ii) Consolidated Cash Flow Available for Fixed Charges generated by an acquired business or asset shall be determined (x) in the case of an Asset Acquisition of Timber or Timberlands by RFR or a Restricted Subsidiary during such period, by using the projected net cash flow of the Timber or Timberlands so acquired, based on the harvest plan prepared in the ordinary course of business and in good faith by the Managing General Partner, for the first 12 full months of operations of the acquired Timber or Timberlands following the date of the Asset Acquisition; provided that such harvest plan shall not assume the harvesting or sale of more than 10% (or, in the case of an acquisition under a cutting contract with a term of less than 10 years, such higher percentage as shall be equal to the quotient of 100% divided by the term of such cutting contract (expressed in years)) of the total merchantable Timber so acquired in the first 12 full months following the date of the Asset Acquisition; and provided further, in determining projected cash flow from acquired Timber or Timberlands, prices shall be assumed to equal the average prices realized by RFR for comparable Timber sold during such prior period, and (y) in the case of all other Asset Acquisitions during such period, by using the actual gross profit (revenues minus cost of goods sold) of such acquired business or asset during the Four Quarter Period minus the pro forma expenses that would have been incurred by RFR and its Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of personnel expenses for employees retained or to be retained by RFR and its Restricted Subsidiaries in the operation of the acquired business or asset and non-personnel costs and expenses incurred by RFR and its Restricted Subsidiaries in the operation of RFR's business at similarly situated facilities. If the applicable Reference Period for any calculation of the RFR Consolidated Fixed Charge Coverage Ratio shall include a portion prior to the Closing Date, then such RFR Consolidated Fixed Charge Coverage Ratio shall be calculated based upon the Consolidated Cash Flow Available for Fixed Charges and the Consolidated Fixed Charges of RFR on a pro forma basis for such portion of the Reference Period prior to the Closing Date, giving effect to the transactions occurring on the Closing Date, and the Consolidated Cash Flow Available for Fixed Charges and the Consolidated Fixed Charges for the remaining portion of the Reference Period on and after the Closing Date, giving pro forma effect, as described in the two foregoing sentences, to all applicable transactions occurring on the Closing Date or otherwise. Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the "RFR Consolidated Fixed Charge Coverage Ratio" (i) interest on outstanding Debt (other than Debt referred to in clause (ii) below) determined on a fluctuating basis as of the last day of the Four Quarter Period and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Debt in effect on such date; (ii) only actual interest payments associated with Debt incurred in accordance with clause (d) of the definition of RFR Permitted Debt and all RFR Permitted Refinancing Debt in respect thereof, during the Four Quarter Period shall be included in such calculation; and (iii) if interest of any Debt actually incurred on such date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the last day of the Four Quarter Period will be deemed to have been in effect during such period.

"RFR Consolidated Net Income" means the net income of RFR and its Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP and as adjusted to exclude (a) net after-tax extraordinary gains or losses, and (b) net after-tax gains or losses attributable to Asset Sales to the extent that Net Proceeds therefrom result in the aggregate Net Proceeds received by RFR or any Restricted Subsidiary from all Asset Sales since the Closing Date exceeding the Adjusted Asset Sales Amount, (c) the net income or loss of any Person which is not a Restricted Subsidiary and which is accounted for by the equity method of accounting, provided that RFR Consolidated Net Income shall include the amount of dividends or distributions actually paid to RFR or any Restricted Subsidiary, (d) the net income or loss prior to the date of acquisition of any Person combined with RFR or any Restricted Subsidiary in a pooling of interest, (e) the net income of any Restricted Subsidiary to the extent that dividends or distributions of such net income are not at the date of determination permitted by the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or other regulation and (f) the cumulative effect of any changes in accounting principles.

"RFR Permitted Debt" means "Permitted Debt" as such term is defined in the Installment Note Agreement as in existence as of the date hereof.

"RFR Permitted Investments" means, at any time, all of the following:

(a) Investments made or owned by RFR or any Restricted Subsidiary in (i) any evidence of Debt with a maturity of 365 days or less issued by or directly, fully and unconditionally guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof); (ii) deposits, certificates of deposit or acceptances with a maturity of 365 days or less of any institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than $500,000,000; (iii) commercial paper with a maturity of 365 days or less issued by a corporation (other than an Affiliate of RFR) incorporated or organized under the laws of the United States or any state thereof or the District of Columbia and rated at least A-1 by S&P or P-1 by Moody's; (iv) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued by or directly, fully and unconditionally guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof), in each case maturing within 365 days from the date of acquisition; (v) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and having as at such date the highest rating obtainable from either S&P or Moody's; or (vi) money market mutual or similar funds that invest in obligations referred to in clauses (i) through (v) of this definition, in each case having assets in excess of $100,000,000;

(b) the acquisition by RFR or any Restricted Subsidiary of Capital Stock or other ownership interests, whether in a single transaction or in a series of related transactions, of a Person engaged in substantially the same business as RFR such that upon the completion of such transaction or series of transactions, such Person becomes a Restricted Subsidiary;

(c) the making or ownership by RFR or any Restricted Subsidiary of Investments (in addition to Investments permitted by subdivisions (a), (b), (d), (e), (f) and (g)) in any Person which is engaged in substantially the same business as RFR, provided that the aggregate amount of all such Investments made by RFR and its Restricted Subsidiaries following the Closing Date and outstanding pursuant to this subdivision (c) shall not at any date of determination exceed 10% of Consolidated total assets of RFR and its Restricted Subsidiaries (the "Investment Limit"), provided that, in addition to Investments that would be permitted under the Investment Limit, during any fiscal year RFR and its Restricted Subsidiaries may invest up to $100,000,000 (the "Annual Limit") pursuant to the provisions of this subdivision (c), but the unused amount of the Annual Limit shall not be carried over to any future years;

(d) the making or ownership by RFR or any Restricted Subsidiary of Investments (i) arising out of loans and advances to employees incurred in the ordinary course of business, (ii) arising out of extensions of trade credit or advances to third parties in the ordinary course of business and (iii) acquired by reason of the exercise of customary creditors rights upon default or pursuant to the bankruptcy, insolvency or reorganization of a debtor;

(e) the creation or incurrence of liability by RFR or any Restricted Subsidiary with respect to any Guarantee constituting an obligation, warranty or indemnity, not guaranteeing Debt of any Person, which is undertaken or made in the ordinary course of business;

(f) the creation or incurrence of liability by RFR or any Restricted Subsidiary with respect to any Interest Rate Agreements;

(g) the guarantees by RFR Subsidiary Guarantors of all obligations of RFR hereunder and the guarantees by applicable RFR's Subsidiaries of the Installment Notes (and, in each case, any assumption of the obligations guaranteed thereby), and the making by RFR or any Restricted Subsidiary of Investments in RFR or another Restricted Subsidiary; and

(h) investments existing on the date hereof and set forth on Schedule 5.04(b).

"RFR Permitted Refinancing Debt" means "Permitted Refinancing Debt" as such term is defined in the Installment Note Agreement as in existence as of the date hereof.

"RFR Restricted Payments" has the meaning specified in Section 5.04(b).

"RFR Subsidiary Guarantee Agreement" means a guarantee agreement among certain Subsidiaries of RFR as guarantors and CS, as administrative agent, pursuant to

which each such Subsidiary guarantees all obligations of RFR under this Agreement, such agreement to be substantially in the form of Exhibit C-2 hereto.

"RFR Subsidiary Guarantor" means each Subsidiary of RFR which is then a party to the RFR Subsidiary Guarantee Agreement as a guarantor.

"Sale and Leaseback Transaction" of any Person (a "Transferor") means any arrangement (other than between RFR and a Restricted Subsidiary or between Restricted Subsidiaries) whereby (a) property (the "Subject Property") has been or is to be disposed of by such Transferor to any other Person with the intention on the part of such Transferor of taking back a lease of such Subject Property pursuant to which the rental payments are calculated to amortize the purchase price of such Subject Property substantially over the useful life of such Subject Property, and (b) such Subject Property is in fact so leased by such Transferor or an Affiliate of such Transferor.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Security" has the meaning set forth in section 2(a)(1) of the Securities Act.

"Senior Debt" means Debt of RFR or any of its Restricted Subsidiaries which is not Subordinated Debt.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Borrower or any of its ERISA Affiliates and no Person other than such Borrower and its ERISA Affiliates or (b) was so maintained and in respect of which any Borrower or any of its ERISA Affiliates could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Stated Maturity" means when used with respect to any Debt, the date or dates specified in the instrument governing such Debt as the fixed date or dates on which each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of such Debt, or any installment of interest thereon, is due and payable.

"Subordinated Debt" means Debt of RFR and any RFR Subsidiary Guarantor which is expressly subordinated in right of payment to its obligations hereunder and under the RFR Subsidiary Guarantee Agreement.

"Subsidiary" (a) of RFR means (i) a corporation a majority of whose Voting Stock (or, in the case of a partnership, a majority of the partners' Capital Stock, considering all partners' Capital Stock as a single class) is at the time, directly or indirectly, owned by RFR, by one or more Subsidiaries of RFR or by RFR and one or

more Subsidiaries thereof, and (ii) any other Person, including, without limitation, a joint venture, in which RFR, one or more Subsidiaries thereof or RFR and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, has at least majority ownership interest entitled to vote in the election of directors, managers, general partners or trustees thereof (or other Person performing similar functions) or, if such Persons are not elected, to vote on any matter that is submitted to the vote of all Persons holding ownership interests in such entity, and (iii) a corporation or any other Person substantially all the equity interest in which (whether or not a voting interest) is at the time, directly or indirectly, owned by RFR, by one or more Subsidiaries of RFR or by RFR and one or more Subsidiaries thereof (for purposes of this definition, any directors qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Subsidiary), and (b) of any Person (other than RFR) means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (i) the issued and outstanding Capital Stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether, at the time, Capital Stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (ii) the interest in the capital or profits of such partnership, joint venture or limited liability company or (iii) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. For the avoidance of doubt, from and after any Additional Borrower Effective Date, any Additional Borrower and its Subsidiaries shall be deemed to be Subsidiaries of Rayonier for all purposes of this Agreement and the other Loan Documents.

"Subsidiary Guarantee Agreement" means the RFR Subsidiary Guarantee Agreement, the TRS Subsidiary Guarantee Agreement and any Additional Subsidiary Guarantor Guarantee Agreement.

"Subsidiary Guarantors" means, collectively, the TRS Subsidiary Guarantors, the RFR Subsidiary Guarantors and each Additional Subsidiary Guarantor.

"Taxes" has the meaning specified in Section 2.15(a).

"Termination Date" means the earlier of (a) August 4, 2011 and (b) the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

"Timber" means all crops and all trees, timber, whether severed or unsevered and including standing and down timber, stumps and cut timber, logs, wood chips and other forest products, whether now located on or hereafter planted or growing in or on the Timberlands or otherwise or now or hereafter removed from the Timberlands or otherwise for sale or other disposition.

"Timberlands" means, at any date of determination, all real property owned by or leased to RFR that is suitable for Timber production.

"Trade Letter of Credit" means any letter of credit that is issued for the benefit of a supplier of inventory or provider of a service related to for the conduct of the business of any Borrower or any of its Subsidiaries (other than any financial services) to such Borrower or any of its Subsidiaries to effect payment for such inventory or service.

"TRS Subsidiary Guarantee Agreement" means a guarantee agreement among certain subsidiaries of TRS as guarantors and CS, as administrative agent, pursuant to which each such Subsidiary guarantees all obligations of Rayonier, TRS, RFR and any Additional Borrower under this Agreement and the Guarantee Agreement, such agreement to be substantially in the form of Exhibit C-3 hereto.

"TRS Subsidiary Guarantor" means each Subsidiary of TRS which is then a party to the TRS Subsidiary Guarantee Agreement as a guarantor.

"Unrestricted Subsidiary" means any Subsidiary of RFR (including any Restricted Subsidiary) that is designated as such by the Managing General Partner, provided that no portion of the Debt or any other obligation (contingent or otherwise) of such Subsidiary (a) is guaranteed by RFR or any Restricted Subsidiary, (b) is recourse to or obligates RFR or any Restricted Subsidiary in any way or (c) subjects any property or assets of RFR or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof. Notwithstanding the foregoing, RFR or a Restricted Subsidiary may Guarantee or agree to provide funds for the payment or maintenance of, or otherwise become liable with respect to Debt of an Unrestricted Subsidiary, but only to the extent that RFR or a Restricted Subsidiary would be permitted to (a) make an Investment in an amount equal to the Debt represented by such Guarantee or agreement in such Unrestricted Subsidiary pursuant to subdivision (c) of the definition of RFR Permitted Investments and (b) incur the Debt represented by such Guarantee or agreement pursuant to Section 5.04(a). The Managing General Partner may designate an Unrestricted Subsidiary to be a Restricted Subsidiary, provided that immediately after giving effect to such designation (a) there exists no Default or Event of Default, and (b) if such Unrestricted Subsidiary has, as of the date of such designation, outstanding Debt (other than RFR Permitted Debt), RFR could incur at least $1.00 of Debt (other than RFR Permitted Debt). Notwithstanding the foregoing, no Subsidiary may be designated an Unrestricted Subsidiary if such Subsidiary, directly or indirectly, holds Capital Stock of a Restricted Subsidiary.

"Voting Stock" means (a) with respect to RFR, (i) Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors (or Persons performing similar functions) or (ii) in the case of a partnership, limited liability company or joint venture, interest in the profits or capital thereof entitling the holders of such interests to approve major business actions, and (b) with respect to any Person (other than RFR), Capital Stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"Wholly-Owned Restricted Subsidiary" means any Subsidiary of RFR of which at least 99% of the outstanding Capital Stock is owned by RFR or by one or more Wholly-Owned Restricted Subsidiaries of RFR or by RFR and one or more Wholly-Owned Restricted Subsidiaries of RFR. For purposes of this definition, any directors qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Subsidiary.

"Withdrawal Liability" has the meaning specified in Part 1 of Subtitle E of Title IV of ERISA.

"Working Capital Facility" means any working capital facility or facilities of RFR (other than the working capital facility provided hereunder), including a commercial paper facility.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles as in effect from time to time ("GAAP").

ARTICLE II

AMOUNTS AND TERMS OF THE REVOLVING CREDIT ADVANCES

SECTION 2.01. The Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to any Borrower from time to time on any Business Day during the period from the Closing Date until the Termination Date up to the full amount of such Lender's Commitment hereunder; provided that (i) the aggregate amount of such Revolving Credit Advances made by such Lender at any time outstanding for all Borrowers plus such Lender's then outstanding LC Exposure shall not exceed such Lender's Commitment and (ii) the sum of the aggregate outstanding principal amount of the Revolving Credit Advances made by all Lenders plus the total LC Exposure shall not exceed at any time the aggregate amount of the Commitments of the Lenders. Each Revolving Credit Borrowing shall be in an aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Revolving Credit Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. The Borrowers may borrow under this Section 2.01 subject to limitation set forth in this Section 2.01, prepay pursuant to Section 2.11 and reborrow under this Section 2.01. Anything contained herein to the contrary notwithstanding, from and after any Additional Borrower Effective Date, Rayonier shall not be entitled to borrow any amounts hereunder and no Revolving Credit Advances shall be made to Rayonier, provided that the term "Borrower" shall otherwise continue to include Rayonier for purposes of the provisions of this Agreement and the other Loan Documents.

SECTION 2.02. Making the Revolving Credit Advances. (a) Each Revolving Credit Borrowing shall be made on notice, given not later than (x) 12:00 Noon (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing to be comprised of Eurodollar Rate Advances or (y) 12:00 Noon (New York City time) on the Business Day of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing to be comprised of Alternate Base Rate Advances, by the applicable Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier or telex in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Revolving Credit Advances comprising such Revolving Credit Borrowing, (iii) aggregate amount of such Revolving Credit Borrowing, (iv) remittance instructions and (v) in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Revolving Credit Advance. If no election as to Type of Revolving Credit Advances comprising such Revolving Credit Borrowing is specified in any such Notice of Revolving Credit Borrowing, then such Revolving Credit Advances shall be Alternate Base Rate Advances. If no Interest Period with respect to Eurodollar Rate Advances is specified in any such Notice of Revolving Credit Borrowing, then the applicable Borrower shall be deemed to have selected an Interest Period of one month duration. Each Lender shall on the date of such Revolving Credit Borrowing, before 12:00 Noon (New York City time), in the case of a Revolving Credit Borrowing to be comprised of Eurodollar Rate Advances, and before 2:00 P.M. (New York City time), in the case of a Revolving Credit Borrowing to be comprised of Alternate Base Rate Advances, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Revolving Credit Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Section 3.02, the Administrative Agent will make such funds available to the applicable Borrower in the manner specified by the applicable Borrower in the Notice of Revolving Credit Borrowing.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) no Borrower may select Eurodollar Rate Advances for any Revolving Credit Borrowing if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.09 or 2.13 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than eight separate Revolving Credit Borrowings.

(c) Each Notice of Revolving Credit Borrowing shall be irrevocable and binding on the applicable Borrower. In the case of any Revolving Credit Borrowing that the related Notice of Revolving Credit Borrowing specifies is to be comprised of Eurodollar Rate Advances, the applicable Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit Borrowing the applicable conditions set forth in Section 3.02, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Revolving Credit Advance to be made by such Lender as part of such Revolving Credit Borrowing when such Revolving Credit Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Revolving Credit Borrowing (in the case of a Revolving Credit Borrowing to be comprised of Eurodollar Rate Advances) and not later than 1:00 P.M. (New York City time) on the Business Day of the proposed Revolving Credit Borrowing (in the case of a Revolving Credit Borrowing to be comprised of Alternate Base Rate Advances) that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Revolving Credit Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Revolving Credit Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the applicable Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the applicable Borrower, the interest rate applicable at such time to Revolving Credit Advances comprising such Revolving Credit Borrowing and (ii) in the case of such Lender, the Federal Funds Rate for the first three days and Alternate Base Rate thereafter. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Credit Advance as part of such Revolving Credit Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Revolving Credit Advance to be made by it as part of any Revolving Credit Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Revolving Credit Advance on the date of such Revolving Credit Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Revolving Credit Advance to be made by such other Lender on the date of any Revolving Credit Borrowing.

SECTION 2.03. Letters of Credit. Subject to the terms and conditions set forth herein, each Borrower may request the issuance of, and each Issuing Bank agrees to issue, one or more Letters of Credit for its own account, in a form and substance reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, at any time and from time to time during the period from the Closing Date until the thirtieth (30th) day prior to the Termination Date on a revolving basis. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the applicable Borrower to, or entered into by the applicable Borrower with, the applicable Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. At the request of the applicable Borrower, any Letter of Credit may be issued (i) designating a Subsidiary of such Borrower as a nominal account party in respect of such Letter of Credit, but no such designation shall in any manner limit or impair, or relieve such Borrower of, the obligations of such Borrower hereunder and in respect of such Letter of Credit, it being understood and agreed that, as among the several parties to this Agreement, such

Borrower shall at all times have all of the rights and be subject to all of the obligations, duties and responsibilities of an account party in respect thereof or (ii) for the joint and several account of such Borrower and another Borrower. Anything contained herein to the contrary notwithstanding, from and after any Additional Borrower Effective Date, no additional Letters of Credit shall be issued for the account of Rayonier.

(a) Notice of Issuance; Amendment; Renewal; Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the applicable Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent on the third Business Day (or such other period of time acceptable to the applicable Issuing Bank) prior to requested date of issuance, amendment, renewal or extension a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with subsection (b) of this Section 2.03), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Bank, such Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit, the applicable Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the total LC Exposure shall not exceed $50,000,000, and (ii) the sum of the aggregate outstanding principal amount of the Revolving Credit Advances made by all Lenders plus the total LC Exposure shall not exceed at any time the aggregate amount of the Commitments of the Lenders.

(b) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Termination Date; provided that any Letter of Credit may provide for the renewal thereof for additional periods not to exceed one year (which in no event extend beyond the date referred to in clause (ii) above). Notwithstanding the foregoing, the Issuing Bank, in its sole discretion, may issue one or more Letters of Credit, each with an expiration date extending beyond the Termination Date (each a "Designated Letter of Credit" and, collectively, the "Designated Letters of Credit"); provided that on or before the Termination Date, to the extent that any Designated Letter of Credit remains outstanding, the applicable Borrower shall Cash Collateralize the aggregate then undrawn and unexpired amount of all Designated Letters of Credit outstanding at such time. For purposes hereof, "Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, until the cause for such cash collateral no longer exists, for the benefits of the Issuing Bank and the Lenders, as collateral for the outstanding Designated Letters of Credit, cash or deposit accounts balances in an amount equal to the aggregate then undrawn and unexpired amount of all Designated Letters of Credit outstanding at such time pursuant to documentation in form and substance reasonable satisfactory to the

Administrative Agent and the Issuing Bank. In the event that the applicable Borrower fails to Cash Collateralize the outstanding Designated Letters of Credit by the Termination Date, each such outstanding Designated Letter of Credit shall automatically be deemed drawn in full and such Borrower shall be deemed to have requested a Revolving Credit Advance to be funded by the Lenders on the Termination Date to reimburse such drawing (with the proceeds of such Revolving Credit Advance being used to Cash Collateralize outstanding Designated Letters of Credit as set forth above) in accordance with Section 2.03(d). The funding by a Lender of its pro rata share of such Revolving Credit Advance to Cash Collateralize the outstanding Designated Letters of Credit on the Termination Date shall be deemed payment by such Lender in respect of its participation in each such Designated Letter of Credit.

(c) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of any Issuing Bank or the Lenders, each Issuing Bank issuing one or more Letters of Credit hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in each such Letter of Credit equal to such Lender's Commitment Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, such Lender's Commitment Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed on or before the date due as provided in subsection (d) of this Section 2.03, or of any reimbursement payment required to be refunded to the applicable Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this subsection in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(d) Reimbursement. If the applicable Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the applicable Borrower shall reimburse such LC Disbursement by paying to such Issuing Bank an amount equal to such LC Disbursement not later than 2:00 p.m., New York City time, on the date that such LC Disbursement is made, if such Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time, on such date, or, if such notice has not been received by such Borrower prior to such time on such date, then not later than 2:00 p.m., New York City time, on (i) the Business Day that such Borrower receives such notice, if such notice is received prior to 10:00 a.m., New York City time, on the day of receipt or (ii) the Business Day immediately following the day that such Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that such Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.02 that such payment be financed with a Revolving Credit Advance in an equivalent amount and, to the extent so financed, such Borrower's obligation to make such payment shall be discharged and replaced by the resulting Revolving Credit Advance. If such Borrower fails to make such payment when due, the applicable Issuing Bank shall notify the Administrative Agent and the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the

payment then due from such Borrower in respect thereof and such Lender's Commitment Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Commitment Percentage of the payment then due from such Borrower, in the same manner as provided in Section 2.02 with respect to Revolving Credit Advances made by such Lender (and Section 2.02 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Lenders; provided that such Borrower shall remain obligated to pay interest on such LC Disbursement until the applicable Issuing Bank is reimbursed for such LC Disbursement in accordance with subsection (g) of this Section 2.03. Promptly following receipt by the Administrative Agent of any payment from such Borrower pursuant to this subsection, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Lenders have made payments pursuant to this subsection to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this subsection to reimburse the applicable Issuing Bank for any LC Disbursement (including the funding of Revolving Credit Advances as contemplated above) shall constitute a Revolving Credit Advance and the applicable Borrower shall be deemed to have reimbursed the applicable Issuing Bank as of date of such payment and the Lenders shall be deemed to have extended, and such Borrower shall be deemed to have accepted, a Revolving Credit Advance in the aggregate principal amount of such payment without any further action on the part of any party, provided that if any such payment is not deemed to be the funding of a Revolving Credit Advance for any reason, such payment shall constitute the funding of such Lender's participation in the applicable LC Disbursement.

(e) Obligations Absolute. Each applicable Borrower's obligation to reimburse LC Disbursements as provided in subsection (d) of this Section 2.03 shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or this Agreement;

(iii) the existence of any claim, setoff, defense or other right that any Borrower, any other party guaranteeing, or otherwise obligated with, any Borrower, any Subsidiary or other Affiliate thereof or any other Person, other than payment in full of all amounts due and payable, may at any time have against the beneficiary under any Letter of Credit, the applicable Issuing Bank, the Administrative Agent or any Lender or any other Person, whether in connection with this Agreement or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of the applicable Issuing Bank, the Lenders, the Administrative Agent or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.03, constitute a legal or equitable discharge of such Borrower's obligations hereunder, other than payment in full of all amounts due and payable.

Neither the Administrative Agent, the Lenders nor the applicable Issuing Bank nor any of their Affiliates, directors, officers, employees and agents, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder, including any of the circumstances specified in clauses (i) through (vi) above, as well as any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable Issuing Bank; provided that the foregoing shall not be construed to excuse such Issuing Bank from liability to such Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by such Borrower that are caused by such Issuing Bank's failure to exercise the agreed standard of care (as set forth below) in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that each Issuing Bank shall have exercised the agreed standard of care in the absence of gross negligence or willful misconduct on the part of such Issuing Bank. Without limiting the generality of the foregoing, it is understood that any Issuing Bank may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit, without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit; provided that each Issuing Bank shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit.

(f) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and such Borrower for whose account such Letter of Credit was issued by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve such Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(g) Interim Interest. If the applicable Issuing Bank shall make any LC Disbursement, unless the applicable Borrower shall reimburse (including with the proceeds of

Revolving Credit Advances as provided in subsection (d) of this Section 2.03) or shall be deemed to have reimbursed such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that such Borrower reimbursed such LC Disbursement at the rate per annum specified in Section 2.07(a)(i), provided that, if such Borrower fails to reimburse (including with the proceeds of Revolving Credit Advances as provided in subsection (d) of this Section 2.03) such LC Disbursement when due pursuant to subsection (d) of this Section 2.03, then Section 2.07(b)(ii) shall apply. Interest accrued pursuant to this subsection shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to subsection (d) of this Section 2.03 to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(h) Replacement of an Issuing Bank. All or a portion of the LC Commitment of any Issuing Bank may be replaced at any time by written agreement among the Borrowers, a new Issuing Bank and the Administrative Agent (with notice to such replaced Issuing Bank); provided, however, that the Administrative Agent shall review any such proposed agreement for form only and not with respect to the identity of any successor Issuing Bank or the identity of the Issuing Bank to be replaced. The Administrative Agent shall notify the Lenders of any such replacement of the LC Commitment of an Issuing Bank. At the time any such replacement shall become effective, the Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.04(c) and shall return to such Issuing Bank any Letter of Credit issued by such Issuing Bank (to the extent the aggregate undrawn face amount of its then outstanding Letters of Credit would exceed its revised LC Commitment). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to its LC Commitment (and its Letters of Credit to be issued by it on such effective date or thereafter) and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit in excess of its remaining LC Commitment (if any).

SECTION 2.04. Fees. (a) Facility Fee. The Borrowers agree, jointly and severally, to pay to the Administrative Agent for the ratable account of each Lender a Facility Fee on the aggregate amount of such Lender's Commitment (or, if terminated, its Revolving Credit Advances and LC Exposure) from the date hereof until the Termination Date at a rate per annum in effect from time to time as set forth in the definition of "Facility Fee" in Section 1.01, payable in arrears quarterly on the last Business Day of each March, June, September and December, commencing on September 29, 2006, and on the Termination Date. All Facility Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Administrative Agent's Fees. The Borrowers agree, jointly and severally, to pay to the Administrative Agent for its own account such fees as may from time to time be agreed between Rayonier and the Administrative Agent.

(c) Participation and Fronting Fees. The applicable Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit issued for the account of such Borrower, which shall accrue at a rate per annum equal to the Applicable Margin applicable to interest on Eurodollar Rate Advances on such Lender's Commitment Percentage of the average daily aggregate face amount of Letters of Credit outstanding hereunder for the account of such Borrower during the period from and including the Closing Date to but excluding the date on which such Lender ceases to have any LC Exposure and (ii) to each Issuing Bank a fronting fee, which shall accrue at the rate of 0.10% per annum on the average daily aggregate face amount of the outstanding Letters of Credit of such Issuing Bank issued for the account of such Borrower, as well as such Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any such Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees shall be payable in arrears quarterly on the last Business Day of March, June, September and December of each year, commencing on the first such date to occur after the Closing Date; provided that all such fees shall be payable on the Termination Date and any such fees accruing after the Termination Date shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this subsection shall be payable promptly after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for the benefit of the parties entitled thereto. Fees paid shall not be refundable under any circumstances.

SECTION 2.05. Termination or Reduction of The Commitments. Rayonier shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or permanently reduce ratably in part the unused portions of the respective Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof.

SECTION 2.06. Repayment of Revolving Credit Advances. The applicable Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of the Revolving Credit Advances then outstanding.

SECTION 2.07. Interest on Revolving Credit Advances. (a) Scheduled Interest. The applicable Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance owing to each Lender from the date of such Revolving Credit Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Alternate Base Rate Advances. During such periods as such Revolving Credit Advance is an Alternate Base Rate Advance, a rate per annum equal at all times to

the sum of (y) the Alternate Base Rate in effect from time to time plus (z) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last Business Day of each March, June, September and December during such periods.

(ii) Eurodollar Rate Advances. During such periods as such Revolving Credit Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Revolving Credit Advance to the sum of (y) the Eurodollar Rate for such Interest Period for such Revolving Credit Advance plus (z) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. At any time during which any Borrower shall fail (i) to pay any principal of any Revolving Credit Advance, any interest on any Revolving Credit Advance or make any other payment in connection with this Agreement or any other Loan Document when the same becomes due and payable or (ii) to perform or observe any term, covenant or agreement contained in Section 5.05, the Administrative Agent may, and upon the request of the Required Lenders shall, require the Borrowers to pay interest ("Default Interest") on (i) the unpaid principal amount of each Revolving Credit Advance owing to each Lender by such Borrower, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Revolving Credit Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Alternate Base Rate Advances pursuant to clause (a)(i) above, provided, however, that following acceleration of the Revolving Credit Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Administrative Agent.

SECTION 2.08. Computation of Interest. (a) The Alternate Base Rate interest (when calculated based upon the prime rate) shall be calculated on the basis of a 365/366 day year and all other interest shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify Rayonier and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Revolving Credit Advance resulting from a change in the Alternate Base Rate or the Eurodollar Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall, as soon as practicable, notify Rayonier and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrowers and the Lenders in the absence of manifest error.

SECTION 2.09. Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Borrowers) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as certified by such Lenders) of making or maintaining its affected Revolving Credit Advances during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to Rayonier and the Lenders as soon as practicable thereafter (which notice shall include supporting calculations in reasonable detail). If such notice is given, (i) any Eurodollar Rate Advance requested to be made on the first day of such Interest Period shall be made as Alternate Base Rate Advances, (ii) any Revolving Credit Advances that were to have been Converted on the first day of such Interest Period to Eurodollar Rate Advances shall be continued as Alternate Base Rate Advances and (iii) any outstanding Eurodollar Rate Advances shall be Converted, on the first day of such Interest Period, to Alternate Base Rate Advances. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Rate Advances shall be made or continued as such, nor shall any Borrower have the right to Convert Alternate Base Rate Advances to Eurodollar Rate Advances.

SECTION 2.10. Conversion of Revolving Credit Advances. (a) Optional Conversion. Any Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.09 and 2.13, Convert all Revolving Credit Advances of one Type owed by such Borrower and comprising the same Borrowing into Revolving Credit Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Alternate Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Alternate Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified for Revolving Credit Borrowings in Section 2.01 and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on such Borrower.

(b) Mandatory Conversion. (i) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Revolving Credit Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000, such Advances shall automatically Convert into Alternate Base Rate Advances, and (ii) upon the occurrence and during the continuance of any Event of Default, (x) each Eurodollar Rate

Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Alternate Base Rate Advance and (y) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.11. Prepayments of Revolving Credit Advances. Any Borrower may, upon notice to the Administrative Agent no later than 11:00 A.M. (New York City time) on the Business Day of the proposed date of the prepayment in the case of Alternate Base Rate Advances and on the third Business Day prior to the proposed date of the prepayment in the case of Eurodollar Rate Advances, in each case stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances owing by such Borrower comprising part of the same Revolving Credit Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount not less than $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, such Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

SECTION 2.12. Increased Costs. (a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the date hereof or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) issued after the date hereof, there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or to participate or participating in Letters of Credit or any Issuing Bank of agreeing to issue Letters of Credit (excluding for purposes of this Section 2.12 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.15 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrowers agree, jointly and severally, to pay from time to time, upon demand by such Lender or Issuing Bank (with a copy of such demand to the Administrative Agent), to the Administrative Agent for the account of such Lender or Issuing Bank (as applicable) additional amounts sufficient to compensate such Lender or Issuing Bank for such increased cost; provided, however, that any Lender claiming additional amounts under this Section 2.12 shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if such change would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to Rayonier and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender or Issuing Bank determines that compliance with any law or regulation or any guideline or request from any central bank or other Governmental Authority enacted or made after the date hereof (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or Issuing Bank or any corporation controlling such Lender or Issuing Bank and that

the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder or Issuing Bank's commitment to issue Letters of Credit hereunder and other commitments of this type, then, upon demand by such Lender or Issuing Bank (with a copy of such demand to the Administrative Agent), the Borrowers agree, jointly and severally, to pay to the Administrative Agent for the account of such Lender or Issuing Bank (as applicable), from time to time as specified by such Lender or Issuing Bank, additional amounts sufficient to compensate such Lender or Issuing Bank or such corporation (as applicable) in the light of such circumstances, to the extent that such Lender or Issuing Bank reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder or Issuing Bank's commitment to issue Letters of Credit hereunder. A certificate as to such amounts submitted to Rayonier and the Administrative Agent by such Lender or Issuing Bank shall be conclusive and binding for all purposes, absent manifest error.

(c) Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section 2.12 shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided that no Borrower shall be required to compensate a Lender or an Issuing Bank pursuant to this Section 2.12 for any increased costs or reductions incurred more than four months prior to the date that such Lender or Issuing Bank notifies Rayonier of the change giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the change giving rise to such increased costs or reductions is retroactive, then the four-month period referred to above shall include the period of retroactive effect thereof.

SECTION 2.13. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) the obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify Rayonier and the Lenders that the circumstances causing such suspension no longer exist and (ii) each Borrower shall forthwith prepay in full all Eurodollar Rate Advances of such Borrower then outstanding, together with interest accrued thereon, unless such Borrower, within five Business Days of notice from the Administrative Agent, Converts all Eurodollar Rate Advances of such Borrower then outstanding into Alternate Base Rate Advances in accordance with Section 2.10.

SECTION 2.14. Payments. (a) The Borrowers shall make each payment hereunder, irrespective of any right of counterclaim or set-off, not later than 12:00 Noon (New York City time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or Facility Fees or participation fees or fronting fees ratably (other than amounts payable pursuant to Section 2.12, 2.15 or 8.04(c)) to the Lenders for the account of their respective Applicable

Lending Offices or the applicable Issuing Bank, and like funds relating to the payment of any other amount payable to any Lender or Issuing Bank to such Lender for the account of its Applicable Lending Office or the applicable Issuing Bank, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignor and the Lender assignee thereunder on a pro rata basis subject to all appropriate adjustments in such payments for periods prior to such effective date.

(b) Except as otherwise provided herein, whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or Facility Fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(c) Unless the Administrative Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Lenders or the Issuing Banks hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender or the applicable Issuing Bank (as applicable) on such due date an amount equal to the amount then due such Lender or Issuing Bank. If and to the extent such Borrower shall not have so made such payment in full to the Administrative Agent, each Lender or the applicable Issuing Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender or Issuing Bank together with interest thereon, for each day from the date such amount is distributed to such Lender or Issuing Bank until the date such Lender or Issuing Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.15. Taxes. (a) Any and all payments by each Borrower to or for the account of any Lender, Issuing Bank or the Administrative Agent hereunder, under the Notes, any other Loan Document or any other documents to be delivered hereunder shall be made, in accordance with Section 2.14 or the applicable provisions of such other documents, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, Issuing Bank and the Administrative Agent, taxes imposed on its overall net income and minimum taxes, alternative minimum taxes, doing business taxes, franchise taxes and value added taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender, Issuing Bank or the Administrative Agent (as the case may be) is organized (federal or state) or doing business or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income and minimum taxes, alternative minimum taxes, doing business taxes, franchise taxes and value added taxes imposed on it in lieu of net income taxes,

by the jurisdiction of such Lender's Applicable Lending Office (federal or state) (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note or any other documents to be delivered hereunder to any Lender, Issuing Bank or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.15) such Lender, Issuing Bank or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder, under the Notes, any other Loan Document or any other documents to be delivered hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement, the Notes, any other Loan Document or any other documents to be delivered hereunder imposed by the jurisdiction under the laws of which such Borrower is organized or operates or any political subdivision thereof, or by the jurisdiction in which such Borrower's principal office is located or from which any payments hereunder are made (hereinafter referred to as "Other Taxes").

(c) The applicable Borrower will indemnify each Lender, each Issuing Bank and the Administrative Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed or asserted by any jurisdiction on amounts payable under this Section 2.15) imposed on or paid by such Lender, Issuing Bank or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender, Issuing Bank or the Administrative Agent (as the case may be) makes written demand therefor; provided, however, that in no event shall any such indemnification be due earlier than five Business Days after such Lender, Issuing Bank or the Administrative Agent (as the case may be) has paid such Taxes or Other Taxes; provided, further, that any such demand shall be accompanied by copies of all written correspondence to and from the applicable taxing authority relating to such payment and a copy of the calculation of such Taxes or Other Taxes.

(d) Within 30 days after the date of any payment of Taxes, each Borrower will furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Administrative Agent. In the case of any payment hereunder, under the Notes, any other Loan Document or any other documents to be delivered hereunder by or on behalf of any Borrower through an account or branch outside the United States or by or on behalf of any Borrower by a payor that is not a United States person, if the applicable Borrower determines that no Taxes are payable in respect thereof, such Borrower shall furnish, or shall cause such payor to

furnish, to the Administrative Agent, at such address, an opinion of counsel reasonably acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender party to this Agreement as of the date hereof or on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by Rayonier (but only so long as such Lender remains lawfully able to do so), shall provide each of the Administrative Agent and Rayonier with two original Internal Revenue Service forms W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term "Taxes" shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form W-8BEN or W-8ECI, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrowers and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide Rayonier with the appropriate form, certificate or other document described in Section 2.15(e) (other than if such failure is due to a change in law, or in the interpretation or application thereof, occurring subsequent to the date on which a form, certificate or other document originally was required to be provided, or if such form, certificate or other document otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under Section 2.15(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, each Borrower shall take such steps as such Lender shall reasonably request to assist the Lender to recover such Taxes (and such Lender shall reimburse such Borrower for reasonable out-of-pocket costs and expenses of such Borrower in connection therewith).

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.15 shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurodollar Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender, provided that, should any Borrower be required to pay any amounts under Section 2.15(a) or (c), and such Borrower delivers to each Lender that received such amounts an opinion of counsel that payments to the Lender or the Administrative Agent were not in fact subject to Taxes, each Lender shall use reasonable efforts to cooperate with such Borrower, including, but not limited to filing and pursuing a claim of refund in its own name (provided that such Borrower agrees in writing to indemnify and reimburse such Lender for its actual out-of-pocket expenses in connection with such claim for refund), in obtaining a refund of Taxes, and if such Lender receives a refund of Taxes shall promptly pay such Taxes over to such Borrower together with any interest received by, or credited against the tax liability of, such Lender to the extent such interest is attributable to such refund of Taxes.

(h) If any Lender or Issuing Bank determines, in its sole discretion, that it has actually realized, by reason of a refund, deduction or credit of any Taxes paid or reimbursed by any Borrower pursuant to subsection (a) or (c) above in respect of payments hereunder or the Notes, a current monetary benefit that it would otherwise not have obtained, and that would result in the total payments under this Section 2.15 exceeding the amount needed to make such Lender whole, such Lender or Issuing Bank shall pay to such Borrower, with reasonable promptness following the date on which it actually realized such benefit, an amount equal to the lesser of the amount of such benefit or the amount of such excess, in each case net of all out-of-pocket expenses in securing such refund, deduction or credit, provided, in the event that any portion of such refund, deduction or credit is subsequently disallowed, such Borrower shall hold such Lender or Issuing Bank harmless (on an after-tax basis) from such disallowance.

SECTION 2.16. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Credit Advances owing to it (other than pursuant to Section 2.12, 2.15 or 8.04(c)) in excess of its ratable share of payments on account of the Revolving Credit Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

SECTION 2.17. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Revolving Credit Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Revolving Credit Advances. Each Borrower agrees that upon notice by any Lender to any Borrower (with a copy of such notice to the Administrative Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Revolving Credit Advances owing to, or to be made by, such Lender, such Borrower shall promptly execute and deliver to such Lender a Note payable to the order of such Lender in a principal amount up to the Commitment of such Lender.

(b) The Register maintained by the Administrative Agent pursuant to Section 8.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Revolving Credit Borrowing made hereunder, the applicable Borrower thereof, the Type of Advances comprising such Revolving Credit Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent from each Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from each Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of any Borrower under this Agreement.

SECTION 2.18. Use of Proceeds. The proceeds of the Revolving Credit Advances shall be available (and each Borrower agrees that it shall use such proceeds) solely first, to refinance Debt outstanding under the Existing Credit Agreement and to pay fees and expenses incurred in connection with the transactions contemplated by this Agreement, and, thereafter, for other general corporate purposes of the Borrowers and its Subsidiaries (including, without limitation, acquisitions, repayment of Debt and repurchase of Capital Stock). The Letters of Credit are to be used for the general corporate purposes of the Borrowers.

SECTION 2.19. Increase in the Aggregate Commitments. (a) Rayonier may, at any time prior to the Termination Date, by notice to the Administrative Agent, request that the aggregate amount of the Commitments be increased on one or more occasions by an amount in

each case of not less than $25 million and by an amount not more than $100,000,000 in the aggregate for all such increases (each a "Commitment Increase") to be effective as of a date that is at least 90 days prior to the scheduled Termination Date then in effect (the "Increase Date") as specified in the related notice to the Administrative Agent; provided, however, no Default or Event of Default shall have occurred and be continuing as of the date of such request or as of the Increase Date, or shall occur as a result thereof.

(b) The Administrative Agent shall promptly notify the Lenders of a request by Rayonier for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Commitments (the "Commitment Date"). Each Lender that is willing to participate in such requested Commitment Increase (each an "Increasing Lender") shall give written notice to the Administrative Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Commitment. No Lender shall be obligated or entitled to participate in any Commitment Increase.

(c) Promptly following each Commitment Date, the Administrative Agent shall notify Rayonier as to the amount, if any, by which each Lender is willing to participate in the requested Commitment Increase, and Rayonier shall promptly notify the Administrative Agent in writing, which shall in turn notify the Lenders, of the amount of the Commitment Increase that is allocated to each such Lender. In addition to the existing Lenders, Rayonier may extend offers to one or more Eligible Assignees to participate in any portion of the requested Commitment Increase; provided, however, that the Commitment of each such Eligible Assignee shall be in an amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof, and provided further that any such Eligible Assignee shall be approved by the Administrative Agent and each Issuing Bank.

(d) On the Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.19(c) (each such Eligible Assignee, an "Assuming Lender") shall become a Lender party to this Agreement as of such Increase Date and the Commitment of each Increasing Lender for such requested Commitment Increase shall be increased by the amount allocated to such Lender pursuant to Section 2.19(c)) as of such Increase Date; provided, however, that the Administrative Agent shall have received on or before such Increase Date the following, each dated such date:

(i) (A) certified copies of resolutions of the Board of Directors of the Borrowers approving the Commitment Increase and the corresponding modifications to this Agreement and (B) an opinion of counsel for the Borrowers in form and substance reasonably satisfactory to the Administrative Agent;

(ii) an assumption agreement from each Assuming Lender, if any, in form and substance satisfactory to the Assuming Lender, the Borrowers and the Administrative Agent (each an "Assumption Agreement"), duly executed by such Assuming Lender, the Administrative Agent and the Borrowers; and

(iii) confirmation from each Increasing Lender of the increase in the amount of its Commitment in a writing satisfactory to Rayonier and the Administrative Agent.

(e) On each Increase Date, upon fulfillment of the conditions set forth in Section 2.19(d), the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and Rayonier, on or before 1:00 P.M. (New York City time), by telecopier, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date.

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01. Conditions Precedent to Closing Date. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 8.01):

(a) Documents. The Administrative Agent shall have received each of the following documents, each of which shall be satisfactory to the Administrative Agent (and to the extent specified below, to each Lender) in form and substance:

(i) Executed Counterparts. From each party hereto either (A) multiple counterparts of this Agreement, signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement;

(ii) Corporate Documents. (A) Such documents and certificates as the Administrative Agent or its counsel may reasonably request, certified as of the Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of each Borrower and Subsidiary Guarantor or, in the case of RFR, by the Secretary or an Assistant Secretary of the Managing General Partner, relating to (1) the organization, existence and good standing of such Borrower or Subsidiary Guarantor, as the case may be, and, in the case of RFR, the existence of any amendments to the Installment Note Agreement, (2) the authorization of the execution, delivery and performance by such Borrower or Subsidiary Guarantor, as the case may be, of the applicable Loan Documents and of the borrowings hereunder by each Borrower, and (3) certificates as to the incumbency and signature of each individual signing this Agreement and/or any other Loan Document or other agreement or document contemplated hereby on behalf of the applicable Borrower or Subsidiary Guarantor; and (B) in the case of RFR, a certificate of another officer of the Managing General Partner as to the incumbency and specimen signature of the Secretary or an Assistant Secretary executing the certificate pursuant to clause (A) above;

(iii) Financial Statements. Copies of (A) the audited Consolidated balance sheets of Rayonier and its Subsidiaries as of December 31, 2005 and the related Consolidated statements of income and cash flows for the period ending as of such date, and (B) the unaudited Consolidated balance sheets of Rayonier and its Subsidiaries as of March 31, 2006, and the related Consolidated statements of income and cash flows for the period ending as of such date;

(iv) Guarantee. The Administrative Agent shall have received the Guarantee Agreement substantially in the form of Exhibit C-1 hereto and executed by duly authorized officers of Rayonier and TRS respectively;

(v) Subsidiary Guarantees. The Administrative Agent shall have received the TRS Subsidiary Guarantee Agreement substantially in the form of Exhibit C-3 hereto, in each case executed by duly authorized officers of the parties thereto; and

(vi) Other Documents. Such other documents as the Administrative Agent or any Lender (acting through the Administrative Agent) may reasonably request.

(b) Existing Credit Agreement. The Administrative Agent shall have received documentation satisfactory to the Administrative Agent evidencing that the Existing Credit Agreement shall have been terminated and all respective amounts outstanding thereunder shall have been repaid in full;

(c) Representations and Warranties. Each of the representations and warranties made by each Borrower in or pursuant to the Loan Documents (except to the extent applicable to an earlier date) shall be true and correct in all material respects on and as of such date as if made on and as of such date;

(d) No Default. No Default or Event of Default shall have occurred and be continuing on such date;

(e) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender, the executed legal opinions of (i) Rayonier's Vice President and General Counsel, substantially in the form of Exhibit D-1 hereto, (ii) Womble Carlyle Sandridge & Rice, PLLC, special counsel for the Borrowers and the Subsidiary Guarantors, substantially in the form of Exhibit D-2 hereto and (iii) Vinson & Elkins L.L.P., special New York counsel for the Borrowers and the Subsidiary Guarantors, substantially in the form of Exhibit D-3 hereto and, in each such case, as to such other matters as any Lender through the Administrative Agent may reasonably request;

(f) Closing Certificate. The Administrative Agent shall have received, with a counterpart for each Lender, a closing certificate of each Borrower substantially in the form of Exhibit E hereto, dated as of the Closing Date and satisfactory in form and substance to the Administrative Agent;

(g) "Know Your Customer" Information. At least five Business Days prior to the Closing Date, the Administrative Agent shall have received documentation and other

information required by bank regulatory authorities under applicable "know your customer" and Anti-Money Laundering rules and regulations, including, without limitation, the USA PATRIOT Act. Such documentation shall include, without limitation, evidence satisfactory to the Administrative Agent of (y) the listing of Capital Stock of Rayonier on New York Stock Exchange and (z) Rayonier's ownership of all of the outstanding Capital Stock of TRS, RFR and any Subsidiary Guarantors hereunder;

(h) Closing Fees and Expenses. The Administrative Agent shall have received the fees to be received on the Closing Date separately agreed to between the Administrative Agent and Rayonier and shall have received reimbursement of all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent);

(i) Outside Closing Date. The Closing Date shall have occurred and each of the conditions precedent set forth in this Section 3.01 shall have been satisfied on or prior to August 31, 2006; and

(j) Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement, the other Loan Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received such other documents, instruments and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as it shall reasonably request.

SECTION 3.02. Conditions Precedent to Each Loan Event. The agreement of each Lender to make any Revolving Credit Advance, including the initial Revolving Credit Advance, on the occasion of each Revolving Credit Borrowing and the agreement of the Issuing Bank to issue, amend, renew or extend (and of each Lender to participate in) any Letter of Credit (the making of any such Revolving Credit Advance or the issuance, amendment, renewal or extension of (and the participation in) any such Letter of Credit, a "Loan Event") is subject to the satisfaction of the following conditions precedent:

(a) Closing Date. The Closing Date shall have occurred;

(b) Notice of Revolving Credit Borrowing. In the case of Revolving Credit Advances made pursuant to Section 2.01, the Administrative Agent shall have received a Notice of Revolving Credit Borrowing in compliance with the terms hereof;

(c) Representations and Warranties. Each of the representations and warranties made by each Borrower in or pursuant to the Loan Documents (except for the representations and warranties specified in Section 4.01(e), (f) and (g)(i)) shall be true and correct in all material respects on and as of such date as if made on and as of such date (both before and after giving effect to such Loan Event);

(d) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to such Loan Event requested to be made on such date; and

(e) Additional Matters. The Administrative Agent shall have received such other approvals, opinions or documents as any Lender through the Administrative Agent may reasonable request.

Each Loan Event shall constitute a representation and warranty by each Borrower as of the date of such Loan Event that the statements in any document delivered by such Borrower in connection with such Loan Event are true and correct and that the conditions contained in this Section 3.02 have been satisfied.

SECTION 3.03. Conditions Precedent to Additional Borrower Effective Date. Notwithstanding the provisions of Section 3.02, the occurrence of the Additional Borrower Effective Date for any Additional Borrower, and the initial Loan Event with respect to any such Additional Borrower, shall be subject to the satisfaction of the following conditions precedent:

(a) Corporate Documents. The Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, (i) an assumption agreement duly executed by such Additional Borrower ("Additional Borrower Assumption Agreement"), pursuant to which such Additional Borrower agrees to be bound by the terms hereof as an Additional Borrower and by the terms of the Guarantee Agreement as a guarantor thereunder, (ii) a consent and confirmation from each Loan Party with respect to such Additional Borrower and the obligations of such Loan Party under the Loan Documents after the effectiveness of the Additional Borrower Assumption Agreement, (iii) copies of the articles of incorporation (or the equivalent thereof) of such Additional Borrower, together with all amendments thereto, and a certificate of good standing (or the equivalent thereof), each certified by the appropriate governmental officer in its jurisdiction of organization, as well as any other information required by the USA PATRIOT ACT, as determined by the Administrative Agent, (iv) copies, certified by the secretary or assistant secretary (or equivalent thereof) of the Additional Borrower, of its by-laws (or the equivalent thereof) and of its board of directors' (or the equivalent thereof) resolutions and resolutions or actions of any other body authorizing the execution of the Additional Borrower Assumption Agreement and the other Loan Documents to which such Additional Borrower is a party, and (v) such other documents and certificates as the Administrative Agent or its counsel may reasonably request, each of which shall be certified as of the date of initial Loan Event with respect to such Additional Borrower as complete and correct copies thereof by the Secretary or an Assistant Secretary of such Additional Borrower relating to (A) the organization, existence and good standing of such Additional Borrower, (B) the authorization of the execution, delivery and performance by such Additional Borrower of each Loan Document to which it is to become a party, and (C) certificates as to the incumbency and signature of each individual signing any Loan Document on behalf of such Additional Borrower;

(b) No Event of Default. No Event of Default shall have occurred and be continuing as of the Additional Borrower Effective Date; and

(c) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender, the executed legal opinions, each of which shall be satisfactory to the Administrative Agent, of (i) Rayonier's Vice President and General Counsel, (ii) Womble Carlyle Sandridge & Rice, PLLC, as special counsel for the Additional Borrower and (iii)

special New York counsel for the Additional Borrower acceptable to the Administrative Agent, as to due authorization, execution and enforceability of the Additional Borrower Assumption Agreement and as to such other matters as any Lender through the Administrative Agent may reasonably request.

SECTION 3.04. Conditions Precedent to Additional Subsidiary Guarantor. The effectiveness of the designation of any Subsidiary of Rayonier as an Additional Subsidiary Guarantor shall be subject to the satisfaction of the following conditions precedent:

(a) Corporate Documents. The Administrative Agent shall have received the Additional Subsidiary Guarantor Guarantee Agreement substantially in the form of Exhibit C-4 hereto and executed by a duly authorized officer of such Additional Subsidiary Guarantor, and each of the following, in form and substance satisfactory to the Administrative Agent, (i) copies of the articles of incorporation (or the equivalent thereof) of such Additional Subsidiary Guarantor, together with all amendments thereto, and a certificate of good standing (or the equivalent thereof), each certified by the appropriate governmental officer in its jurisdiction of organization, as well as any other information required by the USA PATRIOT ACT, as determined by the Administrative Agent, (ii) copies, certified by the secretary or assistant secretary (or equivalent thereof) of the Additional Subsidiary Guarantor, of its by-laws (or the equivalent thereof) and of its board of directors' (or the equivalent thereof) resolutions and resolutions or actions of any other body authorizing the execution of the Additional Subsidiary Guarantor Guarantee Agreement, and (iii) such other documents and certificates as the Administrative Agent or its counsel may reasonably request, each of which shall be certified as of the date of the effective date of such designation as complete and correct copies thereof by the Secretary or an Assistant Secretary of such Additional Subsidiary Guarantor relating to (A) the organization, existence and good standing of such Additional Subsidiary Guarantor, (B) the authorization of the execution, delivery and performance by such Additional Subsidiary Guarantor or the Additional Subsidiary Guarantor Guarantee Agreement, and (C) certificates as to the incumbency and signature of each individual signing Additional Subsidiary Guarantor Guarantee Agreement on behalf of such Additional Subsidiary Guarantor;

(b) Representations and Warranties. The representations and warranties contained in the Additional Subsidiary Guarantor Guarantee Agreement shall be true and correct in all material respects as to such Additional Subsidiary Guarantor and its Subsidiaries on and as of such date as if made on and as of such date;

(c) No Event of Default. No Event of Default shall have occurred and be continuing as of such date; and

(d) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender, the executed legal opinions, each of which shall be satisfactory to the Administrative Agent, of (i) Rayonier's Vice President and General Counsel, (ii) Womble Carlyle Sandridge & Rice, PLLC, as special counsel for the Additional Subsidiary Guarantor and (iii) special New York counsel for the Additional Subsidiary Guarantor acceptable to the Administrative Agent, as to due authorization, execution and enforceability of the Additional Subsidiary Guarantor Guarantee Agreement and as to such other matters as any Lender through the Administrative Agent may reasonably request.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. Each Borrower represents and warrants as follows:

(a) Organization. Each Loan Party (i) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, (ii) has all requisite power and authority, and the legal right to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged except to the extent that the failure to have such power and authority and the legal right could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, and (iii) is duly qualified to conduct business, and is in good standing, under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority. The execution, delivery and performance by each Loan Party of this Agreement, the Notes and the other Loan Documents to be delivered by it are within such Loan Party's requisite powers, have been duly authorized by all requisite action, including member or partnership action and do not contravene (i) such Loan Party's charter or by-laws or (ii) law or any material contractual restriction binding on or affecting such Loan Party or, to the actual knowledge of a responsible officer of such Loan Party, any other contractual restriction binding on or affecting such Loan Party.

(c) Governmental Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority, regulatory body or any other third party is required for the due execution, delivery and performance by any Loan Party of this Agreement, the Notes or any other Loan Documents.

(d) Enforceability. This Agreement and any other Loan Document have been, and each of the Notes and other Loan Documents to be delivered by any Loan Party when delivered hereunder will have been, duly executed and delivered by the applicable Loan Party. This Agreement and any other Loan Document are, and each of the Notes when delivered hereunder will be, the legal, valid and binding obligation of the applicable Loan Party enforceable against such Loan Party in accordance with their respective terms; provided that the enforceability hereof and thereof is subject in each case to general principles of equity and to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally.

(e) Financial Statements. The Consolidated balance sheet of Rayonier and its Subsidiaries as at December 31, 2005, and the related Consolidated statements of income and cash flows of Rayonier and its Subsidiaries for the fiscal year then ended, accompanied by

an opinion of Deloitte & Touche LLP, independent public accountants, and the unaudited Consolidated balance sheet of Rayonier and its Subsidiaries as at March 31, 2006, and the related unaudited Consolidated statements of income and cash flows of Rayonier and its Subsidiaries for the three months then ended, duly certified by the senior vice president of finance of Rayonier, copies of which have been furnished to each Lender, fairly present, subject, in the case of said balance sheet as at March 31, 2006, and said statements of income and cash flows for the three months then ended, to year-end audit adjustments, the Consolidated financial condition of Rayonier and its Subsidiaries as at such dates and the Consolidated results of the operations of Rayonier and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP consistently applied.

(f) No Material Adverse Change. Since December 31, 2005, there has been no Material Adverse Change.

(g) Litigation. There is no pending or, to the knowledge of the applicable Borrower, threatened action or proceeding, including, without limitation, any Environmental Action, affecting such Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect (other than as set forth in Schedule 4.01(g) (the "Disclosed Litigation")), and since the date of Schedule 4.01(g) was prepared there has been no material adverse change in the status, or financial effect on such Borrower or any of its Subsidiaries, of the Disclosed Litigation from that described in Schedule 4.01(g) or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note or the other Loan Documents.

(h) No Violation; Compliance with Laws. No Loan Party or Subsidiary of any Loan Party is in violation of any law, rule or regulation (including any zoning, building, Environmental Laws, ordinance, code or approval or any building permit) or any restrictions of record or agreements affecting such material properties or assets, or is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where any such violation or default could reasonably be expected to result in a Material Adverse Effect.

(i) Accuracy of Information. No written information, report, financial statement, exhibit or schedule furnished by or on behalf of any Borrower or any of its Subsidiaries to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or included herein or delivered pursuant hereto contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(j) Regulation U. No Loan Party or any Subsidiary of any Loan Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(k) Taxes. Each Borrower and each of its Subsidiaries has timely filed or caused to be filed all federal and, to the extent the failure to timely file such return could

reasonably be expected to result in a Material Adverse Effect, other tax returns which are required to be filed and has paid or caused to be paid all taxes (including interest and penalties) shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any tax, fee or other charge the failure to pay which could not reasonably be expected to have a Material Adverse Effect or the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the applicable Borrower or such Subsidiary, as the case may be); and no tax Lien has been filed, and, to the knowledge of each Borrower, no claim is being asserted, with respect to any such tax, fee or other charge, other than any such Lien or claim which could not reasonably be expected to have a Material Adverse Effect.

(l) Environmental Matters. (i) Except as set forth in Schedule 4.01(l), the operations and properties of each Borrower and each of its Subsidiaries comply in all material respects with all Environmental Laws, all material and necessary Environmental Permits have been obtained and are in effect for the operations and properties of such Borrower and each of its Subsidiaries, and such Borrower and each of its Subsidiaries are in compliance in all material respects with all such Environmental Permits.

(ii) Except as set forth in Rayonier's Form 10-K for 2005 and in Schedule 4.01(l), to the knowledge of the applicable Borrower, there are no circumstances that are reasonably likely to form the basis of an Environmental Action against such Borrower or any of its Subsidiaries that could be reasonably likely to have a Material Adverse Effect.

(m) CERCLA. Except as set forth in Schedule 4.01(l), none of the properties currently or formerly owned or operated by any Borrower or any of its Subsidiaries is listed or, to the knowledge of any Borrower, proposed for listing on the National Priorities List under CERCLA (the "NPL") or on the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency ("CERCLIS") or any analogous state list if such listing or proposed listing could reasonably be likely to have a Material Adverse Effect.

(n) Transportation of Hazardous Materials. Except as set forth in Schedule 4.01(l), to the knowledge of any Borrower, neither any Borrower nor any of its Subsidiaries has transported or arranged for the transportation of any Hazardous Materials to any location that is listed or proposed for listing on the NPL or on the CERCLIS, which could reasonably be likely to lead to claims against any Borrower or such Subsidiary for any remedial work, damage to natural resources or personal injury that have, or could reasonably be likely to have, a Material Adverse Effect.

(o) ERISA. (i) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan, (ii) Neither any Borrower nor any of its ERISA Affiliates has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan. (iii) Neither any Borrower nor any of its ERISA Affiliates has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has

been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA. (iv) Except as set forth in Schedule 4.01(o), as of the date indicated on Schedule 4.01(o) neither any Borrower nor any of its Subsidiaries have material liability with respect to "accumulated post-retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106 and (v) Schedule B (Actuarial Information) to the most recent annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and, if requested, furnished to the Administrative Agent pursuant to Section 5.01(k)(ix) hereof, is complete and accurate in all material respects and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no material adverse change in such funding status.

(p) Holding Company; Investment Company Act. None of the Borrowers nor any of their respective Subsidiaries is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(q) NYSE Listing; REIT Status. The common stock of Rayonier is listed on the New York Stock Exchange, there is no proceeding pending to delist such common stock, and Rayonier is in good standing on such exchange. Rayonier is qualified as a REIT under Section 856 of the Internal Revenue Code and is in material compliance with all other provisions of the Internal Revenue Code applicable to Rayonier as a REIT.

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01. Affirmative Covenants. Each Borrower hereby agrees that for so long as any of the Commitments remains in effect, any Revolving Credit Advance remains outstanding and unpaid, any Letter of Credit remains outstanding, or any obligation of any Borrower is owing to any Lender, any Issuing Bank or the Administrative Agent hereunder or under any other Loan Document (other than contingent obligations which pursuant to Section 8.04(d) shall survive payment in full of all amounts referred to in Section 8.04(d)), each Borrower shall:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with (i) ERISA and (ii) Environmental Laws to the extent set forth in Section 5.01(d).

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all federal and other material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that no Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good

faith by appropriate proceedings and with respect to which reserves in conformity with GAAP are being maintained on the books of the applicable Borrower or such Subsidiary.

(c) Payment of Obligations. Pay, discharge or otherwise satisfy, and cause each of its Subsidiaries to pay, discharge or otherwise satisfy, at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, or in the case of any trade payable before such trade payable becomes Debt, except where the amount or validity thereof is currently being contested in good faith and by appropriate proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(d) Compliance with Environmental Laws. (i) Comply and cause each of its Subsidiaries to comply, in all material respects, with all Environmental Laws and Environmental Permits that are material to the conduct of the business of the applicable Borrower or any of its Subsidiaries or necessary for their operations and properties, and (ii) obtain and renew, and cause each of its Subsidiaries to obtain and renew, all Environmental Permits that are material to the conduct of the business of the applicable Borrower or any of its Subsidiaries or necessary for their operations and properties; except, with respect to (i) and (ii) above, to the extent that any such Environmental Law or the terms of any Environmental Permit are being contested in good faith and by proper proceedings and as to which appropriate reserves, if any, to the extent required in accordance with GAAP, are being maintained.

(e) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance (including self-insurance, in amounts consistent with industry practice and custom) with responsible insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the applicable Borrower or such Subsidiary operates.

(f) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that any Borrower and its Subsidiaries may consummate any merger or consolidation permitted under Section 5.03(c) and provided further that no Borrower nor any of its Subsidiaries shall be required to preserve any right or franchise or the corporate existence of any Subsidiary of such Borrower (other than, in the case of Rayonier, TRS, RFR and any Additional Borrower) if the Board of Directors of such Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to Rayonier and its Subsidiaries taken as a whole or the Lenders.

(g) Visitation Rights. At any reasonable time and from time to time, upon reasonable prior notice, permit, and shall cause each of its Subsidiaries to permit, the Administrative Agent or, subject to the proviso hereto, any of the Lenders or Issuing Bank or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of any Borrower and any of its

Subsidiaries, as shall be reasonably requested, and to discuss the affairs, finances and accounts of any Borrower and any of its Subsidiaries with any of their officers and with their independent certified public accountants, provided that, unless (x) an Event of Default has occurred and is continuing or (y) the Corporate Credit Rating assigned by S&P is lower than BBB- and the Corporate Credit Rating assigned by Moody's is lower than Baa3, none of the Borrowers shall be required to comply with this subsection (g) with respect to any of the Lenders, Issuing Bank or any agents or representatives thereof (other than the Administrative Agent).

(h) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which appropriate entries that are correct in all material respects shall be made, of all financial transactions and the assets and business of each Borrower and each such Subsidiary so as to permit preparation of their Consolidated financial statements in accordance with GAAP.

(i) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are necessary or, in the reasonable judgment of the applicable Borrower or such Subsidiary, useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(j) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the applicable Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate other than:

(i) transactions among any Borrower and any of its wholly owned Subsidiaries; and

(ii) transactions among wholly owned Subsidiaries of any Borrower.

(k) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 10 days after the date quarterly financial statements would be required to be filed by an "Accelerated Filer" as defined in Rule 12b-2 under the Exchange Act (without giving effect to any extension) in a periodic report with the SEC (and in any event within 50 days after the end of each of the first three Fiscal Quarters in each fiscal year of Rayonier), unaudited Consolidated balance sheets of Rayonier and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of Rayonier and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the senior vice president of finance of Rayonier as having been prepared in accordance with GAAP;

(ii) as soon as available and in any event within 10 days after the date annual financial statements would be required to be filed by an "Accelerated Filer" as defined in Rule 12b-2 under the Exchange Act (without giving effect to any extension) in

a periodic report with the SEC (and in any event within 90 days after the end of each fiscal year of Rayonier), a copy of the annual audit report for such year for Rayonier and its Subsidiaries, containing Consolidated balance sheets of Rayonier and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of Rayonier and its Subsidiaries for such fiscal year, in each case accompanied by an opinion reasonably acceptable to the Required Lenders by a nationally recognized firm of independent public accountants;

(iii) together with the financial statements required to be delivered in accordance with clauses (i) and (ii) above, (A) a certificate of the senior vice president of finance of Rayonier stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the applicable Borrower has taken and proposes to take with respect thereto and (B) a schedule in form and substance satisfactory to the Administrative Agent of the computations used by Rayonier in determining compliance with the covenants contained in Section 5.05;

(iv) promptly after any Borrower becomes aware of and in any event within five Business Days after becoming aware of each Default, continuing on the date of such statement, a statement of the senior vice president of finance of Rayonier setting forth details of such Default and the action that Rayonier has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports that any Borrower sends to any of its public securityholders, and copies of all reports and registration statements that any Borrower or any of its Subsidiaries files with the SEC or any national securities exchange;

(vi) promptly after any Borrower becomes aware of the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting such Borrower or any of its Subsidiaries of the type described in the first sentence of Section 4.01(g);

(vii) promptly and in any event within 10 days after Rayonier or any of its ERISA Affiliates knows that any ERISA Event has occurred, a statement of the senior vice president of finance of Rayonier describing such ERISA Event and the action, if any, that Rayonier or such ERISA Affiliate has taken and proposes to take with respect thereto;

(viii) promptly and in any event within three Business Days after receipt thereof by Rayonier or any of its ERISA Affiliates, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any such Plan;

(ix) upon the request of the Administrative Agent after the filing thereof with the Internal Revenue Service, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Plan;

(x) promptly and in any event within five Business Days after receipt thereof by Rayonier or any of its ERISA Affiliates from the sponsor of a Multiemployer Plan, copies of each notice concerning (x) the imposition of Withdrawal Liability by any such Multiemployer Plan, (y) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (z) the amount of liability incurred, or that may be incurred, by Rayonier or any of its ERISA Affiliates in connection with any event described in clause (x) or (y);

(xi) as soon as practical and in any event promptly after the receipt thereof by any Borrower, copies of all written claims, complaints, notices or inquiries relating to compliance by such Borrower or any of its Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be likely to have a Material Adverse Effect or could reasonably be likely to (x) form the basis of an Environmental Action against such Borrower or any of its Subsidiaries or such property that could reasonably be likely to have a Material Adverse Effect or (y) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could reasonably be likely to have a Material Adverse Effect;

(xii) promptly such other information and data with documentation and other information required by bank regulatory authorities under applicable "know your customer" and Anti-Money Laundering rules and regulations (including, without limitation, the USA PATRIOT Act), including, without limitation, evidence satisfactory to the Administrative Agent of (x) the listing of Capital Stock of Rayonier on New York Stock Exchange and (y) Rayonier's ownership of all of the outstanding Capital Stock of TRS and RFR, as from time to time may be reasonably requested by the Administrative Agent; and

(xiii) such other information respecting the condition or operations, financial or otherwise, of any Borrower or any of its Subsidiaries as any Lender or Issuing Bank through the Administrative Agent may from time to time reasonably request.

Information required to be delivered pursuant to this Section 5.01(k) shall be deemed to have been delivered to the Lenders when it has been delivered to the Administrative Agent.

Notwithstanding any of the foregoing, at any time when Rayonier is subject to the reporting requirements of Section 13(a)(2) of the Securities Exchange Act of 1934, Rayonier shall be deemed to have complied with the requirements of clauses (i), (ii), (v) and (vi) above, if Rayonier shall include such information in timely filings made with the SEC by Rayonier.

(l) Subsidiary Guarantees. (i) Cause at all times domestic Subsidiaries of RFR to be party to the RFR Subsidiary Guarantee Agreement such that as of the Closing Date and as of the 60th day after the end of each Fiscal Quarter thereafter (and at any time as a condition precedent to (and after giving effect to) any merger, consolidation, liquidation or other disposition of assets permitted by Section 5.03(c)(ii) or 5.03(d)), (x) the aggregate assets of RFR and RFR Subsidiary Guarantors are not less than 90% of the Consolidated Assets of

RFR and its domestic Subsidiaries and (y) the aggregate gross revenues of RFR and the RFR Subsidiary Guarantors (calculated as of the last day of RFR's and such Guarantors' most recently ended Fiscal Quarter for the four consecutive Fiscal Quarters ending with such Fiscal Quarter) do not constitute less than 90% of the aggregate gross revenues of RFR and its domestic Subsidiaries (calculated as of the last day of RFR's and its Subsidiaries' most recently ended Fiscal Quarter for the four consecutive Fiscal Quarters ending with such Fiscal Quarter); provided that in the event that any Subsidiary of RFR guarantees any other Debt of RFR, such Subsidiary shall promptly execute and deliver a supplement to the RFR Subsidiary Guarantee Agreement as a supplemental guarantor.

(ii) Cause at all times domestic Subsidiaries of TRS to be party to the TRS Subsidiary Guarantee Agreement such that as of the Closing Date and as of the 60th day after the end of each Fiscal Quarter thereafter (and at any time as a condition precedent to (and after giving effect to) any merger, consolidation, liquidation or other disposition of assets permitted by Section 5.03(c)(i) or 5.03(d)), (x) the aggregate assets of TRS and TRS Subsidiary Guarantors are not less than 90% of the Consolidated Assets of TRS and its domestic Subsidiaries and (y) the aggregate gross revenues of TRS and the TRS Subsidiary Guarantors (calculated as of the last day of TRS's and such Guarantors' most recently ended Fiscal Quarter for the four consecutive Fiscal Quarters ending with such Fiscal Quarter) do not constitute less than 90% of the aggregate gross revenues of TRS and its domestic Subsidiaries (calculated as of the last day of TRS's and its Subsidiaries' most recently ended Fiscal Quarter for the four consecutive Fiscal Quarters ending with such Fiscal Quarter); provided that in the event that any Subsidiary of TRS guarantees any other Debt of TRS, such Subsidiary shall promptly execute and deliver a supplement to the TRS Subsidiary Guarantee Agreement as a supplemental guarantor.

(iii) In maintaining such guarantees, the guarantees executed by any Subsidiary Guarantors shall promptly be executed and delivered to the Administrative Agent for the benefit of each of the Lenders and Issuing Banks and shall be substantially identical to the guarantees previously executed by each of the other Subsidiary Guarantors, together with such supporting documentation, including corporate resolutions and opinions of counsel with respect to such additional guarantee, as may be reasonably required by the Administrative Agent.

(iv) In the event of a sale or other disposition of all or substantially all of the assets of any Subsidiary Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all of the Capital Stock of any Subsidiary Guarantor, then such Subsidiary Guarantor (in the event of a sale or disposition, by way of merger, consolidation or otherwise, of all of the Capital Stock of such Subsidiary Guarantor) or the Person acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor) will be released and relieved of any obligations under its respective Guarantee, provided that (y) such Subsidiary Guarantor or other Person, as the case may be, is concurrently released and relieved of any obligations it may have with respect to all other guarantees of Debt of such Borrower and (z) after such release Rayonier remains in compliance with Section 5.01(l)(i) and (ii).

SECTION 5.02. Additional Rayonier's Affirmative Covenants. In addition to the affirmative covenants set forth in Section 5.01, Rayonier hereby agrees that for so long as any of the Commitments remains in effect, any Revolving Credit Advance remains outstanding and unpaid, any Letter of Credit remains outstanding, or any obligation of any Borrower is owing to any Lender, any Issuing Bank or the Administrative Agent hereunder or under any other Loan Document (other than contingent obligations which pursuant to Section 8.04(d) shall survive payment in full of all amounts referred to in Section 8.04(d)), Rayonier shall:

(a) Corporate Credit Ratings. Maintain at all times a Corporate Credit Rating by Moody's and S&P.

(b) Maintenance of NYSE Listing. Maintain at all times the listing of its common shares of beneficial interest on New York Stock Exchange and not take any action that results in a proceeding to delist such common shares.

(c) Maintenance of REIT Status. Maintain material compliance with Section 856 and any other applicable provisions of the Internal Revenue Code necessary to maintain its REIT status.

(d) Additional Borrower. From and after any Additional Borrower Effective Date with respect to an Additional Borrower, maintain Control over such Additional Borrower and take such other action as may be required so that all accounts and financial reports of Rayonier and such Additional Borrower and, to the extent otherwise required by GAAP, their respective Subsidiaries are consolidated in accordance with GAAP.

SECTION 5.03. Negative Covenants. Rayonier hereby agrees that for so long as the Commitments remain in effect, any Revolving Credit Advance remains outstanding and unpaid, any Letter of Credit remains outstanding, or any obligation of any Borrower is owing to any Lender, any Issuing Bank or the Administrative Agent hereunder or under any other Loan Document (other than contingent obligations which pursuant to Section 8.04(d) shall survive payment in full of all amounts referred to in Section 8.04(d)), Rayonier shall not:

(a) Dividends. Declare or pay, or permit any of its Subsidiaries to declare or pay, any dividends or make any other distribution on Capital Stock of Rayonier or any of its Subsidiaries (other than dividends or distributions payable solely in Capital Stock of Rayonier or, in the case of dividends paid to Rayonier or any of its Subsidiaries, Capital Stock of such Subsidiary) or purchase, redeem, defease or otherwise acquire or retire for value, or permit any of its Subsidiaries to purchase, redeem, defease or otherwise acquire or retire for value any of the Capital Stock of Rayonier or any of its Subsidiaries at any time outstanding except as provided in this Section 5.03(a). So long as no Default or Event of Default has occurred and is then continuing, Rayonier and its Subsidiaries shall be permitted to redeem, repurchase or otherwise acquire or retire any of their respective Capital Stock and declare and pay dividends on their respective Capital Stock from time to time in amounts determined by Rayonier or such Subsidiaries; provided, however, that subject to the terms of the next sentence, in no event shall Rayonier (or, after any Additional Borrower Effective Date, the Additional Borrower) declare or pay dividends on its Capital Stock if dividends (other than dividends or distributions payable solely in Capital Stock of Rayonier (or, after the Additional

Borrower Effective Date, the Additional Borrower)) paid in, or with respect to, any period of four Fiscal Quarters, in the aggregate, would exceed the sum of (1) 90% of Funds From Operations for such period plus (2) the aggregate amount of dividends permitted pursuant to the foregoing clause (1) in the preceding period of four Fiscal Quarters in excess of the aggregate amount dividends actually paid during such period. Notwithstanding the foregoing, unless at the time of such distribution any Event of Default has occurred and is then continuing under Section 6.01(a), Rayonier (and, if applicable any Additional Borrower) shall be permitted to declare and pay whatever amount of cash dividends is necessary for Rayonier to maintain its tax status as a REIT.

(b) Liens, Etc. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens,

(ii) purchase money Liens upon or in any property acquired or held by Rayonier or any Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Debt incurred solely for the purpose of financing the acquisition of such property, or Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property being acquired, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced,

(iii) Liens on property of a Person existing at the time such Person is merged into or consolidated with Rayonier or any of its Subsidiaries or becomes a Subsidiary of Rayonier; provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with Rayonier or such Subsidiary or acquired by Rayonier or such Subsidiary,

(iv) the Liens described on Schedule 5.03(b),

(v) the replacement, extension or renewal of any Lien permitted by clauses (ii), (iii) and (iv) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby, and

(vi) other Liens securing Debt; provided that the principal amount of Debt secured pursuant to this clause (vi) shall not in the aggregate at any time outstanding exceed 15% of the Consolidated Tangible Net Worth of Rayonier and its Subsidiaries.

(c) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that (i) subject to Section 5.01(l), (A) any wholly owned Subsidiary of TRS may merge or consolidate with or into, or dispose of all or substantially all of its assets to, any other wholly owned Subsidiary of TRS or (B) any wholly owned Subsidiary of TRS may merge into or dispose of all or substantially all of its assets to TRS (with TRS being the surviving entity), (ii) subject to Section 5.01(l), (A) any wholly owned Subsidiary of RFR may merge or consolidate with or into, or dispose of all or substantially all of its assets to, any other wholly owned Subsidiary of RFR or (B) any wholly owned Subsidiary of RFR may merge into or dispose of all or substantially all of its assets to RFR (with RFR being the surviving entity), (iii) Rayonier (prior to any Additional Borrower Effective Date) or any Additional Borrower (after any Additional Borrower Effective Date) may merge with any other Person (including TRS and RFR), provided in each case that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom and, in the case of any merger to which Rayonier or such Additional Borrower is a party, (w) Rayonier or such Additional Borrower, as the case may be, is the surviving corporation, (x) after giving effect to the consummation of such merger, Rayonier shall be in compliance with the covenants set forth in Section 5.05 (calculated on a pro forma basis, as of the date of the consummation of such merger), (y) the RFR Subsidiary Guarantee Agreement (in the event of merger with RFR) or the TRS Subsidiary Guarantee Agreement (in the event of merger with TRS) shall remain in full force and the respective Subsidiary Guarantors shall continue to guarantee obligations of Rayonier hereunder and under other Loan Documents, and (z) Rayonier and its Subsidiaries shall be in the same line of business as conducted by them immediately prior to such merger, and (iv) Rayonier may transfer all of its assets and properties to an Additional Borrower on the Additional Borrower Effective Date.

(d) Transfers of Assets Among Loan Parties. Sell, lease, transfer or otherwise dispose of, or permit any if its Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets to any Borrower or any Subsidiary of any Borrower, except (i) as permitted by Section 5.03(c), (ii) any such sale, lease, transfer or other disposition that is made in the ordinary course of its business, (iii) except in the case of Rayonier and any Additional Borrower, any such sale, lease, transfer or other disposition that is made to a Qualified Transferee of such Person, (iv) sales, leases, transfers or other dispositions by Rayonier and its Subsidiaries to The Rayonier Foundation in an aggregate amount for all such Persons not to exceed $5,000,000 in any calendar year, and (v) sales, leases, transfers or other dispositions by Rayonier and its Subsidiaries to Subsidiaries that are not Subsidiary Guarantors in an aggregate amount for all such Persons not to exceed $10,000,000 in any calendar year (which amount shall be in addition to any amount covered by clause (iv)).

(e) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of the business of Rayonier and its Subsidiaries taken as a whole as carried on at the date hereof.

(f) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices that would prevent Rayonier from preparing its Consolidated financial statements in accordance with GAAP.

(g) Additional Borrower. From and after any Additional Borrower Effective Date with respect to an Additional Borrower, (i) own, hold or acquire any assets, other than equity interests in such Additional Borrower, (ii) create, incur, assume or suffer to exist any Debt or other liabilities or obligations, other than (A) liabilities or obligations existing on the Additional Borrower Effective Date and assumed by the Additional Borrower, and (B) liabilities or obligations arising by law that are also liabilities or obligations of such Additional Borrower, or (iii) engage in any business or activity, other than the ownership of equity interests in such Additional Borrower and other activities incidental thereto.

SECTION 5.04. Additional RFR's Negative Covenants. In addition to (and without in any way modifying) the covenants set forth in Section 5.03, Rayonier and RFR hereby agree that for so long as the Commitments remain in effect, any Revolving Credit Advance remains outstanding and unpaid, any Letter of Credit remains outstanding, or any obligation of any Borrower is owing to any Lender, any Issuing Bank or the Administrative Agent hereunder or under any other Loan Document (other than contingent obligations which pursuant to Section 8.04(d) shall survive payment in full of all amounts referred to in Section 8.04(d)), RFR:

(a) Additional Limitation on Debt. Shall not and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or in any manner become directly or indirectly liable, contingently or otherwise, for the payment of (in each case, to "incur") any Debt (including, without limitation, Acquired Debt), unless at the time of such incurrence, and after giving pro forma effect to the receipt and application of the proceeds of such Debt, the RFR Consolidated Fixed Charge Coverage Ratio is greater than 2.50 to 1.00; provided that the foregoing limitation shall not apply to the RFR Permitted Debt.

(b) Investments and Other Restricted Payments. Shall not and shall not permit any of its Restricted Subsidiaries to, directly or indirectly (i) declare or pay any dividend or make any other distribution or payment on or in respect of Capital Stock of RFR or any of its Restricted Subsidiaries or any payment made to the direct or indirect holders (in their capacities as such) of Capital Stock of RFR or any of its Restricted Subsidiaries (other than (A) dividends or distributions payable solely in Capital Stock of RFR (other than Redeemable Capital Stock of a Restricted Subsidiary) or in options, warrants or other rights to purchase Capital Stock of RFR (other than Redeemable Capital Stock of a Restricted Subsidiary), (B) the declaration or payment of dividends or other distributions to the extent declared or paid to RFR or any Restricted Subsidiary, and (C) the declaration or payment of dividends or other distributions by any Restricted Subsidiary to all holders of Capital Stock of such Restricted Subsidiary on a pro rata basis (including, in the case of RFR, to the Managing General Partner)); (ii) purchase, redeem, defease or otherwise acquire or retire for value any Capital Stock of RFR or any of its Restricted Subsidiaries (other than any such Capital Stock owned by a Wholly-Owned Restricted Subsidiary); (iii) make any principal payment on, purchase, defease, repurchase, redeem or otherwise acquire or retire for value, prior to any scheduled maturity, scheduled repayment, scheduled sinking fund payment or other Stated Maturity, any Subordinated Debt (other than any such Debt owned by RFR or a Wholly-Owned

Restricted Subsidiary), (iv) make any Investment (other than any RFR Permitted Investment) in any Person, or (v) make any interest payment on the Rayonier Subordinated Notes (such payments or Investments described in the preceding clauses (i), (ii), (iii) (iv) and (v), collectively, "RFR Restricted Payments"), unless, at the time of and after giving effect to proposed Restricted Payment (y) no Default or Event of Default shall have occurred and be continuing and (z) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by RFR and its Restricted Subsidiaries during the Fiscal Quarter during which such Restricted Payment is made, shall not exceed (1) if the RFR Consolidated Fixed Charge Coverage Ratio shall be greater than 2.00 to 1.00, an amount equal to Available Cash for the immediately preceding Fiscal Quarter, or (2) if the RFR Consolidated Fixed Charge Coverage Ratio shall be equal to or less than 2.00 to 1.00, an amount equal to the sum of (a) $75,000,000 over the life of the Installment Note Agreement, plus (b) to the extent not theretofore used as the basis for a Restricted Payment pursuant to clause (ii) or (iii) of the next succeeding paragraph, the aggregate net cash proceeds of any (i) capital contribution to RFR from any Person (other than a Restricted Subsidiary) or (ii) issuance and sale of shares of Capital Stock (other than Redeemable Capital Stock) of RFR to any Person (other than to a Restricted Subsidiary), in either such case made after the Closing Date and no later than substantially concurrently with the making of such Restricted Payment, minus (c) the aggregate amount of all Restricted Payments (including such Restricted Payment) made pursuant to this clause (2) after the Closing Date. The amount of any such Restricted Payment, if other than cash, shall be the Fair Market Value (as determined in good faith by Board of Directors of the General Managing Partner) on the date of such Restricted Payment of the asset(s) proposed to be transferred by RFR or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment.

None of the foregoing provisions of this Section 5.04(b) shall prohibit: (i) the payment of any dividend or distribution within 60 days after the date of its declaration, if at the date of declaration such payment would be permitted by the immediately preceding paragraph; (ii) the redemption, repurchase or other acquisition or retirement of any class of Capital Stock of RFR or any Restricted Subsidiary in exchange for, or out of the net cash proceeds of, a substantially concurrent (A) capital contribution to RFR from any Person (other than a Restricted Subsidiary) or (B) issue and sale of other shares of Capital Stock (other than Redeemable Capital Stock of a Restricted Subsidiary) of RFR to any Person (other than to a Restricted Subsidiary); provided, however, that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase or other acquisition or retirement shall be excluded from the calculation of Available Cash; (iii) any redemption, repurchase or other acquisition or retirement of the Subordinated Debt by exchange for, or out of the net cash proceeds of, a substantially concurrent (A) capital contribution to RFR from any Person (other than a Restricted Subsidiary) or (B) issue and sale of (y) Capital Stock (other than Redeemable Capital Stock of a Restricted Subsidiary) of RFR to any Person (other than to a Restricted Subsidiary) or (z) Debt of RFR issued to any Person (other than a Restricted Subsidiary), so long as such Debt is RFR Permitted Refinancing Debt; or (iv) any distribution, or redemptions declared or effected by RFR on or before the Closing Date, whether or not payable on a later date; provided, however, in each case, that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase or other acquisition or retirement shall be excluded from the calculation of Available Cash. In computing the amount of Restricted Payments previously made for purposes of the preceding paragraph, Restricted Payments made under clause (i) of this paragraph shall be included and Restricted Payments made under clauses (ii), (iii) and (iv) shall not be so included.

(c) Limitation on Sale and Leaseback Transactions. Shall not enter, and shall not permit any of its Restricted Subsidiaries to enter, into any Sale and Leaseback Transaction with respect to any property of RFR or any of its Restricted Subsidiaries. Notwithstanding the foregoing, RFR and its Restricted Subsidiaries may enter into Sale and Leaseback Transactions with respect to property acquired or constructed after the Closing Date; provided that (i) RFR or such Restricted Subsidiary would be permitted to incur Debt secured by a Lien on such property in an amount equal to the Attributable Debt with respect to such Sale and Leaseback Transaction, or (ii) the lease in such Sale and Leaseback Transaction is for a term not in excess of the lesser of (A) three years and (B) 60% of the remaining useful life of such property.

(d) Limitation on Timber Harvesting. In the event that RFR or any of its Restricted Subsidiaries receive any Net Proceeds from one or more Excess Harvests, within 270 days after the date of such receipt (or such longer period as may be required to comply with any agreement in effect on the Closing Date), RFR, at its option, may apply the amount of such aggregate Net Proceeds (less the amount of any such Net Proceeds previously applied during such fiscal year for the purposes set forth in clause (i) and/or (ii) below) to (i) reduce Senior Debt of RFR secured as permitted under Section 5.03(b) or Senior Debt of a Restricted Subsidiary (with a permanent reduction of availability in the case of any borrowings by RFR or any Restricted Subsidiary under the Working Capital Facility or any other facility (other than the facility provided hereunder) that permits amounts repaid or prepaid to be reborrowed) or (ii) make, or commit, pursuant to a binding written contract (provided that such contract is consummated substantially in accordance with the terms thereof within 30 days after the end of the 270-day period), to make an investment in assets used or useful in the business of RFR or such Subsidiary. Pending the final application of any such Net Proceeds, RFR or any Restricted Subsidiary may temporarily reduce borrowings under the Working Capital Facility or otherwise invest such Net Proceeds in any manner that is not prohibited by this Agreement. Any such Net Proceeds that are not applied or invested as provided in the first sentence of this Section 5.04(d) will be deemed to constitute "Excess Harvest Proceeds". When the aggregate amount of Excess Harvest Proceeds exceeds $100,000,000, RFR shall make an offer to the holders of the Installment Notes and an offer to all holders of other Senior Debt containing provisions similar to those set forth in this Section 5.04(d) (an "Excess Harvest Offer"), to prepay the aggregate outstanding principal amount of the Installment Notes and such other Senior Debt that may be prepaid out of the Excess Harvest Proceeds. To the extent that the aggregate principal amount of the Installment Notes and other Senior Debt tendered pursuant to an Excess Harvest Offer is less than the Excess Harvest Proceeds, RFR may use such deficiency for general business purposes. If the aggregate principal amount of the Installment Notes and other Senior Debt offered to be prepaid exceeds the amount of Excess Harvest Proceeds offered to be applied to prepay the same, the offer to prepay the Installment Notes and such other Senior Debt shall be made on a pro rata basis. Upon completion of such Excess Harvest Offer, the amount of Excess Harvest Proceeds shall be reset at zero. It being understood that this Section 5.04(d) does not require RFR to make an offer to the Lenders when the aggregate amount of Excess Harvest Proceeds exceeds $100,000,000 and this Section 5.04(d) shall not be deemed to be a provision similar to Section 10.1 of the Installment Note Agreement.

(e) Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries. Shall not, and shall not permit any of its Restricted Subsidiaries to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to (i) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock, (ii) pay any Debt owed to RFR or any other Restricted Subsidiary, (iii) make loans or advances to, or any investment in, RFR or any other Restricted Subsidiary, or (iv) transfer any of its properties or assets to RFR or any other Restricted Subsidiary (collectively, "Payment Restrictions"), except for such encumbrances or restrictions existing under or by reason of (A) applicable law, rules or regulations, or any order or ruling by any Governmental Authority; (B) any agreement in effect at or entered into on the Closing Date (including, without limitation, this Agreement, the Installment Note Agreement and other agreements described in Schedule 5.04(e)); (C) customary non-assignment provisions of any contract, license or any lease governing a leasehold interest of RFR or any Restricted Subsidiary; (D) customary restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business; (E) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (iv) above on the property so acquired; (F) contracts for the sale of assets, including, without limitation, customary restrictions with respect to a Restricted Subsidiary pursuant to an agreement that has been entered into for a sale of all or substantially all the Capital Stock or assets of such Restricted Subsidiary, to the extent such sale is permitted by this Agreement; (G) any agreement or other instrument governing Debt, Preferred Stock or Redeemable Capital Stock of a Person acquired by RFR or any Restricted Subsidiary (or of a Restricted Subsidiary of such Person) in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the properties, assets or Subsidiaries of the Person, so acquired; (H) provisions contained in agreements or instruments relating to Debt or Preferred Stock which prohibit the transfer of all or substantially all of the assets of the obligor or issuer thereunder unless the transferee shall assume the obligations of the obligor or issuer under such agreement or instrument; or (I) encumbrances or restrictions contained in any agreement or instrument governing RFR Permitted Refinancing Debt; provided that the encumbrances or restrictions of the type referred to in clause (i), (ii), (iii) or (iv) above, contained in such agreement governing such RFR Permitted Refinancing Debt are no more restrictive (taken as a whole) than those contained in the agreement governing the Debt being refinanced.

(f) Limitations on Transactions with Affiliates. Notwithstanding provisions of Section 5.03(d), shall not sell, transfer or otherwise dispose, and shall not permit any of its Subsidiaries to sell, transfer or otherwise dispose, of any of its Timberlands or Timber to any of their Affiliates (other than RFR and its wholly owned Subsidiaries) unless such transaction is for the Fair Market Value thereof.

SECTION 5.05. Financial Covenants. Rayonier hereby agrees that for so long as any of the Commitments remains in effect, any Revolving Credit Advance remains outstanding and unpaid, any Letter of Credit remains outstanding, or any obligation of any Borrower is owing to any Lender, any Issuing Bank or the Administrative Agent hereunder or under any other Loan Document (other than contingent obligations which pursuant to Section 8.04(d) shall survive payment in full of all amounts referred to in Section 8.04(d)), Rayonier shall:

(a) Leverage Ratio. Cause, on the last day of each Fiscal Quarter of Rayonier, the ratio of (i) Consolidated Debt of Rayonier and its Subsidiaries on such date of determination to (ii) Consolidated EBITDA of Rayonier and its Subsidiaries for the four Fiscal Quarters ended on such date not to exceed 4.00 to 1.00.

(b) Interest Coverage Ratio. Cause, on the last day of each Fiscal Quarter of Rayonier, the ratio of (i) Consolidated EBITDA of Rayonier and its Subsidiaries for the four Fiscal Quarters ended on such date of determination to (ii) Consolidated interest expense of Rayonier and its Subsidiaries for the four Fiscal Quarters ended on such date not to be less than 2.50 to 1.00.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) Any Borrower shall fail to pay any principal of any Revolving Credit Advance or LC Disbursement when the same becomes due and payable or any Borrower shall fail to pay any interest on any Revolving Credit Advance or any fee or make any other payment due in connection with this Agreement, any Note or any other Loan Document within five days after the same becomes due and payable; or

(b) Any representation or warranty made or deemed made by or on behalf of any Loan Party herein or in any other Loan Document or in any notice, report, certificate, financial statement, instrument, agreement or other writing delivered or prepared in connection with this Agreement or any other Loan Document, shall prove to have been incorrect in any material respect when made; or

(c) (i) Any Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(f), (g) or (k), (ii) Rayonier shall fail to perform or observe any term, covenant or agreement contained in Section 5.02(b), Section 5.03(a), (b), (c), (d) or (e), or Section 5.05, or (iii) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan Document on its part to be performed or observed if, solely in the case of this clause (iii), such failure shall remain unremedied for 30 days after written notice thereof shall have been given to such Loan Party by the Administrative Agent or any Lender; or

(d) (i) Any Borrower or any of its Subsidiaries shall fail to pay any principal of or premium, interest or other amount payable with respect to any Debt that is outstanding in a principal amount of at least $10,000,000 in the aggregate (but excluding Debt outstanding hereunder or under any other Loan Document) of such Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or (ii) any event shall occur or condition shall exist (including, without limitation, any event of the type described in clause (i) above) under any agreement or instrument relating to any Debt that is outstanding in a principal amount of at least $25,000,000 in the aggregate (but excluding Debt outstanding hereunder or under any other Loan Document) of any Borrower or any of its Subsidiaries (as the case may be) and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate the maturity of such Debt, or any such Debt shall be accelerated, declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the Stated Maturity thereof; or

(e) Any Loan Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Loan Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts, in each such case, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or any Loan Party shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of $10,000,000 shall be rendered against any Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any non-monetary judgment or order shall be rendered against any Borrower or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of Rayonier (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of Rayonier; or (ii) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 24-month period were directors of Rayonier shall cease for any reason (other than due to death or disability) to constitute a majority of the Board of Directors of Rayonier (except to the extent that individuals who at the beginning of such 24-month period were replaced by individuals (x) elected by 66-2/3% of the remaining members of the Board of Directors of Rayonier or (y) nominated for election by a majority of the remaining members of the Board of Directors of Rayonier and thereafter elected as directors by the shareholders of Rayonier); or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of, the power to exercise, directly or indirectly, a controlling influence over the management or policies of Rayonier; or (iv) Rayonier or an Affiliate of Rayonier shall cease to be the managing partner of RFR; or (v) from and after any Additional Borrower Effective Date, Rayonier shall cease to have Control over such Additional Borrower; or (vi) Rayonier or, from and after any Additional Borrower Effective Date with respect to any Additional Borrower, such Additional Borrower shall cease to directly own beneficially all of the outstanding Capital Stock of TRS and RFR; or

(i) Any ERISA Event shall have occurred and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of the Plan with respect to which such ERISA Event shall have occurred and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of any Borrower and its ERISA Affiliates related to any such ERISA Event) exceeds $10,000,000; or

(j) Any Borrower or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by such Borrower and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $10,000,000 or requires payments exceeding $5,000,000 per annum; or

(k) Any Borrower or any of its ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of such Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding $10,000,000; or

(l) The Guarantee Agreement or any Subsidiary Guarantee Agreement shall cease, for any reason, to be, or shall be asserted in writing by any Loan Party not to be, in full force and effect, other than pursuant to the terms thereof and hereof;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to each Borrower, declare the obligation of each Lender to make Revolving Credit Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to each Borrower, declare the Revolving Credit Advances, all interest thereon and all other amounts payable under this Agreement (including all amounts of LC Exposure, whether or not the beneficiary of the then outstanding Letters of Credit shall have presented the documents required therein) to be forthwith due and payable, whereupon the Revolving Credit Advances, all such interest and all such amounts (including all amounts of LC Exposure, whether or not the beneficiary of the then outstanding Letters of Credit shall have presented the documents required therein) shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Revolving Credit Advances shall automatically be terminated and (B) the Revolving Credit Advances, all such interest and all such amounts (including all amounts of LC Exposure, whether or not the beneficiary of the then outstanding Letters of Credit shall have presented the documents required therein) shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by each Borrower. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the applicable Borrower at such time shall be required to cash collateralize such Letters of Credit by depositing in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the applicable Borrower hereunder and under the other Loan Documents. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the applicable Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. After all such Letters of Credit shall have expired or been fully drawn upon, all reimbursement obligations shall have been satisfied and all other obligations of the applicable Borrower hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to such Borrower (or such other Person as may be lawfully entitled thereto).

ARTICLE VII

THE ADMINISTRATIVE AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement or the other Loan Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement of any Loan Document or collection of any amounts thereunder), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Revolving Credit Advances; provided, however, that the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to personal liability or that is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender prompt notice of each notice given to it by any Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may treat the Lender that made any Revolving Credit Advance and Issuing Bank that issued any Letters of Credit as the holders of the Debt resulting therefrom until, in the case of any such Lender, the Administrative Agent receives and accepts an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrowers), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement or any other Loan Documents on the part of any Borrower or the existence at any time of any Default or to inspect the property (including the books and records) of any Borrower; (v) shall not be responsible to any Lender or Issuing Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto and thereto; and (vi) shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. CS and Affiliates. With respect to its Commitment, the Revolving Credit Advances made by it and the Note issued to it, CS shall have the same rights

and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include CS in its individual capacity. CS and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Borrower, any of its Subsidiaries and any Person who may do business with or own securities of any Borrower or any such Subsidiary, all as if CS were not the Administrative Agent and without any duty to account therefor to the Lenders. The Administrative Agent shall have no duty to disclose information obtained or received by it or any of its Affiliates relating to any Borrower or its Subsidiaries to the extent such information was obtained or received in any capacity other than as Administrative Agent.

SECTION 7.04. Lender Credit Decision. Each Lender and each Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. INDEMNIFICATION. The Lenders agree to indemnify the Administrative Agent and each Issuing Bank (to the extent not reimbursed by the Borrowers) and their respective directors, officers, employees and agents, ratably according to the respective principal amounts of the Revolving Credit Advances and LC Exposure then owed to each of them (or if no Revolving Credit Advances or LC Exposure are at the time outstanding, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent or such Issuing Bank in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by the Administrative Agent hereunder and thereunder (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs of an indemnified person resulting from such indemnified person's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any other Loan Document, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrowers. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Administrative Agent, any Lender, any Issuing Bank or a third party.

SECTION 7.06. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrowers and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent, with the consent of Rayonier (which consent shall not be unreasonably withheld or delayed) if no Event of Default has occurred and is continuing. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 7.07. Other Administrative Agents. Each Lender hereby acknowledges that neither the documentation agent nor any other Lender designated as any "Agent" on the signature pages hereof has any liability hereunder other than in its capacity as a Lender.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, the Notes or any other Loan Document, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by each of the Lenders directly affected thereby, do any of the following: (a) waive any of the conditions specified in Section 3.01, (b) increase the Commitments of such Lenders or subject such Lenders to any additional obligations, (c) reduce the principal of, or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of (including, without limitation, final maturity), or interest on, the Revolving Credit Advances or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Revolving Credit Advances that shall be required for the Lenders or any of them to take any action hereunder, (f) release Rayonier or TRS from its guarantee obligations under the Guarantee Agreement, (g) release all or substantially all Loan Parties party to any Subsidiary Guarantee Agreement from their respective guarantee

obligations thereunder (other than in accordance with the terms hereof or thereof), (h) change the pro rata distribution of payments and proceeds to the Lenders or (i) amend this Section 8.01; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement, any Note or any other Loan Document.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier or telegraphic communication) and mailed, telecopied, telegraphed or delivered, if to any Borrowers, at its address at 50 North Laura Street, Suite 1900, Jacksonville, Florida 32202, Attention: Treasurer, Telecopy No.: (904) 357-9818, with a copy to: Corporate Secretary; if to any Lender party to this Agreement as of the date hereof, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Administrative Agent, at its address at Eleven Madison Avenue, New York, New York 10010-3629, Attention: Thomas Lynch, Telecopy No.: (212) 325-8304, email: thomas.lynch@credit-suisse.com; or, as to any Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to each Borrower and the Administrative Agent. All such notices and communications shall, when mailed, telecopied or telegraphed, be effective when deposited in the mails, telecopied or delivered to the telegraph company, respectively, except that notices and communications to the Administrative Agent pursuant to Article II, III or VII shall not be effective until received by the Administrative Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement, the Notes or any other Loan Document or of any Exhibit hereto and thereto to be executed and delivered hereunder and thereunder shall be effective as delivery of a manually executed counterpart thereof. Electronic mail and intranet websites may be used only to distribute routine information such as financial statements and other information as provided in Section 5.01(k), and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose, except as agreed to by the Administrative Agent.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender, any Issuing Bank or the Administrative Agent to exercise, and no delay in exercising, any right hereunder, under any Note or any other Loan Document or shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) Each Borrower, jointly and severally, agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration, waiver or modification and amendment of this Agreement, the Notes and the other Loan Documents and any other documents to be delivered hereunder and thereunder, including, without limitation, (i) all due diligence, syndication (including, without limitation, printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and

(ii) the reasonable fees, disbursement and other charges of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement or any other Loan Document. Each Borrower, jointly and severally, agrees to (A) pay all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment or extension of any Letter of Credit or any demand for payment thereunder, (B) pay on demand all reasonable costs and expenses of the Administrative Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other Loan Documents and any other documents to be delivered hereunder and thereunder, including, without limitation, reasonable fees and expenses of counsel for the Administrative Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a), and (C) indemnify and hold harmless the Administrative Agent, each Lender and each Issuing Bank from any and all present or future stamp, documentary or excise taxes or similar charges, any and all recording and filing fees, and any and all liabilities with respect thereto, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or payment under, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes, the Letters of Credit, the other Loan Documents and any such other documents.

(b) Each Borrower, jointly and severally, agrees to indemnify, exonerate and hold harmless the Administrative Agent, each Lender, each Issuing Bank and each of their Affiliates and their officers, directors, employees, agents, advisors, representatives and controlling persons (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees, disbursements and other charges of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any claim, investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Notes, this Agreement, any other Loan Document or any other documents related thereto, any extension of credit hereunder, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Revolving Credit Advances or (ii) the actual or alleged presence of Hazardous Materials on any property currently or formerly owned or operated by any Borrower or any of its Subsidiaries or any Environmental Action relating in any way to any Borrower or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an claim, investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Borrower, its directors, equityholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. Each Borrower, jointly and severally, also agrees not to assert any claim for special, indirect, consequential or punitive damages against the Administrative Agent, any Lender, any of their Affiliates, or any of their respective officers, directors, employees, agents, advisors, representatives and controlling persons, on any theory of liability, arising out of or otherwise

relating to (i) the Notes, this Agreement, any other Loan Document or any other documents related thereto, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Revolving Credit Advances or (ii) the actual or alleged presence of Hazardous Materials on an property of any Borrower or any of its Subsidiaries or any Environmental Action relating in any way to any Borrower or any of its Subsidiaries.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by any Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.10(a), 2.10(b)(i) or (ii), 2.11 or 2.13, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by any Borrower pursuant to Section 8.07(a) or a replacement of a Lender pursuant to Section 8.07(i), such Borrower shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of any Borrower hereunder, the agreements and obligations of each Borrower contained in Sections 2.12, 2.15 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder, under the Notes or any other Loan Document.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement, the Note held by such Lender or any other Loan Document, whether or not such Lender shall have made any demand under this Agreement, such Note or any other such Loan Document and although such obligations may be unmatured. Each Lender agrees promptly to notify the applicable Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by each Borrower and the Administrative Agent and when the Administrative Agent shall have been notified by each Lender party to this Agreement as of the

date hereof that such Lender has executed it and the Closing Date shall have occurred and thereafter shall be binding upon and inure to the benefit of each Borrower, the Administrative Agent and each such Lender, Issuing Bank and their respective successors and assigns, except that no Borrower shall have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments and Participations. (a) Each Lender may and, if demanded by any Borrower (following a demand by such Lender pursuant to Section 2.12 or 2.15) upon at least five Business Days' notice to such Lender and the Administrative Agent, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Revolving Credit Advances owing to it and the Note or Notes held by it); provided, however, that (i) such Lender shall have obtained the prior written consent of the Administrative Agent, the Issuing Bank and, other than in the case of an assignment to an Affiliate of such Lender, another Lender or its Affiliate, or assignments of the type described in subsection (g) below and unless a Default or an Event of Default has occurred and is continuing, Rayonier, in each case such consent not to be unreasonably withheld or delayed, (ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (iii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $5,000,000 and shall be an integral multiple of $1,000,000 unless Rayonier and the Administrative Agent otherwise agree, and if the assigning Lender is assigning less than all of its Commitments after giving effect to such assignment, the amount of the commitment of the assigning Lender shall be equal to or greater than $5,000,000, (iv) each such assignment shall be to an Eligible Assignee, (v) each such assignment made as a result of a demand by the applicable Borrower pursuant to this Section 8.07(a) shall be arranged by such Borrower after consultation with the Administrative Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (vi) no Lender shall be obligated to make any such assignment as a result of a demand by the applicable Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either such Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Revolving Credit Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount, its proportionate interest in LC Exposure and all other amounts payable to such Lender under this Agreement, (vii) each such assignment shall include an assignment by such Lender of its proportionate interest in LC Exposure, and (viii) the parties to each such assignment shall electronically execute and deliver to the Administrative Agent an Assignment and Acceptance via an electronic settlement system acceptable to the Administrative Agent (or, if previously agreed with the Agent, manually) and pay to the Administrative Agent a processing and recordation fee of $3,500 (such fee payable by the assignor or assignee, as agreed by the parties, and which fee may be waived or reduced in the sole discretion of the Administrative Agent), for its acceptance and recording in the Register.

Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Section 2.12, 2.15 and 8.04 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to (A) any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document, (B) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (C) the financial condition of any Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (D) the performance or observance by any Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document; (ii) such assignee (A) represents and warrants that (1) it satisfies the requirements, if any, specified in this Agreement that are required to be satisfied by it in order to acquire the Assigned Interest (as defined in such Assignment and Acceptance) and become a Lender, (2) from and after the Effective Date (specified in such Assignment and Acceptance), it shall be bound by the provisions of this Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (3) it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 4.01 or delivered pursuant to Section 5.01, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent, the assigning Lender or any other Lender, and (4) it is an Eligible Assignee; and (B) agrees that (1) it will, independently and without reliance on the Administrative Agent, the assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (2) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit F hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) in the event when consent of Rayonier for such Assignment and Acceptance is not required, give notice thereof to Rayonier.

(d) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of each of the Lenders and the Commitment of, and principal amount of the Revolving Credit Advances owing to, each Lender from time to time and proportionate interest of such Lender in LC Exposure (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and any Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other entities (other than any Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Revolving Credit Advances owing to it and any Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrowers hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement, any Note or any other Loan Document, or any consent to any departure by any Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to any Borrower furnished to such Lender by or on behalf of such Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information relating to such Borrower received by it from such Lender.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest (or any other similar interest) in all or any portion of its rights under this Agreement (including, without limitation, the Revolving Credit Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Bank") may grant to a special purpose funding vehicle (a "SPC"), identified as such in writing from time to time by the Granting Bank to the Administrative Agent and each Borrower, the option to provide to the Borrowers all or any part of any Revolving Credit Advance that such Granting Bank would otherwise be obligated to make to the Borrowers pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Revolving Credit Advance, (ii) if a SPC elects not to exercise such option or otherwise fails to provide all or any part of such Revolving Credit Advance, the Granting Bank shall be obligated to make such Revolving Credit Advance pursuant to the terms hereof. The making of a Revolving Credit Advance by a SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Revolving Credit Advance were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section, any SPC may (i) with notice to, but without the prior written consent of, each Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Revolving Credit Advances to the Granting Bank or to any financial institutions (consented to by each Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Revolving Credit Advances and (ii) disclose on a confidential basis any non-public information relating to its Revolving Credit Advances to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of the SPC.

(i) If any Lender has failed to consent to a proposed amendment, waiver or other action that pursuant to the terms of Section 8.01 requires the consent of all the Lenders affected and with respect to which the Required Lenders shall have granted their consent (any such Lender referred to above, a "Non-Consenting Lender"), then so long as no Event of Default then exists, the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace any such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Revolving Credit Advances and Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent and the Issuing Banks; provided, that (i) all obligations of the Borrower owing to such Non-Consenting Lender being replaced, including obligations arising under Section 8.04(c) as a result of such replacement and all accrued fees and other accrued amounts (other than accrued interest paid pursuant to clause (ii)) shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (ii) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment, the Borrower, the Administrative Agent, such Non-Consenting Lender and the replacement Lender shall

otherwise comply with Section 8.07(a); except that the assigning Lender shall be deemed to have assigned and executed an assignment that otherwise complies with such Section.

SECTION 8.08. Confidentiality. Neither the Administrative Agent nor any Lender shall disclose any Confidential Information to any other Person without the consent of each Borrower other than (a) to the Administrative Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and, as contemplated by Section 8.07(f), to actual or prospective assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) in connection with the enforcement of any Loan Document or in connection with the defense of any litigation or other claim or action brought by or on behalf of Rayonier or any Subsidiary of Rayonier, and (d) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking. Notwithstanding anything herein to the contrary, any party hereto (and any employee, representative or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except that tax treatment and tax structure shall not include the identity of any existing or future party (or any affiliate of such party) to this Agreement. For this purpose, the tax treatment of the transactions contemplated by this Agreement is the purported or claimed U.S. federal income tax treatment of such transactions and the tax structure of such transactions is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of such transactions.

SECTION 8.09. Governing Law. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK.

SECTION 8.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different 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. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.11. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, the Notes or the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such

action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement, the Notes or the other Loan Documents to which it is a party in the courts of any jurisdiction, except that each of the Loan Parties agrees that (i) it will not bring any such action or proceeding in any court other than New York Courts (it being acknowledged and agreed by the parties hereto that any other forum would be inconvenient and inappropriate in view of the fact that more of the Lenders who would be affected by any such action or proceeding have contacts with the State of New York than any other jurisdiction), and (ii) in any such action or proceeding brought against any Loan Party in any other court, it will not assert any cross-claim, counterclaim or setoff, or seek any other affirmative relief, except to the extent that the failure to assert the same will preclude such Loan Party from asserting or seeking the same in the New York Courts.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement, the Notes or the other Loan Documents to which it is a party in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.12. Waiver of Jury Trial. Each of the Borrowers, the Administrative Agent and the Lenders hereby irrevocably waives 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 this Agreement, the Notes or the other Loan Documents to which it is a party or the actions of the Administrative Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

RAYONIER INC.

By /s/ Carl E. Kraus
Name: Carl E. Kraus
Title: Senior Vice President

RAYONIER TRS HOLDINGS INC.

By /s/ Timothy H. Brannon
Name: Timothy H. Brannon
Title: Vice President

RAYONIER FOREST RESOURCES, L.P.

by RAYONIER TIMBERLANDS
MANAGEMENT, LLC, its Managing General Partner

By /s/ Timothy H. Brannon
Name: Timothy H. Brannon
Title: Vice President

Lenders

Administrative Agent

CREDIT SUISSE, Cayman Islands Branch

By /s/ Judith Smith
Name: Judith Smith
Title: Director

By /s/ Doreen Barr
Name: Doreen Barr
Title: Vice President

BANK OF AMERICA, N.A.

By /s/ Michael Balok
Name: Michael Balok
Title: Senior Vice President

CoBank, ACB

By /s/ Michael Tousignant
Name: Michael Tousignant
Title: Vice President

SunTrust Bank

By /s/ Stacy Lewis
Name: Stacy Lewis
Title: Vice President

CAPE FEAR FARM CREDIT, ACA

By /s/ Randy T. Pope
Name: Randy T. Pope
Title: Vice President

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By /s/ Gus Martin
Name: Gus Martin
Title: Vice President

The Bank of New York

By /s/ Kenneth R. McDonnell
Name: Kenneth R. McDonnell
Title: Vice President

JP Morgan Chase Bank, N.A.

By /s/ Steven A. Willmann
Name: Steven A. Willmann
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION

By /s/ Robert G. McGill Jr.
Name: Robert G. McGill Jr.
Title: Director

Northwest Farm Credit Services, PCA

By /s/ Jim D. Allen
Name: Jim D. Allen
Title: Senior Vice President

Compass Bank

By /s/ French Yarbrough Jr
Name: French Yarbrough Jr
Title: Senior Vice President

The Northern Trust Company

By /s/ Karen E. Dahl
Name: Karen E. Dahl
Title: Vice President

CITIBANK, N.A.

By /s/ James Buchanan
Name: James Buchanan
Title: Vice President

SCHEDULE I
COMMITMENT AMOUNTS AND
APPLICABLE LENDING OFFICES

Name of Initial Lender	Commitment Amount	Domestic Lending Office	Eurocurrency Lending Office
Credit Suisse, Cayman Islands Branch	$25,000,000	Eleven Madison Avenue New York, NY 10010 Attn: Ethan Fu T: 212-538-9860 F: 212-538-9884	Eleven Madison Avenue New York, NY 10010 Attn: Ethan Fu T: 212-538-9860 F: 212-538-9884
Bank of America, N.A.	$25,000,000	315 Montgomery Street San Francisco, CA 94140-1866 Attn: Andrew Stinson T: 925-675-7478 F: 888-969-9281	315 Montgomery Street San Francisco, CA 94140-1866 Attn: Andrew Stinson T: 925-675-7478 F: 888-969-9281
CoBank, ACB	$25,000,000	5500 S. Quebec St. Greenwood Village, CO 80111 Attn: Marshall Allen T: 303-740-4386 F: 303-740-4021	5500 S. Quebec St. Greenwood Village, CO 80111 Attn: Marshall Allen T: 303-740-4386 F: 303-740-4021
SunTrust Bank	$20,000,000	200 S. Orange Avenue, MC 1108 Orlando, FL 32801 Attn: Lois Keezel T: 407-237-4855 F: 407-588-4400	200 S. Orange Avenue, MC 1108 Orlando, FL 32801 Attn: Lois Keezel T: 407-237-4855 F: 407-588-4400
AgFirst Farm Credit Bank	$20,000,000	1401 Hampton Street Columbia, SC 29201 Attn: Michelle Rice T: 803-753-2510 F: 803-256-7139	1401 Hampton Street Columbia, SC 29201 Attn: Michelle Rice T: 803-753-2510 F: 803-256-7139
Wells Fargo Bank, National Association	$20,000,000	1740 Broadway Denver Colorado 80274 Attn: Marlene Rieb T: 303-863-5163 F: 303-763-2729	1740 Broadway Denver Colorado 80274 Attn: Marlene Rieb T: 303-863-5163 F: 303-763-2729
The Bank of New York	$20,000,000	One Wall St. 21st Floor New York, NY 10286 Attn: Larry Geter T: 212-635-6740 F: 212-635-6399 or 6877	One Wall St. 21st Floor New York, NY 10286 Attn: Larry Geter T: 212-635-6740 F: 212-635-6399 or 6877
JPMorgan Chase Bank, N.A.	$20,000,000	3475 Piedmont Rd NE, 18th Floor	1111 Fannin Street, 9th Floor

		Atlanta, GA 30305 Attn: Eric Martin T: 713-750-7924 F: 713-750-2228	Houston, TX 77002 Attn: Eric Martin T: 713-750-7924 F: 713-750-2228
Wachovia Bank, National Association	$20,000,000	301 South College Street, NC5562 Charlotte, NC 28288 Attn: William Dunn T: 704-715-7608 F: 704-715-0097	201 South College Street, NC1183 Charlotte, NC 28202 Attn: William Dunn T: 704-715-7608 F: 704-715-0097
Northwest Farm Credit Services, PCA	$15,000,000	1700 South Assembly Street Spokane, WA 99224 Attn: Technical Accounting Services T: 800-216-4535 F: 509-340-5508	1700 South Assembly Street Spokane, WA 99224 Attn: Technical Accounting Services T: 800-216-4535 F: 509-340-5508
Compass Bank	$15,000,000	10060 Skinner Lake Drive Jacksonville, FL 32246 Attn: Carolyn Stoner T: 904-564-8822 F: 904-564-8830	10060 Skinner Lake Drive Jacksonville, FL 32246 Attn: Carolyn Stoner T: 904-564-8822 F: 904-564-8830
The Northern Trust Company	$10,000,000	50 S. LaSalle Street Chicago, IL 60675 Attn: Sharon Jackson T: 312-630-1609 F: 312-630-1566	50 S. LaSalle Street Chicago, IL 60675 Attn: Sharon Jackson T: 312-630-1609 F: 312-630-1566
Citibank, N.A.	$15,000,000	2 Pennsway Suite 100 New Castle, DE 19720 Attn: Vannessa White T: 302-894-6029 F: 212-994-0847	2 Pennsway Suite 100 New Castle, DE 19720 Attn: Vannessa White T: 302-894-6029 F: 212-994-0847
Total:	$250,000,000		

SCHEDULE 4.01(g)
DISCLOSED LITIGATION

For purposes of completeness, the following constitutes a list of the significant current claims and litigation involving the Borrowers, although not all claims and litigation. Inclusion on this Schedule does not necessarily imply that any such litigation or potential claim could be reasonably likely to have a Material Adverse Effect.

PENDING LITIGATION

1. *Gilchrist Timber vs. ITT Rayonier, Inc.* (U.S. District Court, Northern District of Florida). Plaintiffs alleged fraudulent misrepresentation regarding zoning in connection with a 1985 timberland sale. A jury verdict against the Company for $1.676 million, which was later set aside by the trial judge, was reinstated on November 18, 1997 by the U.S. Court of Appeals for the Eleventh Circuit, and the case was remanded to the trial court for the limited purpose of presenting to a jury the question of the comparative negligence of the Plaintiffs (sophisticated buyers) and the surveyor (who made a zoning mistake in the survey upon which Plaintiffs allegedly relied). The re-trial of this matter concluded on September 3, 2004, with the jury assessing 67% responsibility to the Company and 33% responsibility to Plaintiff. Rayonier's exposure for the jury verdict was established at $1,123,255. On September 28, 2005, the trial court entered judgment in the case and denied Plaintiffs' claim for prejudgment interest in its entirety. Accepting most of Rayonier's arguments, the court permitted post judgment interest from the date of the original jury verdict date (January 31, 1992) on the amount of the September 2004 verdict at the federal case rate of 4.02% per annum. While the Plaintiffs have appealed this ruling with respect to pre-judgment interest, Rayonier has paid the Plaintiffs the amount of the judgment plus interest as directed by the court ($1,950,788.11) to stop the running of post judgment interest. The matter has been fully briefed and we are awaiting a ruling from the appellate court.

2. *U.S. v. Beckman, Coulter, Inc. et al. and New Jersey Department of Environmental Protection et al. v. American Thermoplastics Corp., et al.* (U. S. District Court, New Jersey). The EPA brought these suits under CERCLA for past response costs and ongoing operation and maintenance costs incurred by the EPA and the State of New Jersey at the Combe Fill South landfill in Chester and Washington Townships, New Jersey. Waste generated in the 1960's and 1970's by the Company's former Eastern Research Division was disposed of at this and other public landfills by its waste hauler. There are over 200 primary and third party defendants in this action.

A court-appointed neutral has been working for several years on an allocation report in which he will attempt to allocate responsibility to each of the PRPs based on various factors. This 2400-page report was finally delivered in early April, and indicates that Rayonier was treated favorably (about 0.6% of the "waste-in"). We hope that the report will now be used to accelerate settlement discussions. Estimates of the costs incurred to date by the EPA and State of New Jersey with respect to investigations and remediation of this site exceed $100 million.

3. *United States of America and State of Louisiana vs. Marine Shale Processors, Inc. and Recycling Park, Inc. vs. Southern Wood Piedmont Company vs. GTX, Inc. aka Earthlock Technology* (United States District Court, Western District of Louisiana, Lafayette Division). This action arises out of a complaint filed in 1990 by the U.S. and Louisiana governments (referred to collectively as the "Government") against Marine Shale alleging violation of various environmental regulations at its recycling facility and to force disposal of certain waste that the Government alleges is hazardous. This includes approximately 150,000 tons of material excavated by Southern Wood Piedmont ("SWP") from its remediation sites and recycled by Marine Shale. In June, SWP and the Government reached agreement on a negotiated consent decree that resolves SWP's liability for the Marine Shale plant site and a related site where SWP material was placed (the "RPI Site"). Under this agreement, which was approved by the U.S. District Court on June 6, SWP will oversee and pay for certain capping and related work to be performed at the RPI site and pay the Government $200,000. SWP and Rayonier will receive a covenant not to sue from the Government and contribution protection against claims by third parties relating to the Marine Shale and RPI sites. A public hearing on the settlement was held on July 19 and the public comment period ended July 31. The government will be preparing a motion for final court approval of the consent decree shortly.

4. *Wayne County, GA Property Tax Dispute*. In connection with the tax assessment of the real and personal property of the Company's Wayne County facilities for the year 2002, including the Company's Jesup mill and related facilities, the Wayne County Tax Assessor assessed the fair market value of Rayonier's property to be approximately $468 million, as compared to approximately $305 million in 2001. This assessment increase, exclusive of a millage increase applicable to all Wayne County taxpayers, would result in an increase in the Company's 2002 Wayne County property taxes of approximately $1.7 million over taxes paid by the Company for tax year 2001. The Company was required to pay, and did pay, 85% of the ad valorem tax bills issued based on the increased assessment. (These payments were expensed.) The Company appealed the assessment to the Wayne County Board of Equalization, which ruled in favor of the County on September 8, 2003. The Company then appealed this decision, challenging the increase in assessment valuation, including a number of issues relating to the county's calculation of fair market value of the Company's real and personal property. The parties executed an agreement to resolve this matter through binding arbitration, and on December 22, 2004, the arbitration agreement was approved by the Superior Court of Wayne County, Georgia. This agreement also calls for binding arbitration of the assessments for tax years 2003 and 2004, respectively, which raise substantially similar issues as the 2002 tax year.

On September 10, 2005, the arbitration panel issued its ruling, which almost completed adopted the Company's position. Assessed valuations were held to be approximately $202.3 million for 2002, $191.6 million for 2003 and $174.7 million for 2004. The decision means that the County owes the Company not less than $4.8 million in refunds for excess taxes paid, and that other amounts reserved for these tax years on the Company's books will not need to be paid. On March 24, the Georgia Superior Court upheld the arbitration agreement except for one provision governing the calculation of property taxes in future years, confirmed the arbitrators' award and ordered the parties to agree upon the amount of the pollution control equipment designation (which has now been completed). In July, the Company and the County reached an agreement in principle to resolve this dispute, subject to mutual agreement on final documentation. The tentative agreement, among other things, establishes a fair market value assessment for the mill

and research and development facility for each of the years 2002 through 2006, and a framework for computing the fair market value of these properties for years 2007 through 2011. The tentative agreement would also resolve several other ancillary issues related to this matter. The proposed settlement, for which documents are currently being drafted, will require approvals of Wayne County Commission and Board of Assessors.

5. *United Association of Plumbers and Pipefitters (AFL-CIO) Local 473 and William C. Tresher v. Rayonier* (U.S. District Court, Southern District of Georgia, Brunswick Division). Plaintiffs allege that Mr. Tresher, a former Jesup mill employee and member of Local 473, was wrongfully denied disability retirement benefits due him under the terms of the collective bargaining agreement (the "CBA") between Local 473 and the Company. The Company's position was that the decision of the Retirement Committee, which administers the retirement plan, was final and not subject to the terms of the CBA. The Company and the plaintiff each filed motions for summary judgment on February 10, 2005 and a decision was received on June 24. The Court ruled in Rayonier's favor on the issue of whether disability benefits had to be paid to Plaintiff based on the past practice under the CBA, but also held that under the CBA, Rayonier was required to arbitrate the issue of plaintiff's eligibility for such benefits under the applicable retirement plan. While the Company has successfully defended similar claims in the past, it is too early to determine the extent or probability of potential loss. Recently, the attorney for the plaintiff died, which has delayed the arbitration of this matter. The Company and the local union have initiated discussions in an attempt to resolve this matter.

6. *Johnny Odum v. Rayonier Inc., Steve Worthington, John Enlow, Don Ray, and John Doe* (U.S. District Court for the Southern District of Georgia, Brunswick Division). On December 9, 2004, Rayonier and three named employees of its Rayonier Wood Procurement LLC subsidiary were sued by Odum, an employee currently on long term disability. The complaint alleges that the Rayonier corporate and individual defendants conspired to influence Odum's testimony in a case brought by a supplier in October 2000 (Grant Lewis v. Rayonier Inc.) and that following Odum's testimony, Rayonier and its employees retaliated against Odum by giving him false performance reviews. These alleged actions are claimed by Odum to have caused him stress-related injuries and damages in excess of $1,000,000, as well as punitive damage and attorneys fees. On December 14, 2005, the trial judge granted Rayonier partial summary judgment, disposing of the state law tort claim and ruling that the influencing testimony claim was barred by the statute of limitations; however, the court denied summary judgment on the retaliation claim. The trial has been scheduled to begin October 16, 2006.

7. *William Milledge et al v. Rayonier Inc.* (U. S. District Court for the Southern District of Georgia, Brunswick Division). On February 3, 2005, the Company was sued by Milledge and three other Jesup mill hourly employees, who claimed that they were discriminated against based on race in that less qualified white employees were promoted to positions that they claim they should have been awarded. Their claims include violations of Title VII of the Civil Rights Act of 1964 - specifically race discrimination in promotion and hostile work environment - and generalized claims of emotional distress. One of the individuals dismissed his claim with prejudice. The District Court granted summary judgment on all three remaining Plaintiffs' claims. All three Plaintiffs appealed, and both Plaintiffs and Rayonier have filed briefs with the Eleventh Circuit Court of Appeals. We currently await a ruling.

NEW MATTERS

1. *Chattanooga Creek Remediation Settlement - Southern Wood Piedmont*. The EPA initiated cleanup of a creek located adjacent to SWP's discontinued operations in Chattanooga, Tennessee. Following receipt of notification from EPA that SWP was considered a potentially responsible party (PRP), SWP, two other companies and the United States government reached a settlement under which SWP paid $1.65 million out of a total settlement package of $31.2 million and the three nongovernmental PRPs managed the remediation of the Creek. Under the settlement documentation, SWP could potentially incur additional amounts above the $1.65 million in the event of any remediation cost overruns or unforeseen remediation-related issues. Earlier this year the EPA conducted some testing in a section of the creek that has been partially remediated, referred to as the "Oxbow" section of the creek, and determined that the section does not meet the remedial requirements of the settlement documents. Pursuant to a letter dated June 20, 2006, EPA opined that the SWP site is the source of a continuing discharge to the Oxbow. SWP and its experts disagree with EPA's assessment and methodology. It is too early to reach any conclusions about EPA's letter or its opinions, or its impact on SWP, or the PRP group as a whole. SWP, its experts and the PRP group are working to address the issues promptly so as not to impede continued remediation progress on the Creek. The outcome of this issue, and any need for additional funding to address it, is undeterminable at this time.

CLAIMS NOT YET RISING TO LITIGATION

1. *Holley Electric Site*. In an April 22, 2005 letter from the Georgia EPD, Rayonier was identified as one of 60 potentially responsible parties under the Georgia Hazardous Site Response Act, for the Holley Electric Corporation ("Holley") site in Jesup. Holley's operations involved services related to PCBs, including waste PCB hauling and storage. The site was closed in the early 1980s and was listed on the Georgia Hazardous Site Inventory in 1994, although it is not listed on the federal National Priorities List (Superfund). It appears that our Jesup and Fernandina mills, as well as Baxley, utilized Holley's services while it was in operation. We are currently participating in a joint defense group, although the EPD has taken no action on this site for several months.

2. *Chalecki; Keifer v. Do+Able Products Inc.* (Arizona Superior Court, Mohave County). This is a personal injury case in which plaintiffs claim injury as a result of exposure to formaldehyde emitted from MDF board manufactured by Rayonier MDF and used by Do+Able Products in manufacturing a "slotwall" product sold in retail stores such as Home Depot. Rayonier is not currently a party in this action. Attorneys for Do+Able Products tendered the defense of the claim to Rayonier in late December, 2005. We rejected the tender on the basis that Rayonier sold the stock of Rayonier MDF New Zealand (now renamed Dongwha Patinna Limited), the company which currently owns the MDF plant, in August, 2005. Do+Able Products subsequently tendered the defense to Dongwha Patinna, and it has also rejected the tender, largely on the grounds that it has no contractual indemnification obligation to the defendants. We are unable to make a determination of the Company's potential liability, if any.

REMEDIAL ACTIVITY AT DISCONTINUED OPERATIONS SITES

The sites of several discontinued operations are in various stages of environmental remediation. These sites include, but are not limited to, the former dissolving pulp mill site in Port Angeles, Washington; a property in Shelton, Washington formerly used as a landfill and to dispose of spent pulping liquor from a former Rayonier pulp mill closed in 1957; and ten current and former Southern Wood Piedmont ("SWP") sites. The SWP sites, located in several states, are former wood treatment operations that were mostly shuttered in the 1980's. The SWP sites are contaminated at various levels with creosote, creosote coal tar, pentachlorophenol and/or chromium copper arsenate (all of which were used as wood preservatives when the sites were operating), and various constituents of these materials. The sites are in various stages of investigation and remediation, and most are being addressed under the RCRA program, with the remainder being administered under state versions of CERCLA. Regulatory participation with applicable state agencies and U.S. EPA varies from site to site, as does the nature and status of remedial activity. From time to time the Borrowers engage in litigation concerning investigation or remediation requirements relating to these sites, either with regulatory agencies or private parties. With the exception of litigation discussed above, no litigation has been filed by a regulatory agency and is pending, although all of the sites are at some stage of the regulatory process.

ENVIRONMENTAL MATTERS

1. Jesup Mill "Pre-Steaming" Issue. Internal evaluation undertaken in connection with the mill's pulp and paper "Cluster Rule" compliance program revealed an issue relating to the control of certain methanol emissions from the "pre-steaming" portion of the hardwood cook process. The issue is whether these particular emissions, which the mill had not been collecting, are required to be collected under Cluster Rule requirements. (Note that the mill is now capturing these emissions.) While we believe the language of the applicable regulation to be, at best, ambiguous, we reported the situation to the Georgia Environmental Protection Division ("EPD") out of an abundance of caution and have met with EPD representatives on the issue. There have been settlement discussions involving a proposal by EPD for the payment of a penalty in the low hundred thousand dollar range, plus performance of a supplemental environmental project at the mill. However, no formal agreement has yet been reached.

ITEMS LISTED ON SCHEDULE 4.01(l)

All items included on Schedule 4.01(l) to the Credit Agreement are hereby incorporated into this Schedule 4.01(g).

ITEMS DISCLOSED IN SEC FILINGS

All items and risk factors otherwise disclosed in Rayonier Inc.'s public filings with the Securities and Exchange Commission, including without limitation, Rayonier's 2005 Annual Report on Form 10-K, are hereby incorporated into this Schedule 4.01(g)

SCHEDULE 4.01(l)
ENVIRONMENTAL MATTERS

For purposes of completeness, the following constitutes a list of the significant current environmental matters involving the Borrowers, although not all environmental matters. Inclusion on this Schedule does not necessarily imply that any such item or issue could be reasonably likely to have a Material Adverse Effect.

A. GENERAL

1. The disclosures and risk factors set forth in the Borrower's public filings with the Securities and Exchange Commission ("SEC"), including, without limitation, its 2005 Annual Report on Form 10-K, are hereby incorporated herein.

2. The disclosures set forth in Schedule 4.01(g) of this Agreement are hereby incorporated herein.

3. Permits. The Borrowers are permittees under numerous operating and environmental permits affecting their facilities. These include, without limitation, permits governing air emissions, effluent discharges, waste generation and handling and groundwater use consumption. Many of these permits include numerous conditions and requirements that impact production and production levels, among other things. At any time a number of these permits may be in the course of application for renewal or amendment. The renewal process often includes discussions and negotiations with governmental agencies and third party stakeholders over various conditions to be included in each respective permit, many of which could cost significant amounts to implement if included in the permit. At times, litigation may result if no agreement can be reached. No assurances are given that the renewal or amendment of any of Borrowers' permits will not result in one or more additional or modified permit conditions that could result in a Material Adverse Effect

B. CLEAN AIR ACT AND CLEAN WATER ACT COMPLIANCE

1. Cluster Rules. U.S. EPA uses this term to identify parallel rule-making, largely implemented in 1998, for water and air technology-based discharge limits for pulp and paper mills. The Company is currently in compliance in all material respects with its obligations under the Cluster Rules, subject to the Jesup "Pre-Cook" issue discussed below. The most significant remaining Cluster Rule requirement is the pending development (timeline uncertain) of "Best Available Technology"-based limits for effluent discharges from dissolving pulp mills. As there are only four currently operating dissolving pulp mills in the U.S. (soon to be three, as one has announced its closure), U.S. EPA has delegated development of these limits to the states in which these mills are located (Florida and Georgia). We have one dissolving pulp mill in each of these states (Fernandina and Jesup). While it is unclear exactly what these limits will be, it is not expected that they will have a Material Adverse Effect, although there can be no assurance of same.

2. Jesup "Pre-Steaming" Issue. See the discussion set forth in Schedule 4.01(g).

3. Jesup Mill NPDES (National Pollution Discharge Elimination System) Permit Renewal. In 2002 Rayonier and the Altamaha Riverkeeper (ARK) reached an agreement relating to ARK's challenge to Rayonier's NPDES effluent discharge permit for the Jesup mill, which was issued by the Georgia EPD. As part of the settlement Rayonier agreed to a goal of making significant reductions in effluent foam, odor and color. To date, the foam and odor issues have largely been resolved due to various projects implemented by the mill. While there is no express regulatory requirement to limit effluent color, Rayonier agreed to work toward a goal of 50% reduction in effluent color, contingent on finding technology that was, in Rayonier's judgment, reliable and cost effective.

Rayonier's efforts to reduce color have been only partially successful to date, largely due to overall increased mill production and the ultra high purity of the mill's acetate product grades. Our application for renewal of the mill's NPDES permit was submitted in October of 2005 and the Georgia EPD has extended the current permit for two additional years. We are commencing a third party technology study to determine other potential solutions to effluent color loading at the mill. Discussions are also being held with ARK to attempt to avoid litigation over the new permit. While it is not expected that any expenditures necessary to address effluent color issues at the mill will have a Material Adverse Effect, there can be no assurance of same.

C. DISCONTINUED OPERATIONS

1. Port Angeles, WA Site. Over the past two years, the Company has prepared and submitted to the Washington Department of Ecology ("Ecology") various draft investigation reports required under the Model Toxics Control Act, Washington's state version of CERCLA. These reports cover the "uplands" portion of the mill site, the "marine" areas and ecological risk assessment relating to the overall impact on plant and animal life. As a result of several extended delays largely caused by Ecology and the Lower Elwha Klallam Tribe (to whom Ecology has given significant authority in the remediation process), none of these reports yet have been released for public review. After finalization of these reports, actual feasibility and remedial requirements will be determined in the next steps of the process. In addition, Rayonier is currently commencing additional marine sampling largely relating to potential PCB presence in marine areas around the mill.

Separately, in November, 2005 the Company filed a lawsuit against Ecology which challenged Ecology's use of an overly stringent remedial standard for off-site (i.e., non-industrial) dioxin without formally vetting this standard through the required rulemaking process. The case was settled in 2006 when Ecology and the Washington Attorney General acceded to Rayonier's position, but since then Ecology has announced proposed rulemaking that would, in effect, negate the settlement. A legal challenge to any new rule is contemplated. While it is not expected that resolution of this issue will have a Material Adverse Effect, there can be no assurance of same.

2. Goose Lake (Shelton), WA. A Shelton, Washington pulp mill closed by Rayonier in the 1950's disposed of spent sulfite liquor in an off-site lake owned by the Company, and the former Rayonier Research Center in Shelton deposited debris in a landfill near the lake through the mid-1970's. Soil and groundwater sampling have been conducted under an agreed order with Ecology and the results were reported to Ecology last year. We are responding to comments submitted by Ecology and the scope of required remediation is currently unclear.

3. Hylebos Waterway. In 1993 the EPA identified the Company as a PRP at the Commencement Bay Nearshore/Tideflats Superfund Site in Tacoma, Washington as a result of the Company's operation of a pulp mill on the Hylebos Waterway between 1937 and 1942. A group of other PRPs has begun remediation of the Waterway and has sought the Company's financial participation. To date, there has been no action taken by either the EPA or the other PRPs to force participation. As there is no evidence that the Company used, stored or released any of the hazardous substances of concern, we have declined to contribute toward remediation or a proposed settlement of alleged natural resources damages claims. However, after participating in a voluntary mediation process, the Company joined a group of PRPs who are negotiating with the natural resource trustees for the site to settle their alleged joint liability for natural resource damages. If the arrangement negotiated at the mediation holds and is accepted by the trustees, the Company will participate in the settlement.

4. Southern Wood Piedmont Sites. See discussion in Schedule 4.01(g).

SCHEDULE 4.01(o)
POST RETIREMENT BENEFIT OBLIGATIONS

Accumulated Post-Retirement Benefit Obligations
as of December 31, 2005

Accumulated Post-Retirement Benefit Obligations within meaning of FASB 106	$40,073,000

SCHEDULE 5.03(b)
EXISTING LIENS

None

SCHEDULE 5.04(b)
EXISTING INVESTMENTS

None

SCHEDULE 5.04(e)
EXISTING SUBSIDIARY PAYMENT RESTRICTIONS

None

EXHIBIT A – FORM OF
REVOLVING CREDIT
PROMISSORY NOTE

U.S.$ ____ Dated: _____, 20__

FOR VALUE RECEIVED, the undersigned, [NAME OF A BORROWER], a [_____] corporation/limited partnership/limited liability company (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the principal sum of U.S.$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of the Revolving Credit Advances made by the Lender to the Borrower pursuant to the Five-Year Revolving Credit Agreement dated as of _____, 2006 among Rayonier Inc., Rayonier TRS Holdings, Inc., Rayonier Forest Resources, L.P., and any Additional Borrower (as defined therein), as borrowers, the Lender and certain other lenders parties thereto, the issuing banks parties thereto, and Credit Suisse, acting through its Cayman Islands Branch ("CS"), as Administrative Agent for the Lender and such other lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Credit Advance from the date of such Revolving Credit Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to CS, as Administrative Agent, at The Bank of New York, ABA No. 02100018, Account No. 8900492627, Attn: Agency Cayman, Reference: Rayonier or such other account in the United States as the Administrative Agent may designate from time to time by notice to the Borrower, in same day funds. Each Revolving Credit Advance made by the Lender to the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Revolving Credit Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Revolving Credit Advance being evidenced by this Promissory Note and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

[NAME OF A BORROWER]

By _____
Name:
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Revolving Credit Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

Credit Suisse,
acting through its Cayman Islands Branch,
as Administrative Agent
for the Lenders parties
to the Credit Agreement
referred to below
Eleven Madison Avenue
New York, New York 10010

[Date]

Attention: [Agency Department Manager]

Ladies and Gentlemen:

The undersigned, [NAME OF A BORROWER], refers to the Five-Year Revolving Credit Agreement, dated as of _____, 2006 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., and any Additional Borrower (as defined therein), as borrowers, certain Lenders parties thereto, certain Issuing Banks parties thereto, and Credit Suisse, acting through its Cayman Islands Branch ("CS"), as Administrative Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Revolving Credit Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Revolving Credit Borrowing (the "Proposed Revolving Credit Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Revolving Credit Borrowing is _____, 20 .

(ii) The Type of Advances comprising the Proposed Revolving Credit Borrowing is [Alternate Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Revolving Credit Borrowing is $____.

(iv) Proceeds of the Proposed Revolving Credit Borrowing are to be wire -transferred in accordance with the following instructions:

[(v) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Revolving Credit Borrowing is _____ month[s].]

The undersigned hereby certifies that, as of the Proposed Revolving Credit Borrowing, all the applicable conditions contained in Section 3.02 of the Credit Agreement have been satisfied (or waived pursuant to Section 8.01 of the Credit Agreement).

Very truly yours,

[NAME OF A BORROWER]

By _____
Name:
Title:

GUARANTEE AGREEMENT dated as of _____, 2006, among (a) RAYONIER INC., a North Carolina corporation ("Rayonier"),(b) RAYONIER TRS HOLDINGS INC., a Delaware corporation ("TRS"), (c) from and after any Additional Borrower Effective Date, the Additional Borrower (as such terms are defined in the Credit Agreement referred to below) (Rayonier, TRS and, from and after any such Additional Borrower Effective Date, such Additional Borrower, each a "Guarantor" and collectively, the "Guarantors"), and (d) CREDIT SUISSE, acting though its Cayman Islands Branch, as administrative agent (the "Administrative Agent") for the Guaranteed Parties (as defined below).

Reference is made to the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rayonier, TRS, Rayonier Forest Resources, L.P. ("RFR") and any Additional Borrower, as borrowers (Rayonier, TRS, RFR and any Additional Borrower, each individually, a "Borrower" and collectively, the "Borrowers"), the lenders from time to time party thereto (the "Lenders"), the Issuing Banks from time to time party thereto (the "Issuing Banks") and Credit Suisse, as Administrative Agent. Capitalized terms used and not defined herein have the meanings assigned to them in the Credit Agreement.

The Lenders have agreed to make Revolving Credit Advances to the Borrowers, and the Issuing Banks have agreed to issue Letters of Credit for the account of the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Guarantors is a Borrower under the Credit Agreement and acknowledges that it will derive substantial benefit from the making of the Revolving Credit Advances by the Lenders and the issuance of the Letters of Credit by the Issuing Banks. The obligations of the Lenders to make Revolving Credit Advances and of the Issuing Banks to issue Letters of Credit are conditioned on, among other things, the execution and delivery by the Guarantors of a Guarantee Agreement in the form hereof. As consideration therefor and in order to induce the Lenders to make Revolving Credit Advances and the Issuing Banks to issue Letters of Credit, the Guarantors are willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. *Guarantees*. Each Guarantor unconditionally guarantees, jointly with each other Guarantor and severally, as a primary obligor and not merely as a surety, (a) the due and punctual payment by each Borrower (other than itself) of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Revolving Credit Advances made to such Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by such Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary,

secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of such Borrower to the Administrative Agent and each Lender under the Credit Agreement and the other Loan Documents (collectively, the "Guaranteed Parties"), whether such amounts shall have accrued prior to, on or after the Closing Date, (b) the due and punctual payment and performance of all covenants, agreements, obligations and liabilities of each Borrower (other than itself), monetary or otherwise, under or pursuant to the Credit Agreement and the other Loan Documents and (c) the due and punctual payment and performance of all obligations of each Borrower (other than itself), monetary or otherwise, under each Interest Rate Agreement in effect on the date hereof to which any Lender (or an Affiliate of a Lender) is a party and each Interest Rate Agreement entered into after the date hereof with any counterparty that is a Lender (or an Affiliate of a Lender) at the time such Interest Rate Agreement is entered into (all the monetary and other obligations referred to in the preceding clauses (a) through (c) being collectively called the "Obligations").

Anything contained in this Agreement to the contrary notwithstanding, the obligations of TRS hereunder, and the obligations of any Additional Borrower in respect of the obligations of Rayonier, shall be limited to a maximum aggregate amount equal to the greatest amount that would not render such obligations subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any provisions of applicable law (collectively, the "Fraudulent Transfer Laws"), in each case after giving effect to all other liabilities of TRS or such Additional Borrower, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of TRS or such Additional Borrower, as the case may be, pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among TRS or such Additional Borrower, as the case may be, and other Affiliates of Rayonier of obligations arising under Guarantees by such parties.

Each Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

SECTION 2. *Obligations Not Waived*. To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from and protest to the applicable Borrower and any other guarantor of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Guarantor hereunder shall not be affected by, and each Guarantor hereby waives any defense arising by reason of, (a) the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce or exercise any right or remedy against the applicable Borrower or any other guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise, (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of this Agreement, any other Loan Document, any Guarantee or any other agreement, including with respect to any other Guarantor under this Agreement, (c) the failure to take or perfect any security interest in, or the release of, any collateral security held by or on behalf of any Guaranteed Party or (d) the failure of any person to comply with Section 5.01(l) of the Credit

Agreement, Section 19 of the RFR Subsidiary Guarantee Agreement, Section 19 of the TRS Subsidiary Guarantee Agreement or Section 19 of the any Additional Subsidiary Guarantor Guarantee Agreement.

SECTION 3. *Guarantee of Payment*. Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any other Guaranteed Party to any collateral security held for payment of the Obligations or any balance of any deposit or other account or credit on the books of the Administrative Agent or any other Guaranteed Party in favor of the applicable Borrower or any other person.

SECTION 4. *No Discharge or Diminishment of Guarantee*. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the applicable Borrower's Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the applicable Borrower's Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of such Obligations, any law or regulation of any jurisdiction or any other event affecting any term of an Obligation or any other circumstance that might constitute a defense of the Borrower or any Guarantor. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the applicable Borrower's Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or that would otherwise operate as a discharge of each Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the applicable Borrower's Obligations), and each Guarantor hereby waives any defense arising by reason of any of the foregoing actions.

SECTION 5. *Defenses of Borrower Waived*. To the fullest extent permitted by applicable law, each of the Guarantors waives any defense based on or arising out of any defense of the applicable Borrower or the unenforceability of the applicable Borrower's Obligations or any part thereof from any cause or the cessation from any cause of the liability of the applicable Borrower (other than the final and indefeasible payment in full in cash of such Borrower's Obligations). The Administrative Agent and the other Guaranteed Parties may, at their election, foreclose on any collateral security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such collateral security in lieu of foreclosure, compromise or adjust any part of the applicable Borrower's Obligations, make any other accommodation with the applicable Borrower or any other guarantor or exercise any other right or remedy available to them against the applicable Borrower or any other guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the applicable Borrower's Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor

against the applicable Borrower, any other Guarantor or guarantor, as the case may be, or any collateral security.

SECTION 6. *Agreement to Pay; Subordination*. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Guaranteed Party has at law or in equity against any Guarantor by virtue hereof, each Guarantor hereby agrees that, upon the failure of any Borrower (other than itself) to pay any of its Obligations when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, such Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Guaranteed Party as designated thereby in cash the amount of such unpaid Obligations. Upon payment by any Guarantor of any sums to the Administrative Agent or any Guaranteed Party as provided above, all rights of such Guarantor against the applicable Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the respective Borrower's Obligations. In addition, any indebtedness of any Borrower now or hereafter held by any Guarantor (other than indebtedness of RFR held by TRS) is hereby subordinated in right of payment to the prior payment in full of the Obligations during the existence of an Event of Default. If any amount shall erroneously be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of any Borrower (other than indebtedness of RFR held by TRS), such amount shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of the applicable Borrower's Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 7. *Information*. Each of the Guarantors assumes all responsibility for being and keeping itself informed of each applicable Borrower's financial condition and assets, all other circumstances bearing upon the risk of nonpayment of such Borrower's Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the other Guaranteed Parties will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 8. *Representations and Warranties; Taxes*. Each of the Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement or any other Loan Document are true and correct. Each Guarantor agrees that the provisions of Section 2.15 of the Credit Agreement shall apply equally to each Guarantor with respect to the payments made by it hereunder.

SECTION 9. *Termination*. The Guarantees made hereunder (a) shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend under the Credit Agreement, the LC Exposure has been reduced to zero and the Issuing Banks have no further obligation to issue Letters of Credit under the Credit Agreement and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored

by any Guaranteed Party or any Guarantor upon the bankruptcy or reorganization of any Borrower or any Guarantor or otherwise.

SECTION 10. *Binding Effect; Several Agreement; Assignments*. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Guarantors that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Guarantor when a counterpart hereof executed on behalf of such Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent (or, in the case of any Additional Borrower, when an Additional Borrower Assumption Agreement has been executed and delivered by the such Additional Borrower and the Additional Borrower Effective Date has occurred), and thereafter shall be binding upon such Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Guarantor, the Administrative Agent and the other Guaranteed Parties, and their respective successors and assigns, except that no Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (except in connection with any transaction permitted by Section 5.03(c) of the Credit Agreement), and any such attempted assignment shall be void. This Agreement shall be construed as a separate agreement with respect to each Guarantor and may be amended, modified, supplemented, waived or released with respect to any Guarantor without the approval of any other Guarantor and without affecting the obligations of any other Guarantor hereunder.

SECTION 11. *Waivers; Amendment*. (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Guaranteed Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Guarantors with respect to which such waiver, amendment or modification relates and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 12. *Governing Law*. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF

(OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 13. *Notices*. All communications and notices hereunder shall be in writing and given as provided in Section 8.02 of the Credit Agreement.

SECTION 14. *Survival of Agreement; Severability*. (a) All covenants, agreements, representations and warranties made by the Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Guaranteed Parties and shall survive the making by the Lenders of the Revolving Credit Advances and the issuance of the Letters of Credit by the Issuing Banks regardless of any investigation made by the Guaranteed Parties or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Revolving Credit Advance or any other fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid, the LC Exposure does not equal zero or the Commitments and the LC Commitment have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 15. *Counterparts*. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 10. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 16. *Rules of Interpretation*. The rules of interpretation specified in Article I of the Credit Agreement shall be applicable to this Agreement.

SECTION 17. *Jurisdiction; Consent to Service of Process*. (a) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other

manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any other Guaranteed Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Guarantor or its properties in the courts of any jurisdiction, except that each of the Guarantors agrees that (i) it will not bring any such action or proceeding in any court other than New York Courts (it being acknowledged and agreed by the parties hereto that any other forum would be inconvenient and inappropriate in view of the fact that more of the Lenders who would be affected by any such action or proceeding have contacts with the State of New York than any other jurisdiction), and (ii) in any such action or proceeding brought against any Guarantor in any other court, it will not assert any cross-claim, counterclaim or setoff, or seek any other affirmative relief, except to the extent that the failure to assert the same will preclude such Guarantor from asserting or seeking the same in the New York Courts.

(b) Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 13. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 18. *Waiver of Jury Trial*. 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 AGREEMENT OR THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.

SECTION 19. *Right of Setoff*. If an Event of Default shall have occurred and be continuing, each Guaranteed Party is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Debt at any time owing by such Guaranteed Party to or for the credit or the account of any Guarantor against any or all the obligations of such Guarantor now or hereafter existing under this Agreement and the other Loan Documents held by such Guaranteed Party, irrespective of whether or not such Guaranteed Party shall have made any demand under this Agreement or any other Loan Document and although such obligations may be unmatured. After any exercise of such right of setoff, the Guaranteed Party shall give notice of such exercise to the Administrative Agent and such Guarantor;

provided, however, that failure to give such notice shall not in any way affect the rights of any Guaranteed Party. The rights of each Guaranteed Party under this Section 19 are in addition to other rights and remedies (including other rights of setoff) which such Guaranteed Party may have.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

RAYONIER INC.,

By _____
Name:
Title:

RAYONIER TRS HOLDINGS INC.,

By _____
Name:
Title:

CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

SUBSIDIARY GUARANTEE AGREEMENT dated as of _____, 20__, among each of the subsidiaries listed on Schedule I hereto or becoming a party hereto as provided in Section 19 (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of RAYONIER FOREST RESOURCES, L.P., a Delaware limited partnership ("RFR"), and CREDIT SUISSE, acting though its Cayman Islands Branch, as administrative agent (the "Administrative Agent") for the Guaranteed Parties (as defined below).

Reference is made to the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rayonier Inc., Rayonier TRS Holdings Inc., RFR and any Additional Borrower (as defined therein), as borrowers (collectively, the "Borrowers"), the lenders from time to time party thereto (the "Lenders"), the Issuing Banks from time to time party thereto (the "Issuing Banks") and Credit Suisse, as Administrative Agent. Capitalized terms used and not defined herein have the meanings assigned to them in the Credit Agreement.

The Lenders have agreed, among other things, to make Revolving Credit Advances to RFR, and the Issuing Banks have agreed, among other things, to issue Letters of Credit at the request of or for the account of RFR, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiary Guarantors is a direct or indirect Subsidiary of RFR and acknowledges that it will derive substantial benefit from the making of such Revolving Credit Advances by the Lenders and the issuance of such Letters of Credit by the Issuing Banks. The obligations of the Lenders to make such Revolving Credit Advances and of the Issuing Banks to issue such Letters of Credit are conditioned on, among other things, the execution and delivery by the Subsidiary Guarantors of a Subsidiary Guarantee Agreement in the form hereof. As consideration therefor and in order to induce the Lenders to make such Revolving Credit Advances and the Issuing Banks to issue such Letters of Credit, the Subsidiary Guarantors are willing to execute this Agreement. For the avoidance of doubt, the obligations guaranteed hereby are solely the obligations of RFR under the Loan Documents and not of any other Borrower. Revolving Credit Advances made thereunder to any other Borrower, and Letters of Credit issued thereunder but neither requested by RFR nor for its account, shall not have the benefit of the guarantee provided hereby.

Accordingly, the parties hereto agree as follows:

SECTION 1. *Guarantee*. Each Subsidiary Guarantor unconditionally guarantees, jointly with the other Subsidiary Guarantors and severally, as a primary obligor and not merely as a surety, (a) the due and punctual payment by RFR of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Revolving Credit Advances made to RFR, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by RFR under the Credit Agreement in respect of any Letter of

Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of RFR to the Administrative Agent and each Lender under the Credit Agreement and the other Loan Documents (collectively, the "Guaranteed Parties"), whether such amounts shall have accrued prior to, on or after the Closing Date, (b) the due and punctual payment and performance of all covenants, agreements, obligations and liabilities of RFR, monetary or otherwise, under or pursuant to the Credit Agreement and the other Loan Documents and (c) the due and punctual payment and performance of all obligations of RFR, monetary or otherwise, under each Interest Rate Agreement in effect on the date hereof to which any Lender (or an Affiliate of a Lender) is a party and each Interest Rate Agreement entered into after the date hereof with any counterparty that is a Lender (or an Affiliate of a Lender) at the time such Interest Rate Agreement is entered into (all the monetary and other obligations referred to in the preceding clauses (a) through (c) being collectively called the "Obligations"). Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

Anything contained in this Agreement to the contrary notwithstanding, the obligations of each Subsidiary Guarantor hereunder shall be limited to a maximum aggregate amount equal to the greatest amount that would not render such Subsidiary Guarantor's obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any provisions of applicable law (collectively, the "Fraudulent Transfer Laws"), in each case after giving effect to all other liabilities of such Subsidiary Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such Subsidiary Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such Subsidiary Guarantor and other Affiliates of RFR of obligations arising under Guarantees by such parties.

Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

SECTION 2. *Obligations Not Waived.* To the fullest extent permitted by applicable law, each Subsidiary Guarantor waives presentment to, demand of payment from and protest to RFR or any other guarantor of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Subsidiary Guarantor hereunder shall not be affected by, and each Subsidiary Guarantor hereby waives any defense arising by reason of, (a) the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce or exercise any right or remedy against RFR or any other guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise, (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of this

Agreement, any other Loan Document, any Guarantee or any other agreement, including with respect to any other Subsidiary Guarantor under this Agreement, (c) the failure to take or perfect any security interest in, or the release of, any collateral security held by or on behalf of any Guaranteed Party or (d) the failure of any person to comply with Section 5.01(l) of the Credit Agreement or Section 19 hereof.

SECTION 3. *Guarantee of Payment*. Each Subsidiary Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any other Guaranteed Party to any collateral security held for payment of the Obligations or to any balance of any deposit or other account or credit on the books of the Administrative Agent or any other Guaranteed Party in favor of RFR or any other person.

SECTION 4. *No Discharge or Diminishment of Guarantee*. The obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations, any law or regulation of any jurisdiction or any other event affecting any term of an Obligation or any other circumstance that might constitute a defense of the Borrower or any Guarantor. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or that would otherwise operate as a discharge of each Subsidiary Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations), and each Subsidiary Guarantor hereby waives any defense arising by reason of any of the foregoing actions.

SECTION 5. *Defenses of Borrower Waived*. To the fullest extent permitted by applicable law, each of the Subsidiary Guarantors waives any defense based on or arising out of any defense of RFR or the unenforceability of the Obligations or any part thereof from any cause or the cessation from any cause of the liability of RFR (other than the final and indefeasible payment in full in cash of the Obligations). The Administrative Agent and the other Guaranteed Parties may, at their election, foreclose on any collateral security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such collateral security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with RFR or any other guarantor or exercise any other right or remedy available to them against RFR or any other guarantor, without affecting or impairing in any way the liability of any Subsidiary Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Subsidiary Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or

subrogation or other right or remedy of such Subsidiary Guarantor against RFR or any other Subsidiary Guarantor or guarantor, as the case may be, or any collateral security.

SECTION 6. *Agreement to Pay; Subordination*. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Guaranteed Party has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of RFR or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Subsidiary Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Guaranteed Party as designated thereby in cash the amount of such unpaid Obligation. Upon payment by any Subsidiary Guarantor of any sums to the Administrative Agent or any Guaranteed Party as provided above, all rights of such Subsidiary Guarantor against RFR arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. In addition, any indebtedness of RFR now or hereafter held by any Subsidiary Guarantor is hereby subordinated in right of payment to the prior payment in full of the Obligations during the existence of an Event of Default. If any amount shall erroneously be paid to any Subsidiary Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of RFR, such amount shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 7. *Information*. Each of the Subsidiary Guarantors assumes all responsibility for being and keeping itself informed of RFR's financial condition and assets, all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Subsidiary Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the other Guaranteed Parties will have any duty to advise any of the Subsidiary Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 8. *Representations and Warranties; Taxes*. Each of the Subsidiary Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement or any other Loan Document are true and correct. Each Subsidiary Guarantor agrees that the provisions of Section 2.15 of the Credit Agreement shall apply equally to each Subsidiary Guarantor with respect to the payments made by it hereunder.

SECTION 9. *Termination*. The Guarantees made hereunder (a) shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend to RFR under the Credit Agreement, the LC Exposure with respect to Letters of Credit issued at the request of or for the account of RFR has been reduced to zero and the Issuing Banks have no further obligation to issue Letters of Credit at the request of or for the account of RFR under the Credit Agreement and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Guaranteed Party or any Subsidiary Guarantor upon the bankruptcy or reorganization of RFR or any Subsidiary Guarantor or otherwise.

SECTION 10. *Binding Effect; Several Agreement; Assignments; Releases*. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Subsidiary Guarantors that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Subsidiary Guarantor when a counterpart hereof (or an instrument in the form of Annex I hereto) executed on behalf of such Subsidiary Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Subsidiary Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Subsidiary Guarantor, the Administrative Agent and the other Guaranteed Parties, and their respective successors and assigns, except that no Subsidiary Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (except in connection with any transaction permitted by Section 5.03(c) of the Credit Agreement), and any such attempted assignment shall be void. This Agreement shall be construed as a separate agreement with respect to each Subsidiary Guarantor and may be amended, modified, supplemented, waived or released with respect to any Subsidiary Guarantor without the approval of any other Subsidiary Guarantor and without affecting the obligations of any other Subsidiary Guarantor hereunder. The Administrative Agent is hereby expressly authorized to, and agrees upon request of RFR it will, release any Subsidiary Guarantor from its obligations hereunder in the event that all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of to a person that is not an Affiliate of RFR in a transaction not prohibited by the Credit Agreement.

SECTION 11. *Waivers; Amendment*. (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Guaranteed Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Subsidiary Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Except as expressly provided in Section 19, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Subsidiary Guarantors with respect to which such waiver, amendment or modification relates and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 12. *Governing Law*. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF

(OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 13. *Notices*. All communications and notices hereunder shall be in writing and given as provided in Section 8.02 of the Credit Agreement. All communications and notices hereunder to each Subsidiary Guarantor shall be given to it in care of RFR at the address set forth in the Credit Agreement.

SECTION 14. *Survival of Agreement; Severability*. (a) All covenants, agreements, representations and warranties made by the Subsidiary Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Guaranteed Parties and shall survive the making by the Lenders of the Revolving Credit Advances and the issuance of the Letters of Credit by the Issuing Banks regardless of any investigation made by the Guaranteed Parties or on their behalf, and shall continue in full force and effect as long as any Obligation is outstanding and unpaid, the LC Exposure with respect to Letters of Credit issued at the request of or for the account of RFR does not equal zero or the Commitments and the LC Commitment with respect to RFR have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 15. *Counterparts*. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 10. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 16. *Rules of Interpretation*. The rules of interpretation specified in Article I of the Credit Agreement shall be applicable to this Agreement.

SECTION 17. *Jurisdiction; Consent to Service of Process*. (a) Each Subsidiary Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal

court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any other Guaranteed Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Subsidiary Guarantor or its properties in the courts of any jurisdiction, except that each of the Subsidiary Guarantors agrees that (i) it will not bring any such action or proceeding in any court other than New York Courts (it being acknowledged and agreed by the parties hereto that any other forum would be inconvenient and inappropriate in view of the fact that more of the Lenders who would be affected by any such action or proceeding have contacts with the State of New York than any other jurisdiction), and (ii) in any such action or proceeding brought against any Subsidiary Guarantor in any other court, it will not assert any cross-claim, counterclaim or setoff, or seek any other affirmative relief, except to the extent that the failure to assert the same will preclude such Subsidiary Guarantor from asserting or seeking the same in the New York Courts.

(b) Each Subsidiary Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 13. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 18. *Waiver of Jury Trial*. 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 AGREEMENT OR THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.

SECTION 19. *Additional Subsidiary Guarantors*. Certain additional Subsidiaries of RFR may be required from time to time, under the terms of Credit Agreement, to enter into this Agreement as Subsidiary Guarantors. Upon execution and delivery by the Administrative Agent and a Subsidiary of an instrument in the form of Annex I hereto, such Subsidiary shall become a Subsidiary Guarantor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other Subsidiary Guarantor hereunder. The rights and obligations of

each Subsidiary Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

SECTION 20. *Right of Setoff*. If an Event of Default shall have occurred and be continuing, each Guaranteed Party is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Debt at any time owing by such Guaranteed Party to or for the credit or the account of any Subsidiary Guarantor against any or all the obligations of such Subsidiary Guarantor now or hereafter existing under this Agreement and the other Loan Documents held by such Guaranteed Party, irrespective of whether or not such Guaranteed Party shall have made any demand under this Agreement or any other Loan Document and although such obligations may be unmatured. After any exercise of such right of setoff, the Guaranteed Party shall give notice of such exercise to the Administrative Agent and RFR; provided, however, that failure to give such notice shall not in any way affect the rights of any Guaranteed Party. The rights of each Guaranteed Party under this Section 20 are in addition to other rights and remedies (including other rights of setoff) which such Guaranteed Party may have.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

THE SUBSIDIARY GUARANTORS LISTED
ON SCHEDULE I HERETO,

By _____
Name:
Title:

CREDIT SUISSE, acting through its Cayman
Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

Subsidiary Guarantor	**Address**

SUPPLEMENT NO. __ dated as of _____, 20__, to the Subsidiary Guarantee Agreement dated as of _____, 200__, among each of the subsidiaries parties thereto (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of RAYONIER FOREST RESOURCES, L.P., a Delaware limited partnership ("RFR"), and CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent (the "Administrative Agent") for the Guaranteed Parties (as defined in the Subsidiary Guarantee Agreement).

A. Reference is made to the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rayonier Inc., Rayonier TRS Holdings Inc., RFR, and, any Additional Borrower (as defined therein), as borrowers, the lenders from time to time party thereto (the "Lenders"), the Issuing Banks from time to time party thereto (the "Issuing Banks") and Credit Suisse, as Administrative Agent. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Subsidiary Guarantee Agreement and the Credit Agreement.

B. The Subsidiary Guarantors have entered into the Subsidiary Guarantee Agreement in order to induce the Lenders to make Revolving Credit Advances to RFR and the Issuing Banks to issue Letters of Credit at the request of or for the account of RFR. The undersigned Subsidiary of RFR (the "New Subsidiary Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Subsidiary Guarantee Agreement in order to induce the Lenders to make additional Revolving Credit Advances and the Issuing Banks to issue additional Letters of Credit and as consideration for Revolving Credit Advances previously made and Letters of Credit previously issued.

Accordingly, the Administrative Agent and the New Subsidiary Guarantor agree as follows:

SECTION 1. In accordance with Section 19 of the Subsidiary Guarantee Agreement, the New Subsidiary Guarantor by its signature below becomes a Subsidiary Guarantor under the Subsidiary Guarantee Agreement with the same force and effect as if originally a party thereto as a Subsidiary Guarantor and the New Subsidiary Guarantor hereby (a) agrees to all the terms and provisions of the Subsidiary Guarantee Agreement applicable to it as a Subsidiary Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Subsidiary Guarantor thereunder are true and correct on and as of the date hereof except for representation and warranties which by their terms refer to a specific date. Each reference to a "Subsidiary Guarantor" in the Subsidiary Guarantee Agreement shall be deemed to include the New Subsidiary Guarantor. The Subsidiary Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary Guarantor represents and warrants to the Administrative Agent and the other Guaranteed Parties that this Supplement has been duly

authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, or moratorium laws relating to any bankruptcy or insolvency of the New Subsidiary Guarantor, other laws affecting creditor's rights generally and general principles of equity regardless of whether considered in a proceeding in equity or at law.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Subsidiary Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Subsidiary Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Subsidiary Guarantee Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 13 of the Subsidiary Guarantee Agreement. All communications and notices hereunder to the New Subsidiary Guarantor shall be given to it in care of RFR Inc. at its address set forth in the Credit Agreement.

SECTION 8. The New Subsidiary Guarantor agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with this Supplement, including the fees, disbursements and other charges of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Subsidiary Guarantor and the Administrative Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

[Name Of New Subsidiary Guarantor],

By _____
Name:
Title:

CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

SUBSIDIARY GUARANTEE AGREEMENT dated as of _____, 20__, among each of the subsidiaries listed on Schedule I hereto or becoming a party hereto as provided in Section 19 (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of RAYONIER TRS HOLDINGS INC., a Delaware corporation ("TRS"), and CREDIT SUISSE, acting though its Cayman Islands Branch, as administrative agent (the "Administrative Agent") for the Guaranteed Parties (as defined below).

Reference is made to the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rayonier Inc. ("Rayonier"), TRS, Rayonier Forest Resources, L.P., and any Additional Borrower (as defined therein), as borrowers (collectively, the "Borrowers"), the lenders from time to time party thereto (the "Lenders"), the Issuing Banks from time to time party thereto (the "Issuing Banks") and Credit Suisse, as Administrative Agent. Capitalized terms used and not defined herein have the meanings assigned to them in the Credit Agreement.

The Lenders have agreed, among other things, to make Revolving Credit Advances to the Borrowers, and the Issuing Banks have agreed, among other things, to issue Letters of Credit at the request of or for the account of the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiary Guarantors is a direct or indirect Subsidiary of TRS and Rayonier (and, upon the occurrence of any Additional Borrower Effective Date, will be a direct or indirect Subsidiary of the Additional Borrower) and acknowledges that it will derive substantial benefit from the making of such Revolving Credit Advances by the Lenders and the issuance of such Letters of Credit by the Issuing Banks. The obligations of the Lenders to make such Revolving Credit Advances and of the Issuing Banks to issue such Letters of Credit are conditioned on, among other things, the execution and delivery by the Subsidiary Guarantors of a Subsidiary Guarantee Agreement in the form hereof. As consideration therefor and in order to induce the Lenders to make such Revolving Credit Advances and the Issuing Banks to issue such Letters of Credit, the Subsidiary Guarantors are willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. *Guarantee*. Each Subsidiary Guarantor unconditionally guarantees, jointly with the other Subsidiary Guarantors and severally, as a primary obligor and not merely as a surety, (a) the due and punctual payment by each Borrower of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Revolving Credit Advances made to such Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by such Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral and (iii) all other monetary obligations, including fees, costs, expenses and

indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of such Borrower to the Administrative Agent and each Lender under the Credit Agreement, the Guarantee Agreement and the other Loan Documents (collectively, the "Guaranteed Parties"), whether such amounts shall have accrued prior to, on or after the Closing Date, (b) the due and punctual payment and performance of all covenants, agreements, obligations and liabilities of each Borrower, monetary or otherwise, under or pursuant to the Credit Agreement, the Guarantee Agreement and the other Loan Documents and (c) the due and punctual payment and performance of all obligations of each Borrower, monetary or otherwise, under each Interest Rate Agreement in effect on the date hereof to which any Lender (or an Affiliate of a Lender) is a party and each Interest Rate Agreement entered into after the date hereof with any counterparty that is a Lender (or an Affiliate of a Lender) at the time such Interest Rate Agreement is entered into (all the monetary and other obligations referred to in the preceding clauses (a) through (c) being collectively called the "Obligations"). Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

Anything contained in this Agreement to the contrary notwithstanding, the obligations of each Subsidiary Guarantor hereunder shall be limited to a maximum aggregate amount equal to the greatest amount that would not render such Subsidiary Guarantor's obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any provisions of applicable law (collectively, the "Fraudulent Transfer Laws"), in each case after giving effect to all other liabilities of such Subsidiary Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such Subsidiary Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such Subsidiary Guarantor and other Affiliates of Rayonier of obligations arising under Guarantees by such parties.

Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

SECTION 2. *Obligations Not Waived*. To the fullest extent permitted by applicable law, each Subsidiary Guarantor waives presentment to, demand of payment from and protest to TRS or any other guarantor of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Subsidiary Guarantor hereunder shall not be affected by, and each Subsidiary Guarantor hereby waives any defense arising by reason of, (a) the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce or exercise any right or remedy against any Borrower or any other guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise, (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of this Agreement, any other Loan Document, any Guarantee or any other agreement, including with

respect to any other Subsidiary Guarantor under this Agreement, (c) the failure to take or perfect any security interest in, or the release of, any collateral security held by or on behalf of any Guaranteed Party or (d) the failure of any person to comply with Section 5.01(l) of the Credit Agreement or Section 19 hereof.

SECTION 3. *Guarantee of Payment*. Each Subsidiary Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any other Guaranteed Party to any collateral security held for payment of the Obligations or to any balance of any deposit or other account or credit on the books of the Administrative Agent or any other Guaranteed Party in favor of any Borrower or any other person.

SECTION 4. *No Discharge or Diminishment of Guarantee*. The obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations, any law or regulation of any jurisdiction or any other event affecting any term of an Obligation or any other circumstance that might constitute a defense of the Borrower or any Guarantor. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, the Guarantee Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or that would otherwise operate as a discharge of each Subsidiary Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations), and each Subsidiary Guarantor hereby waives any defense arising by reason of any of the foregoing actions.

SECTION 5. *Defenses of Borrower Waived*. To the fullest extent permitted by applicable law, each of the Subsidiary Guarantors waives any defense based on or arising out of any defense of any Borrower or the unenforceability of the Obligations or any part thereof from any cause or the cessation from any cause of the liability of any Borrower (other than the final and indefeasible payment in full in cash of the Obligations). The Administrative Agent and the other Guaranteed Parties may, at their election, foreclose on any collateral security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such collateral security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with any Borrower or any other guarantor or exercise any other right or remedy available to them against any Borrower or any other guarantor, without affecting or impairing in any way the liability of any Subsidiary Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Subsidiary Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Subsidiary Guarantor against any

Borrower or any other Subsidiary Guarantor or guarantor, as the case may be, or any collateral security.

SECTION 6. *Agreement to Pay; Subordination*. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Guaranteed Party has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of any Borrower or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Subsidiary Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Guaranteed Party as designated thereby in cash the amount of such unpaid Obligation. Upon payment by any Subsidiary Guarantor of any sums to the Administrative Agent or any Guaranteed Party as provided above, all rights of such Subsidiary Guarantor against any Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. In addition, any indebtedness of any Borrower now or hereafter held by any Subsidiary Guarantor is hereby subordinated in right of payment to the prior payment in full of the Obligations during the existence of an Event of Default. If any amount shall erroneously be paid to any Subsidiary Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of any Borrower, such amount shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 7. *Information*. Each of the Subsidiary Guarantors assumes all responsibility for being and keeping itself informed of each Borrower's financial condition and assets, all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Subsidiary Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the other Guaranteed Parties will have any duty to advise any of the Subsidiary Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 8. *Representations and Warranties; Taxes*. Each of the Subsidiary Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement or any other Loan Document are true and correct. Each Subsidiary Guarantor agrees that the provisions of Section 2.15 of the Credit Agreement shall apply equally to each Subsidiary Guarantor with respect to the payments made by it hereunder.

SECTION 9. *Termination*. The Guarantees made hereunder (a) shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend to any Borrower under the Credit Agreement, the LC Exposure with respect to Letters of Credit has been reduced to zero and the Issuing Banks have no further obligation to issue Letters of Credit under the Credit Agreement and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Guaranteed Party or any Subsidiary Guarantor upon the bankruptcy or reorganization of any Borrower or any Subsidiary Guarantor or otherwise.

SECTION 10. *Binding Effect; Several Agreement; Assignments; Releases*. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Subsidiary Guarantors that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Subsidiary Guarantor when a counterpart hereof (or an instrument in the form of Annex I hereto) executed on behalf of such Subsidiary Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Subsidiary Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Subsidiary Guarantor, the Administrative Agent and the other Guaranteed Parties, and their respective successors and assigns, except that no Subsidiary Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (except in connection with any transaction permitted by Section 5.03(c) of the Credit Agreement), and any such attempted assignment shall be void. This Agreement shall be construed as a separate agreement with respect to each Subsidiary Guarantor and may be amended, modified, supplemented, waived or released with respect to any Subsidiary Guarantor without the approval of any other Subsidiary Guarantor and without affecting the obligations of any other Subsidiary Guarantor hereunder. The Administrative Agent is hereby expressly authorized to, and agrees upon request of TRS it will, release any Subsidiary Guarantor from its obligations hereunder in the event that all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of to a person that is not an Affiliate of TRS in a transaction not prohibited by the Credit Agreement.

SECTION 11. *Waivers; Amendment*. (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Guaranteed Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Subsidiary Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Except as expressly provided in Section 19, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Subsidiary Guarantors with respect to which such waiver, amendment or modification relates and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 12. *Governing Law*. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF

(OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 13. *Notices*. All communications and notices hereunder shall be in writing and given as provided in Section 8.02 of the Credit Agreement. All communications and notices hereunder to each Subsidiary Guarantor shall be given to it in care of TRS at the address set forth in the Credit Agreement.

SECTION 14. *Survival of Agreement; Severability*. (a) All covenants, agreements, representations and warranties made by the Subsidiary Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Guaranteed Parties and shall survive the making by the Lenders of the Revolving Credit Advances and the issuance of the Letters of Credit by the Issuing Banks regardless of any investigation made by the Guaranteed Parties or on their behalf, and shall continue in full force and effect as long as any Obligation is outstanding and unpaid, the LC Exposure does not equal zero or the Commitments and the LC Commitment have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 15. *Counterparts*. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 10. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 16. *Rules of Interpretation*. The rules of interpretation specified in Article I of the Credit Agreement shall be applicable to this Agreement.

SECTION 17. *Jurisdiction; Consent to Service of Process*. (a) Each Subsidiary Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding

shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any other Guaranteed Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Subsidiary Guarantor or its properties in the courts of any jurisdiction, except that each Subsidiary Guarantor agrees that (i) it will not bring any such action or proceeding in any court other than New York Courts (it being acknowledged and agreed by the parties hereto that any other forum would be inconvenient and inappropriate in view of the fact that more of the Lenders who would be affected by any such action or proceeding have contacts with the State of New York than any other jurisdiction), and (ii) in any such action or proceeding brought against any Subsidiary Guarantor in any other court, it will not assert any cross-claim, counterclaim or setoff, or seek any other affirmative relief, except to the extent that the failure to assert the same will preclude such Subsidiary Guarantor from asserting or seeking the same in the New York Courts.

(b) Each Subsidiary Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 13. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 18. *Waiver of Jury Trial*. 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 AGREEMENT OR THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.

SECTION 19. *Additional Subsidiary Guarantors*. Certain additional Subsidiaries of TRS may be required from time to time, under the terms of Credit Agreement, to enter into this Agreement as Subsidiary Guarantors. Upon execution and delivery by the Administrative Agent and a Subsidiary of an instrument in the form of Annex I hereto, such Subsidiary shall become a Subsidiary Guarantor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other Subsidiary Guarantor hereunder. The rights and obligations of each Subsidiary Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

SECTION 20. *Right of Setoff*. If an Event of Default shall have occurred and be continuing, each Guaranteed Party is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Debt at any time owing by such Guaranteed Party to or for the credit or the account of any Subsidiary Guarantor against any or all the obligations of such Subsidiary Guarantor now or hereafter existing under this Agreement and the other Loan Documents held by such Guaranteed Party, irrespective of whether or not such Guaranteed Party shall have made any demand under this Agreement or any other Loan Document and although such obligations may be unmatured. After any exercise of such right of setoff, the Guaranteed Party shall give notice of such exercise to the Administrative Agent and TRS; provided, however, that failure to give such notice shall not in any way affect the rights of any Guaranteed Party. The rights of each Guaranteed Party under this Section 20 are in addition to other rights and remedies (including other rights of setoff) which such Guaranteed Party may have.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

THE SUBSIDIARY GUARANTORS LISTED
ON SCHEDULE I HERETO,

By _____
Name:
Title:

CREDIT SUISSE, acting through its Cayman
Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

Subsidiary Guarantor	**Address**

SUPPLEMENT NO. __ dated as of _____ , 20__, to the Subsidiary Guarantee Agreement dated as of _____, 200__, among each of the subsidiaries parties thereto (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of RAYONIER TRS HOLDINGS INC., a Delaware limited partnership ("TRS"), and CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent (the "Administrative Agent") for the Guaranteed Parties (as defined in the Subsidiary Guarantee Agreement).

A. Reference is made to the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rayonier Inc., TRS, Rayonier Forest Resources, L.P., and any Additional Borrower (as defined therein), as borrowers, the lenders from time to time party thereto (the "Lenders"), the Issuing Banks from time to time party thereto (the "Issuing Banks") and Credit Suisse, as Administrative Agent. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Subsidiary Guarantee Agreement and the Credit Agreement.

B. The Subsidiary Guarantors have entered into the Subsidiary Guarantee Agreement in order to induce the Lenders to make Revolving Credit Advances to the Borrowers and the Issuing Banks to issue Letters of Credit at the request of or for the account of the Borrowers. The undersigned Subsidiary of TRS (the "New Subsidiary Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Subsidiary Guarantee Agreement in order to induce the Lenders to make additional Revolving Credit Advances and the Issuing Banks to issue additional Letters of Credit and as consideration for Revolving Credit Advances previously made and Letters of Credit previously issued.

Accordingly, the Administrative Agent and the New Subsidiary Guarantor agree as follows:

SECTION 1. In accordance with Section 19 of the Subsidiary Guarantee Agreement, the New Subsidiary Guarantor by its signature below becomes a Subsidiary Guarantor under the Subsidiary Guarantee Agreement with the same force and effect as if originally a party thereto as a Subsidiary Guarantor and the New Subsidiary Guarantor hereby (a) agrees to all the terms and provisions of the Subsidiary Guarantee Agreement applicable to it as a Subsidiary Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Subsidiary Guarantor thereunder are true and correct on and as of the date hereof except for representation and warranties which by their terms refer to a specific date. Each reference to a "Subsidiary Guarantor" in the Subsidiary Guarantee Agreement shall be deemed to include the New Subsidiary Guarantor. The Subsidiary Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary Guarantor represents and warrants to the Administrative Agent and the other Guaranteed Parties that this Supplement has been duly

authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, or moratorium laws relating to any bankruptcy or insolvency of the New Subsidiary Guarantor, other laws affecting creditor's rights generally and general principles of equity regardless of whether considered in a proceeding in equity or at law.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Subsidiary Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Subsidiary Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Subsidiary Guarantee Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 13 of the Subsidiary Guarantee Agreement. All communications and notices hereunder to the New Subsidiary Guarantor shall be given to it in care of TRS at its address set forth in the Credit Agreement.

SECTION 8. The New Subsidiary Guarantor agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with this Supplement, including the fees, disbursements and other charges of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Subsidiary Guarantor and the Administrative Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

[Name Of New Subsidiary Guarantor],

By _____
Name:
Title:

CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

ADDITIONAL SUBSIDIARY GUARANTOR GUARANTEE AGREEMENT dated as of _____, 200__, among each of the subsidiaries listed on Schedule I hereto or becoming a party hereto as provided in Section 19 (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of RAYONIER INC. and, after any Additional Borrower Effective Date, the Additional Borrower (as such terms are defined in the Credit Agreement referred to below), and CREDIT SUISSE, acting though its Cayman Islands Branch, as administrative agent (the "Administrative Agent") for the Guaranteed Parties (as defined below).

Reference is made to the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., and any Additional Borrower, as borrowers (collectively, the "Borrowers"), the lenders from time to time party thereto (the "Lenders"), the Issuing Banks from time to time party thereto (the "Issuing Banks") and Credit Suisse First Boston, as Administrative Agent. Capitalized terms used and not defined herein have the meanings assigned to them in the Credit Agreement.

The Lenders have agreed, among other things, to make Revolving Credit Advances to the Borrowers, and the Issuing Banks have agreed, among other things, to issue Letters of Credit at the request of or for the account of to the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiary Guarantors acknowledges that it will derive substantial benefit from the making of such Revolving Credit Advances by the Lenders and the issuance of such Letters of Credit by the Issuing Banks. The obligations of the Lenders to make such Revolving Credit Advances and of the Issuing Banks to issue such Letters of Credit are conditioned on, among other things, the execution and delivery by the Subsidiary Guarantors of a Subsidiary Guarantee Agreement in the form hereof. As consideration therefor and in order to induce the Lenders to make such Revolving Credit Advances and the Issuing Banks to issue such Letters of Credit, the Subsidiary Guarantors are willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. *Guarantee*. Each Subsidiary Guarantor unconditionally guarantees, jointly with the other Subsidiary Guarantors and severally, as a primary obligor and not merely as a surety, (a) the due and punctual payment by each Borrower of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Revolving Credit Advances made such Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by such Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral and

(iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of such Borrower to the Administrative Agent and each Lender under the Credit Agreement and the other Loan Documents (collectively, the "Guaranteed Parties"), whether such amounts shall have accrued prior to, on or after the Closing Date, (b) the due and punctual payment and performance of all covenants, agreements, obligations and liabilities of each Borrower, monetary or otherwise, under or pursuant to the Credit Agreement and the other Loan Documents and (c) the due and punctual payment and performance of all obligations of each Borrower, monetary or otherwise, under each Interest Rate Agreement in effect on the date hereof to which any Lender (or an Affiliate of a Lender) is a party and each Interest Rate Agreement entered into after the date hereof with any counterparty that is a Lender (or an Affiliate of a Lender) at the time such Interest Rate Agreement is entered into (all the monetary and other obligations referred to in the preceding clauses (a) through (c) being collectively called the "Obligations"). Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

Anything contained in this Agreement to the contrary notwithstanding, the obligations of each Subsidiary Guarantor hereunder shall be limited to a maximum aggregate amount equal to the greatest amount that would not render such Subsidiary Guarantor's obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any provisions of applicable law (collectively, the "Fraudulent Transfer Laws"), in each case after giving effect to all other liabilities of such Subsidiary Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such Subsidiary Guarantor pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such Subsidiary Guarantor and other Affiliates of the Borrowers of obligations arising under Guarantees by such parties.

Each Subsidiary Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation.

SECTION 2. *Obligations Not Waived*. To the fullest extent permitted by applicable law, each Subsidiary Guarantor waives presentment to, demand of payment from and protest to any Borrower or any other guarantor of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Subsidiary Guarantor hereunder shall not be affected by, and each Subsidiary Guarantor hereby waives any defense arising by reason of, (a) the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce or exercise any right or remedy against any Borrower or any other guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise, (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of this Agreement, any other Loan Document, any Guarantee or any other

agreement, including with respect to any other Subsidiary Guarantor under this Agreement, (c) the failure to take or perfect any security interest in, or the release of, any collateral security held by or on behalf of any Guaranteed Party or (d) the failure of any person to comply with Section 5.01(l) of the Credit Agreement or Section 19 hereof.

SECTION 3. *Guarantee of Payment*. Each Subsidiary Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any other Guaranteed Party to any collateral security held for payment of the Obligations or to any balance of any deposit or other account or credit on the books of the Administrative Agent or any other Guaranteed Party in favor of any Borrower or any other person.

SECTION 4. *No Discharge or Diminishment of Guarantee*. The obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations, any law or regulation of any jurisdiction or any other event affecting any term of an Obligation or any other circumstance that might constitute a defense of the Borrower or any Guarantor. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Guaranteed Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or that would otherwise operate as a discharge of each Subsidiary Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations), and each Subsidiary Guarantor hereby waives any defense arising by reason of any of the foregoing actions.

SECTION 5. *Defenses of Borrower Waived*. To the fullest extent permitted by applicable law, each of the Subsidiary Guarantors waives any defense based on or arising out of any defense of any Borrower or the unenforceability of the Obligations or any part thereof from any cause or the cessation from any cause of the liability of any Borrower (other than the final and indefeasible payment in full in cash of the Obligations). The Administrative Agent and the other Guaranteed Parties may, at their election, foreclose on any collateral security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such collateral security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with any Borrower or any other guarantor or exercise any other right or remedy available to them against any Borrower or any other guarantor, without affecting or impairing in any way the liability of any Subsidiary Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Subsidiary Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Subsidiary Guarantor against any

Borrower or any other Subsidiary Guarantor or guarantor, as the case may be, or any collateral security.

SECTION 6. *Agreement to Pay; Subordination*. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Guaranteed Party has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of any Borrower or any other Loan Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Subsidiary Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Guaranteed Party as designated thereby in cash the amount of such unpaid Obligation. Upon payment by any Subsidiary Guarantor of any sums to the Administrative Agent or any Guaranteed Party as provided above, all rights of such Subsidiary Guarantor against any Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. In addition, any indebtedness of any Borrower now or hereafter held by any Subsidiary Guarantor is hereby subordinated in right of payment to the prior payment in full of the Obligations during the existence of an Event of Default. If any amount shall erroneously be paid to any Subsidiary Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of any Borrower, such amount shall be held in trust for the benefit of the Guaranteed Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 7. *Information*. Each of the Subsidiary Guarantors assumes all responsibility for being and keeping itself informed of each Borrower's financial condition and assets, all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Subsidiary Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the other Guaranteed Parties will have any duty to advise any of the Subsidiary Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 8. *Representations and Warranties; Taxes*. Each of the Subsidiary Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement or any other Loan Document are true and correct. Each Subsidiary Guarantor agrees that the provisions of Section 2.15 of the Credit Agreement shall apply equally to each Subsidiary Guarantor with respect to the payments made by it hereunder.

SECTION 9. *Termination*. The Guarantees made hereunder (a) shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend to any Borrower under the Credit Agreement, the LC Exposure has been reduced to zero and the Issuing Banks have no further obligation to issue Letters of Credit under the Credit Agreement and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Guaranteed Party or any Subsidiary Guarantor upon the bankruptcy or reorganization of any Borrower or any Subsidiary Guarantor or otherwise.

SECTION 10. *Binding Effect; Several Agreement; Assignments; Releases*. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Subsidiary Guarantors that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Subsidiary Guarantor when a counterpart hereof (or an instrument in the form of Annex I hereto) executed on behalf of such Subsidiary Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Subsidiary Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Subsidiary Guarantor, the Administrative Agent and the other Guaranteed Parties, and their respective successors and assigns, except that no Subsidiary Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (except in connection with any transaction permitted by Section 5.03(c) of the Credit Agreement), and any such attempted assignment shall be void. This Agreement shall be construed as a separate agreement with respect to each Subsidiary Guarantor and may be amended, modified, supplemented, waived or released with respect to any Subsidiary Guarantor without the approval of any other Subsidiary Guarantor and without affecting the obligations of any other Subsidiary Guarantor hereunder. The Administrative Agent is hereby expressly authorized to, and agrees upon request of Rayonier it will, release any Subsidiary Guarantor from its obligations hereunder in the event that all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of to a person that is not an Affiliate of Rayonier in a transaction not prohibited by the Credit Agreement.

SECTION 11. *Waivers; Amendment*. (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Guaranteed Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Subsidiary Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Except as expressly provided in Section 19, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Subsidiary Guarantors with respect to which such waiver, amendment or modification relates and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 12. *Governing Law*. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF

(OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 13. *Notices*. All communications and notices hereunder shall be in writing and given as provided in Section 8.02 of the Credit Agreement. All communications and notices hereunder to each Subsidiary Guarantor shall be given to it in care of Rayonier at the address set forth in the Credit Agreement.

SECTION 14. *Survival of Agreement; Severability*. (a) All covenants, agreements, representations and warranties made by the Subsidiary Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Guaranteed Parties and shall survive the making by the Lenders of the Revolving Credit Advances and the issuance of the Letters of Credit by the Issuing Banks regardless of any investigation made by the Guaranteed Parties or on their behalf, and shall continue in full force and effect as long as any Obligation is outstanding and unpaid, the LC Exposure with respect to Letters of Credit does not equal zero or the Commitments and the LC Commitment have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 15. *Counterparts*. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 10. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 16. *Rules of Interpretation*. The rules of interpretation specified in Article I of the Credit Agreement shall be applicable to this Agreement.

SECTION 17. *Jurisdiction; Consent to Service of Process*. (a) Each Subsidiary Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding

shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any other Guaranteed Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Subsidiary Guarantor or its properties in the courts of any jurisdiction, except that each of the Subsidiary Guarantors agrees that (i) it will not bring any such action or proceeding in any court other than New York Courts (it being acknowledged and agreed by the parties hereto that any other forum would be inconvenient and inappropriate in view of the fact that more of the Lenders who would be affected by any such action or proceeding have contacts with the State of New York than any other jurisdiction), and (ii) in any such action or proceeding brought against any Subsidiary Guarantor in any other court, it will not assert any cross-claim, counterclaim or setoff, or seek any other affirmative relief, except to the extent that the failure to assert the same will preclude such Subsidiary Guarantor from asserting or seeking the same in the New York Courts.

(b) Each Subsidiary Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 13. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 18. *Waiver of Jury Trial*. 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 AGREEMENT OR THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.

SECTION 19. *Additional Subsidiary Guarantors*. Certain additional Subsidiaries of Rayonier may be required from time to time, under the terms of Credit Agreement, to enter into this Agreement as Subsidiary Guarantors. Upon execution and delivery by the Administrative Agent and a Subsidiary of an instrument in the form of Annex I hereto, such Subsidiary shall become a Subsidiary Guarantor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other Subsidiary Guarantor hereunder. The rights and obligations of each Subsidiary Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

SECTION 20. *Right of Setoff*. If an Event of Default shall have occurred and be continuing, each Guaranteed Party is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Debt at any time owing by such Guaranteed Party to or for the credit or the account of any Subsidiary Guarantor against any or all the obligations of such Subsidiary Guarantor now or hereafter existing under this Agreement and the other Loan Documents held by such Guaranteed Party, irrespective of whether or not such Guaranteed Party shall have made any demand under this Agreement or any other Loan Document and although such obligations may be unmatured. After any exercise of such right of setoff, the Guaranteed Party shall give notice of such exercise to the Administrative Agent and Rayonier Inc.; provided, however, that failure to give such notice shall not in any way affect the rights of any Guaranteed Party. The rights of each Guaranteed Party under this Section 20 are in addition to other rights and remedies (including other rights of setoff) which such Guaranteed Party may have.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

THE SUBSIDIARY GUARANTORS LISTED
ON SCHEDULE I HERETO,

By _____
Name:
Title:

CREDIT SUISSE, acting through its Cayman
Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

SUPPLEMENT NO. __ dated as of _____, 20__, to the Subsidiary Guarantee Agreement dated as of _____, 20__, among each of the subsidiaries parties thereto (each such subsidiary individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") of RAYONIER INC., and CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent (the "Administrative Agent") for the Guaranteed Parties (as defined in the Subsidiary Guarantee Agreement).

A. Reference is made to the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., any Additional Borrower (as defined therein), as borrowers, the lenders from time to time party thereto (the "Lenders"), the Issuing Banks from time to time party thereto (the "Issuing Banks") and Credit Suisse, as Administrative Agent. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Subsidiary Guarantee Agreement and the Credit Agreement.

B. The Subsidiary Guarantors have entered into the Subsidiary Guarantee Agreement in order to induce the Lenders to make Revolving Credit Advances to the Borrowers and the Issuing Banks to issue Letters of Credit at the request of or for the account of the Borrowers. The undersigned Subsidiary of Rayonier Inc. (the "New Subsidiary Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Additional Subsidiary Guarantor Guarantee Agreement in order to induce the Lenders to make additional Revolving Credit Advances and the Issuing Banks to issue additional Letters of Credit and as consideration for Revolving Credit Advances previously made and Letters of Credit previously issued.

Accordingly, the Administrative Agent and the New Subsidiary Guarantor agree as follows:

SECTION 1. In accordance with Section 19 of the Subsidiary Guarantee Agreement, the New Subsidiary Guarantor by its signature below becomes a Subsidiary Guarantor under the Subsidiary Guarantee Agreement with the same force and effect as if originally a party thereto as a Subsidiary Guarantor and the New Subsidiary Guarantor hereby (a) agrees to all the terms and provisions of the Subsidiary Guarantee Agreement applicable to it as a Subsidiary Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Subsidiary Guarantor thereunder are true and correct on and as of the date hereof except for representation and warranties which by their terms refer to a specific date. Each reference to a "Subsidiary Guarantor" in the Subsidiary Guarantee Agreement shall be deemed to include the New Subsidiary Guarantor. The Additional Subsidiary Guarantor Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary Guarantor represents and warrants to the Administrative Agent and the other Guaranteed Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation,

enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, or moratorium laws relating to any bankruptcy or insolvency of the New Subsidiary Guarantor, other laws affecting creditor's rights generally and general principles of equity regardless of whether considered in a proceeding in equity or at law.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Subsidiary Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Subsidiary Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Subsidiary Guarantee Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 13 of the Subsidiary Guarantee Agreement. All communications and notices hereunder to the New Subsidiary Guarantor shall be given to it in care of Rayonier Inc. at its address set forth in the Credit Agreement.

SECTION 8. The New Subsidiary Guarantor agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with this Supplement, including the fees, disbursements and other charges of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Subsidiary Guarantor and the Administrative Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

[Name Of New Subsidiary Guarantor],

By _____
Name:
Title:

CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

[Letterhead of Rayonier Inc.]

August 4, 2006

Each of the Addressees Listed on
the Attached Schedule 1

Re: Five-Year Revolving Credit Agreement referred to below

Ladies and Gentlemen:

I am the Vice President and General Counsel of Rayonier Inc., a corporation organized under the laws of the State of North Carolina ("Rayonier"), in connection with the transactions provided for in the Five-Year Revolving Credit Agreement, dated as of August 4, 2006 (the "Credit Agreement"), among: (i) Rayonier, Rayonier TRS Holdings Inc., a corporation organized under the laws of the State of Delaware ("TRS"), and Rayonier Forest Resources, L.P., a limited partnership organized under the laws of the State of Delaware ("RFR"), as Borrowers; (ii) the several lenders from time to time parties thereto; (iii) the issuing banks from time to time parties thereto; (iv) Credit Suisse, acting through one or more of its branches, as Administrative Agent (the "Administrative Agent"); (v) Credit Suisse Securities (USA) LLC ("Credit Suisse Securities"), as Sole Bookrunner; (vi) Credit Suisse Securities (USA) LLC and Bank of America, N.A., as Co-Syndication Agents; (vii) JPMorgan Chase Bank, Sun Trust Bank and The Bank of New York, as Co-Documentation Agents; and (viii) Credit Suisse Securities and Banc of America Securities LLC, as Joint Lead Arrangers. This opinion letter is furnished to you pursuant to Section 3.01(e)(i) of the Credit Agreement. Unless otherwise defined herein, capitalized terms used herein have the meanings assigned to such terms in the Credit Agreement.

Rayonier, TRS and RFR are collectively referred to herein as the "Borrowers". The entities listed on Schedule 2 attached hereto are collectively referred to herein as the "Guarantors".

I have reviewed the Credit Agreement, the Guarantee Agreement and the TRS Subsidiary Guarantee Agreement (together with the Guarantee Agreement, the "Guarantees"). In rendering this opinion, I have relied upon certificates of public officials and officers of the Borrowers, the Guarantors and the Managing General Partner with respect to the accuracy of the factual matters contained in such certificates.

In connection with such review, I have assumed with your permission (a) that the Credit Agreement, the Guarantees and all other documents that are the subject of this opinion or on which this opinion is based have been properly authorized, executed and delivered by each of the respective parties thereto and have been properly executed and delivered by all parties by or through competent individuals having the legal capacity to do so; (b) that the Credit Agreement and the Guarantees constitute the enforceable obligations of all the parties thereto other than the Borrowers and the Guarantors; (c) the genuineness of all signatures; (d) the authenticity of all documents submitted to me as originals and the conformity to original documents of all documents submitted to me as certified or photostatic copies; and (e) the proper issuance and accuracy of certificates of public officials and officers and agents of the Borrowers, the Guarantors and the Managing General Partner.

Whenever any opinion below as to the existence or absence of facts is qualified by the phrase “to my knowledge,” such phrase indicates only that I have no conscious awareness of the existence or absence of such facts. Except to the extent expressly stated herein, I have not undertaken any independent investigation to determine the existence or absence of any such facts, and no inference as to my knowledge of the existence or absence of such facts should be drawn from the fact of my representation of the Borrowers.

This opinion is limited to the Corporate and Partnership Laws of the State of Delaware and, for the purpose of any opinion expressed in paragraph 5 herein, the United States Federal laws and regulations, and I am expressing no opinion as to the effect of the laws of any other jurisdiction.

Based on and subject to the foregoing and the qualifications and limitations set forth below, and having regard for such legal considerations as I deem relevant, it is my opinion that:

1. The Credit Agreement has been duly executed and delivered on behalf of each Borrower by its authorized officer.

2. Each Guarantee has been duly executed and delivered on behalf of Rayonier, TRS and each Guarantor party thereto by their respective authorized officers.

3. The execution, delivery and performance of the Credit Agreement by each Borrower and the Managing General Partner and each of the Guarantees by Rayonier, TRS and each Guarantor which is a party thereto:

(a) do not require any consent or approval of, or any other action by, any third party, except (i) such as has been obtained or made and is in full force and effect and (ii) actions the failure to obtain which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect;

(b) to my knowledge, does not violate or constitute a default under any indenture, material agreement (other than any limited liability company agreement, operating agreement, partnership agreement or similar agreement) or other material instrument binding upon any Borrower, any Guarantor or the Managing General Partner, or its respective assets; and

(c) to my knowledge, does not result in the creation or imposition of any Lien other than a Permitted Lien on any assets of any Borrower, any Guarantor or the Managing General Partner.

4. To my knowledge, there are no actions, suits or proceedings by or before any arbitrator or governmental authority pending or threatened against any Borrower, any Guarantor or the Managing General Partner (except as may be set forth on Schedules to the Credit Agreement) (a) as to which there is a reasonable possibility of any adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect or (b) that involve the Credit Documents or the transactions provided for therein.

5. No Borrower is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

I express no opinion as to the laws of any jurisdiction other than those specifically referred to in the fifth paragraph of this opinion letter.

This opinion letter is rendered as of the date set forth above. I expressly disclaim any obligation to update this letter after such date.

This opinion letter is given solely for your benefit and the benefit of the Lenders party from time to time to the Credit Agreement in connection with the transactions contemplated by the Loan Documents and may not be furnished to, or relied upon by, any other person or for any other purpose without my prior written consent.

Very truly yours,

EXHIBIT D-2 – FORM OF OPINION
OF COUNSEL FOR THE BORROWERS

[Letterhead of Womble Carlyle & Rice]

August 4, 2006

Each of the Addressees Listed on
the Attached Schedule 1

Re: Five-Year Revolving Credit Agreement referred to below

Ladies and Gentlemen:

We have acted as special North Carolina counsel for Rayonier Inc., a corporation organized under the laws of the State of North Carolina ("Rayonier"), in connection with the transactions provided for in the Five-Year Revolving Credit Agreement, dated as of August 4, 2006 (the "Credit Agreement"), among: (i) Rayonier, Rayonier TRS Holdings Inc., a corporation organized under the laws of the State of Delaware ("TRS"), and Rayonier Forest Resources, L.P., a limited partnership organized under the laws of the State of Delaware ("RFR"), as Borrowers; (ii) the several lenders from time to time parties thereto; (iii) the issuing banks from time to time parties thereto; (iv) Credit Suisse, acting through one or more of its branches, as Administrative Agent (the "Administrative Agent"); (v) Credit Suisse Securities (USA) LLC ("Credit Suisse Securities"), as Sole Bookrunner; (vi) Credit Suisse Securities (USA) LLC and Bank of America, N.A., as Co-Syndication Agents; (vii) JPMorgan Chase Bank, Sun Trust Bank and The Bank of New York, as Co-Documentation Agents; and (viii) Credit Suisse Securities and Banc of America Securities LLC, as Joint Lead Arrangers. This opinion letter is furnished to you pursuant to Section 3.0l(e)(ii) of the Credit Agreement. Unless otherwise defined herein, capitalized terms used herein have the meanings assigned to such terms in the Credit Agreement.

In rendering the opinions set forth below, we have reviewed an execution copy of the following documents and instruments:

(i) the Credit Agreement;

(ii) the form of Revolving Credit Promissory Note, attached as Exhibit A to the Credit Agreement (the "Note");

(iii) the Guarantee Agreement; and

(iv) the TRS Subsidiary Guarantee Agreement.

The documents listed in clauses (i) and (ii) above are referred to herein as the "Credit Documents". The documents listed in clauses (iii) and (iv) above are referred to herein as the "Guarantees". Rayonier, TRS and RFR are collectively referred to herein as the "Borrowers". The entities listed on Schedule 2 attached hereto are collectively referred to herein as the "Guarantors". Rayonier Timberlands Management, LLC, a Delaware limited liability company and Managing General Partner of RFR, is referred to herein as the "Managing General Partner".

In addition, we have reviewed the organizational documents listed on Schedule 3 attached hereto furnished by the Borrowers, the Guarantors and the Managing General Partner pursuant to Article III of the Credit Agreement, which the Borrowers, the Guarantors and the Managing General Partner have represented to us are the only documents pursuant to which the Borrowers, the Guarantors and the Managing General Partner are currently organized and/or which govern their affairs with respect to the transactions provided for in the Credit Documents. The organizational documents of each Borrower, each Guarantor and the Managing General Partner listed on Schedule 3 attached hereto are hereinafter referred to, as applicable, as such Borrower's, such Guarantor's or the Managing General Partner's "Organizational Documents".

In rendering the opinions set forth herein, we have, with your consent, relied only upon examination of the documents described above and have made no independent verification or investigation of the factual matters set forth therein. As to any facts material to our opinions, we have made no independent investigation of such facts and have relied, to the extent that we deem such reliance proper, upon statements and certificates of public officials and officers or other representatives of the Borrowers, the Guarantors and the Managing General Partner and on the representations and warranties set forth in the Credit Documents.

Whenever any opinion below as to the existence or absence of facts is qualified by the phrase "to our knowledge," such phrase indicates only that the lawyers of this firm substantively involved in the representation of the Borrowers, the Guarantors and the Managing General Partner in the transactions provided for in the Credit Documents have no actual knowledge of the existence or absence of such facts. Except to the extent expressly stated herein, we have not undertaken any independent investigation to determine the existence or absence of any such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from the fact of our representation of the Borrowers.

In rendering the opinions expressed below, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies, which assumptions we have not independently verified. In addition, we have assumed that (i) each party to the Credit Documents and the Guarantees (each, a "Credit Party") is a corporation, partnership, limited liability company or other entity duly organized under the laws of the jurisdiction of its organization; (ii) the execution, delivery and performance by each Credit Party of the Credit Documents and the Guarantees to which it is a party do not conflict with or result in the breach of any document or instrument binding on it; (iii) the execution, delivery and performance by each Credit Party of the Credit Documents and the Guarantees to which it is a party do not contravene any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to any of them (except that we

have not made such assumption with respect to Applicable Laws as defined below) applicable to the Borrowers or the Guarantors, as to which we express our opinion in paragraphs 7 and 8); (iv) no authorization, approval, consent, order, license, franchise, permit or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required for the due execution, delivery and performance by each Credit Party of the Credit Documents to which it is a party that has not been duly obtained or made and that is not in full force and effect (except that we have not made such assumption with respect to Governmental Approvals as defined below) required to be obtained or taken by the Borrowers, the Guarantors or the Managing General Partner, as to which we express our opinion in paragraph 9; (v) the Credit Documents constitute valid, binding and enforceable obligations of each party thereto (other than the Borrowers, Guarantors and the Managing General Partner); and (vi) the laws of any jurisdiction other than the laws that are the subject of this opinion letter do not affect the terms of the Credit Documents.

Based upon the foregoing, and subject to the assumptions, qualifications, exceptions and limitations set forth herein, it is our opinion that:

1. Each Borrower (other than Rayonier), each Guarantor and the Managing General Partner is a corporation, limited liability company or partnership, as applicable, validly existing and in good standing under the laws of its jurisdiction of organization or formation. Rayonier is a corporation validly existing under the laws of the State of North Carolina.
2. Each Borrower, each Guarantor and the Managing General Partner has all requisite corporate power and authority to carry on its business as now conducted.
3. The execution, delivery and performance of the Credit Agreement are within each Borrower's and the Managing General Partner's corporate, limited liability company or partnership powers, as applicable, and have been duly authorized by all necessary corporate, limited liability company or partnership action, as applicable, on behalf of each Borrower and the Managing General Partner.
4. The execution, delivery and performance of the Guarantees are within Rayonier's, TRS's and each Guarantor's corporate, limited liability company or partnership powers, as applicable, and have been duly authorized by all necessary corporate, limited liability company or partnership action, as applicable, on behalf of Rayonier, TRS and each Guarantor party to any Guarantee.
5. Each Credit Document (other than the Note) to which any Borrower is a party would be, under the laws of the State of North Carolina, the valid and binding obligation of such Borrower and enforceable against such Borrower in accordance with its terms and each Note, when executed and delivered by any Borrower, would be, under the laws of the State of North Carolina, the valid and binding obligation of such Borrower and enforceable against such Borrower in accordance with its terms.

6. Each Guarantee to which Rayonier, TRS or any Guarantor is a party would be, under the laws of the State of North Carolina, the valid and binding obligation of Rayonier, TRS or such Guarantor, as applicable, and enforceable against Rayonier, TRS or such Guarantor, as applicable, in accordance with its terms.

7. The execution and delivery by each Borrower of each Credit Document to which it is a party and the performance by each Borrower of their respective obligations under such Credit Documents (a) do not violate such Borrower's Organizational Documents and (b) do not violate any Applicable Laws as defined below) that are binding on such Borrower.

8. The execution and delivery by Rayonier, TRS and each Guarantor of each Guarantee to which it is a party and the performance by Rayonier, TRS and each Guarantor of their respective obligations under such Guarantees (a) do not violate Rayonier's, TRS's or such Guarantor's Organizational Documents and (b) do not violate any Applicable Laws that are binding on such Guarantor, Rayonier or TRS, as applicable.

9. No Governmental Approval (as defined below) which has not been obtained or taken and is not in full force and effect, is required to be obtained or taken by any Borrower, Guarantor or the Managing General Partner for the execution and delivery by each Borrower, each Guarantor and the Managing General Partner, of each Credit Document or Guarantee, as applicable, to which it is a party or the performance by such Borrower, such Guarantor or the Managing General Partner, as applicable, of its obligations thereunder. "Governmental Approvals" means any consent, approval, license, authorization or validation of, or filing or registration with, any Governmental Authority pursuant to any Applicable Laws (as defined below).

The opinions set forth herein are subject to the following exceptions and qualifications:

(a) In rendering our opinions in paragraph I, we have relied solely upon (i) the good standing certificates regarding the Borrowers (other than Rayonier), the Guarantors (other than Rayonier) and the Managing General Partner issued by the Secretary of State of Delaware listed on Schedule 3 attached hereto and (ii) a certificate of existence regarding Rayonier issued by the Secretary of State of North Carolina dated August 3, 2006.

(b) Enforceability of the Credit Documents and the Guarantees may be limited by the effect of bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and other similar state or federal laws affecting the rights and remedies of creditors or the collection of debtors' obligations in general. This exception includes without limitation the effect of the Federal Bankruptcy Code, in its entirety including matters of contract rejection, fraudulent transfer and obligation, turnover, preference, equitable subordination, automatic stay, conversion of a non-recourse obligation into a recourse obligation, and substantive consolidation. This exception also includes state laws regarding fraudulent transfers, obligations, and conveyances, and state receivership laws.

(c) Enforceability of the Credit Documents and the Guarantees may be limited by the effect of general principles of equity, whether applied by a court of law or equity. This exception includes without limitation the following concepts: (i) principles governing the availability of specific performance, injunctive relief or other traditional equitable remedies; (ii) principles affording traditional equitable defenses (e.g., waiver, laches and estoppel); (iii) good faith and fair dealing; (iv) reasonableness; (v) materiality of the breach; (vi) impracticability or impossibility of performance; (vii) the effect of obstruction, failure to perform or otherwise to act in accordance with an agreement by any person other than the Borrower or the Guarantors; (viii) the effect of § 1-102(3) of the UCC; and (ix) unconscionability.

(d) The possible unenforceability of provisions requiring indemnification for, or providing exculpation, release or exemption from liability for, action or inaction, to the extent such action or inaction involves negligence or willful misconduct or to the extent otherwise contrary to public policy.

(e) The possible unenforceability of provisions imposing increased interest rates upon delinquency in payment or default or providing for liquidated damages, or for premiums on acceleration, redemption, cancellation, or termination, to the extent any such provisions are deemed to be penalties or forfeitures.

(f) The possible unenforceability of waivers or advance consents that have the effect of waiving as to the jurisdiction of courts or to service of process in any particular manner, the venue of actions, the right to jury trial or, in certain cases, notice.

(g) The possible unenforceability of provisions that waivers or consents by a party may not be given unless in writing or in compliance with particular requirements or that a person's course of dealing, course of performance, or the like, or failure or delay in taking actions, may not constitute a waiver of related rights or provisions or that one or more waivers may not under certain circumstances constitute a waiver of other matters of the same kind.

(h) The effect of course of dealing, course of performance, or the like, that would modify the terms of an agreement or the respective rights or obligations of the parties under an agreement.

(i) The possible unenforceability of provisions that enumerated remedies are not exclusive or that a party has the right to pursue multiple remedies without regard to other remedies elected or that all remedies are cumulative.

(j) The effect of judicial discretion regarding the determination of damages and entitlement to attorneys' fees and other costs.

(k) The possible unenforceability of provisions that determination by a party or a party's designee are conclusive.

(l) The possible unenforceability of provisions permitting modification of an agreement only in writing.

(m) The possible unenforceability of provisions permitting the exercise, under certain circumstances, of rights without notice or without providing opportunity to cure failures to perform.

(n) The effect of agreements as to rights of set off otherwise than in accordance with the applicable law.

(o) The effect of judicial discretion regarding the enforcement of forum selection clauses.

(p) We express no opinion as to the enforceability of any provisions of any of the Credit Documents or the Guarantees which impose liquidated damages, penalties, forfeitures, or an increase in interest rate upon default; that appoint the Administrative Agent or any Lender or others as the agent or attorney-in-fact for any Borrower, any Guarantor or the Managing General Partner.

(q) With respect to any Guarantee, we express no opinion on any waiver of any Guarantor's rights under North Carolina General Statutes 26-7 et seq.

(r) Certain waivers of the Guarantees may not be enforceable, but such enforceability will not render the Guarantees invalid as a whole or preclude the obligation of any Guarantor to repay the principal of the loans provided for under the Credit Agreement (the "Loans"), together with non-default interest thereon.

(s) Our opinions are subject to limitations imposed by the valid exercise of the police power and any emergency powers of the United States or the State of North Carolina, or by the valid exercise of any federal or the State of North Carolina criminal or civil forfeiture laws.

(t) We express no opinion as to the enforceability of any severability clauses in the Credit Documents.

(u) We express no opinion as to the enforceability of contractual provisions providing for choice of governing law.

(v) North Carolina General Statutes Section 6-21.2 sets forth the procedures and limitations applicable to the collection of attorneys' fees pursuant to the Credit Documents and the Guarantees, and North Carolina case law requires that attorneys' fees charged to borrowers by lenders be reasonable in amount. Accordingly, any provisions in the Credit Documents and the Guarantees relating to the ability of either the Administrative Agent or any Lender to collect attorneys' fees are subject to those limitations.

(w) We express no opinion in respect of any provision of the Guarantee pursuant to which Rayonier, TRS or any Guarantor has guaranteed the obligations of any Borrower under any Interest Rate Agreement.

(x) We have assumed that no Borrower is an "investment company" within the meaning of, or subject to regulation as an "investment company" under, the Investment Company Act of 1940, as amended.

(y) We express no opinion as to the laws of any jurisdiction other than Applicable Laws.

This opinion is limited to, and any reference herein to "Applicable Laws" means, the laws of the State of North Carolina, and for purposes of the opinions in paragraphs numbered (1) through (4) above the general corporate, limited liability company, or partnership laws, as applicable, of the State of Delaware, and to the laws of the United States of America that are applicable to loan transactions generally, excluding the following legal issues or the application of any such laws or regulations to the matters on which our opinions are referenced: (i) federal and state securities laws; (ii) the local laws of the State of North Carolina (i.e., the statutes, ordinances, the administrative decisions and the rules and regulations of counties and municipalities of the State of North Carolina); (iii) federal and state antitrust and unfair competition laws and regulations; (iv) federal and state tax laws and regulations; (v) federal and state regulatory laws and regulations applicable to any entity as a result of its nonprofit status or solely because of the business in which it is engaged; (vi) federal and state environmental laws and regulations; and (vii) laws, rules and regulations relating to money laundering and terrorist groups (including any requirements imposed under the USA Patriot Act of 2001, as amended). We are expressing no opinion as to the effect of the laws of any other jurisdiction. This opinion is rendered solely to the Administrative Agent and the Lenders in connection with the Loans and may be relied upon only by the Administrative Agent and the Lenders, any participants in the Loans, and any successors and assigns of the Lenders. This opinion may not be quoted in whole or in part or relied upon by any other party or for any other purpose other than the purposes herein stated without our prior written consent.

This opinion letter is rendered as of the date set forth above. We expressly disclaim any obligation to update this letter after such date.

Very truly yours,

WOMBLE CARLYLE SANDRIDGE & RTCE
A Professional Limited Liability Company

[Letterhead of Vinson & Elkins]

August 4, 2006

Each of the Addressees Listed in
the Attached Schedule I

Re: Five year revolving credit agreement.

Ladies and Gentlemen:

We have acted as special New York counsel for Rayonier Inc., a corporation organized under the laws of the State of North Carolina ("Rayonier"), in connection with the transactions contemplated by the Five Year Revolving Credit Agreement, dated as of August 4, 2006 (the "Credit Agreement"), among: (i) Rayonier, Rayonier TRS Holdings Inc., a corporation organized under the laws of the State of Delaware ("TRS"), and Rayonier Forest Resources, L.P., a limited partnership organized under the laws of the State of Delaware ("RFR"), as Borrowers; (ii) the several lenders from time to time parties thereto; (iii) the issuing banks from time to time parties thereto; (iv) Credit Suisse, acting through its Cayman Islands Branch, as Administrative Agent (the "Administrative Agent"); (v) Credit Suisse Securities (USA) LLC and Bank of America, N.A., as Co-Syndication Agents; (vi) JPMorgan Chase Bank, Sun Trust Bank and The Bank Of New York, as Co-Documentation Agents; and (vii) Credit Suisse Securities (USA) LLC and Banc of America Securities LLC, as Joint Lead Arrangers. This opinion letter is furnished to you pursuant to Section 3.0l(e)(iii) of the Credit Agreement. Unless otherwise defined herein, capitalized terms used herein have the meanings assigned to such terms in the Credit Agreement.

In rendering the opinions set forth below, we have reviewed an execution copy of the following documents and instruments:

(i) the Credit Agreement;

(ii) the form of Revolving Credit Promissory Note, attached as Exhibit A to the Credit Agreement (the "Promissory Note");

(iii) the Guarantee Agreement, dated as of August 4, 2006 (the "Rayonier Guarantee"), among Rayonier, TRS and the Administrative Agent; and

(iv) the TRS Subsidiary Guarantee Agreement, dated as of August 4, 2006 (the "TRS Subsidiary Guarantee"), among the guarantors listed on Schedule II (the "TRS Subsidiary Guarantors") and the Administrative Agent.

The documents listed in clauses (i) through (iv) above are referred to herein as the "Transaction Documents". Rayonier, TRS, RFR, and the TRS Subsidiary Guarantors, are collectively referred to herein as the "Opinion Parties"). In rendering the opinions set forth herein, we have, with your consent, relied only upon examination of the documents described above and have made no independent verification or investigation of the factual matters set forth therein. We did not participate in the negotiation or preparation of the Transaction Documents and except as set forth herein have not advised any of the Opinion Parties with respect to such documents or the lending transactions contemplated therein. As to any facts material to our opinions, we have made no independent investigation of such facts and have relied, to the extent that we deem such reliance proper, upon statements of public officials and officers or other representatives of the Opinion Parties and on the representations and warranties set forth in the Transaction Documents.

In rendering the opinions expressed below, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies, which assumptions we have not independently verified. In addition, we have assumed that (i) each party to the Transaction Documents teach, a ("Transaction Party") is a corporation, partnership, limited liability company or other entity duly organized and validly existing under the laws of the jurisdiction of its organization; (ii) each Transaction Party has all necessary corporate, partnership or limited liability company power and authority to execute, deliver and perform its obligations under the Transaction Documents to which it is a party; (iii) each Transaction Document has been duly executed and delivered by each Transaction Party that is a party thereto; (iv) the execution, delivery and performance by each Transaction Party of the Transaction Documents to which it is a party have been duly authorized by all necessary corporate, partnership or limited liability company action and do not contravene the bylaws or other constituent documents of such Transaction Party; (v) the execution, delivery and performance by each Transaction Party of the Transaction Documents to which it is a party do not conflict with or result in the breach of any document or instrument binding on it; (vi) the execution, delivery and performance by each Transaction Party of the Transaction Documents to which it is a party do not contravene any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to any of them (except that we have not made such assumption with respect to Applicable Laws (as defined below) applicable to the Opinion Parties, as to which we express our opinion in paragraph 2); (vii) no authorization, approval, consent, order, license, franchise, permit or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required for the due execution, delivery and performance by each Transaction Party of the Transaction Documents to which it is a party that has not been duly obtained or made and that is not

in full force and effect (except that we have not made such assumption with respect to Governmental Approvals (as defined below) required to be obtained or taken by the Opinion Parties as to which we express our opinion in paragraph 3); (viii) the Transaction Documents constitute valid, binding and enforceable obligations of each party thereto (other than the Opinion Parties); and (ix) the laws of any jurisdiction other than the laws that are the subject of this opinion letter do not affect the terms of the Transaction Documents.

Based upon the foregoing, and subject to the assumptions, qualifications, exceptions and limitations set forth herein, it is our opinion that:

1. Each Transaction Document (other than the Promissory Note) to which any Opinion Party is a party constitutes the valid and binding obligation of such Opinion Party enforceable against such Opinion Party in accordance with its terms. Each Promissory Note, when executed and delivered by an Opinion Party, will constitute the valid and binding obligation of such Opinion Party enforceable against such Opinion Party in accordance with its terms.

2. The execution and delivery by each Opinion Party of each Transaction Document to which it is a party do not, and the performance by such Opinion Party of its obligations thereunder will not, result in any violation by any Opinion Party of any Applicable Law (as defined below). “Applicable Laws” means those laws, rules and regulations of the State of New York and the rules and regulations adopted thereunder, that, in our experience, are normally applicable to transactions of the type contemplated by the Transaction Documents. However, the term “Applicable Laws” does not include, and we express no opinion with regard to: (i) any federal laws, rules or regulations; (ii) any state laws, rules or regulations relating to: (A) pollution or protection of the environment; (B) zoning, land use, building or construction; (C) occupational safety and health or other similar matters; (D) labor, employee rights and benefits; (E) the regulation of utilities; (F) antitrust and trade regulation; (G) tax; (H) securities; and (I) copyrights, patents and trademarks; and (iii) any laws, rules or regulations of any county, municipality or similar political subdivision or any agency or instrumentality thereof.

3. No Governmental Approval (as defined below) which has not been obtained or taken and is not in full force and effect, is required to be obtained or taken by any Opinion Party to authorize, or is required in connection with, the execution and delivery by each Opinion Party of each Transaction Document to which it is a party or the performance by such Opinion Party of its obligations thereunder. “Governmental Approvals” means any consent, approval, license, authorization or validation of, or

filing, recording or registration with, any Governmental Authority pursuant to any Applicable Laws (as defined in paragraph 2 above).

The opinions set forth above are subject to the following qualifications and exceptions:

(a) The enforceability of each Transaction Document and the provisions thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other laws now or hereafter in effect relating to or affecting enforcement of creditors' rights generally and by general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether such enforcement is considered in a proceeding in equity or at law.

(b) With respect to our opinion set forth in paragraph 1 above, we express no opinion with respect to the validity or enforceability of the following provisions to the extent that they are contained in the Transaction Documents: (i) provisions releasing, exculpating or exempting a party from, or requiring indemnification or contribution of a party for, liability for its own negligence or to the extent that the same are inconsistent with public policy; (ii) provisions purporting to waive, subordinate or not give effect to rights to notice, demands, legal defenses or other rights or benefits that cannot be waived, subordinated or rendered ineffective under applicable law; (iii) provisions purporting to provide remedies inconsistent with applicable law; (iv) provisions relating to the creation, attachment, perfection or enforceability of any security interest; (v) provisions relating to severability or set-offs; (vi) provisions stating that a guarantee will not be affected by a modification of the obligation guaranteed in cases in which that modification materially changes the nature or amount of such obligation; (vii) provisions restricting access to courts or purporting to affect the jurisdiction or venue of courts (other than the courts of the State of New York with respect to Transaction Documents governed by the laws of the State of New York); (viii) provisions purporting to exclude all conflicts-of-law rules; and (ix) provisions providing that decisions by a party are conclusive or may be made in its sole discretion.

(c) Insofar as our opinion set forth in paragraph 1 above relates to the enforceability under New York law of the provisions of the Transaction Documents choosing New York law as the governing law thereof, such opinion is rendered solely in reliance upon the Act of July 19, 1984, ch. 421, 1984 McKinney's Sess. Law of N.Y. 1406 (codified at N.Y. Gen. Oblig. Law §§5-1401 (McKinney 1989)) (the "Act") and is subject to the qualifications that such enforceability (i) as specified in the Act, does not apply to the extent provided to the contrary in subsection two of Section 1-105 of the NY UCC, (ii) may be limited by public policy considerations of any jurisdiction in which enforcement of such provisions is sought, and (iii) is subject to any U.S. Constitutional requirement under the Full Faith and Credit Clause or the Due Process Clause thereof or the exercise of any applicable judicial discretion in favor of another jurisdiction.

(d) We express no opinion in respect of any provision of the Rayonier Guarantee or the TRS Subsidiary Guarantee Agreement pursuant to which any Opinion

Party has guaranteed the obligations of any other Opinion Party under any Interest Rate Agreement.

(e) We have assumed that no Opinion Party is an "investment company" within the meaning of, or subject to regulation as an "investment company" under, the Investment Company Act of 1940, as amended.

We express no opinion as to the laws of any jurisdiction other than Applicable Laws.

This opinion letter is rendered as of the date set forth above. We expressly disclaim any obligation to update this letter after such date.

This opinion letter is given solely for your benefit and the benefit of the Lenders from time to time party to the Credit Agreement in connection with the transactions contemplated by the Transaction Documents and may not be furnished to, or relied upon by, any other person or for any other purpose without our prior written consent.

Very truly yours,

EXHIBIT E - FORM OF
CLOSING CERTIFICATE

[NAME OF A BORROWER]

Pursuant to Section 3.01(f) of the Five-Year Revolving Credit Agreement dated as of _____, 2006 among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., and any Additional Borrower (as defined therein), as borrowers, the lenders parties thereto, the issuing banks parties thereto, and Credit Suisse, acting through one or more of its branches ("CS"), as Administrative Agent for the lenders (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), the undersigned hereby certifies that [he or she] is the _____ of [NAME OF A BORROWER] (the "Borrower") and in such capacity further certifies as follows:

1. The representations and warranties of the Borrower set forth in the Credit Agreement and each of the other Loan Documents to which the Borrower is a party, are true and correct in all material respects on and as of the date hereof.

2. No Default or Event of Default has occurred and is continuing as of the date hereof or after giving effect to the transactions to be consummated under the Credit Agreement on the date hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his name.

_____
Name:
Title:

Date: _____, 200__

This Assignment and Acceptance (the "Assignment and Acceptance") is dated as of the date set forth below (the "Effective Date") and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used in this Assignment and Acceptance and not otherwise defined herein have the meanings specified in the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended or modified from time to time, the "Credit Agreement") among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., and any other Additional Borrower (as defined in the Credit Agreement), as borrowers, the Lenders (as defined in the Credit Agreement), the Issuing Banks (as defined in the Credit Agreement), and Credit Suisse, acting through its Cayman Islands Branch ("CS"), as Administrative Agent for the Lenders (the "Administrative Agent"). Receipt of a copy of the Credit Agreement is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex I attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below (including any Letters of Credit or Guarantees included in such facility) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

1. Assignor (the "Assignor"):

2. Assignee (the "Assignee"):

3. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Revolving Credit Advances of all Lenders	Amount of Commitment/ Revolving Credit Advances Assigned	Percentage Assigned of Commitment/Revolving Credit Advances [1]
Revolving Credit Advance	$	$	%

Effective Date: _____ ___, 20___[TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR].

[1] Set forth, to at least 9 decimals, as a percentage of the Commitment/ Revolving Credit Advances of all Lenders thereunder.

The terms set forth in this Assignment and Acceptance are hereby agreed to:

[NAME OF ASSIGNOR], as Assignor,

By _____
Name:
Title:

[NAME OF ASSIGNEE], as Assignee,

By _____
Name:
Title:

[Consented to and][2] Accepted:

CREDIT SUISSE, acting through its Cayman Islands Branch, as Administrative Agent,

By _____
Name:
Title:

By _____
Name:
Title:

[Consented to:

NAME OF BORROWER

By _____
Name:
Title:][3]

[2] To the extent required by the Credit Agreement.
[3] To the extent required by the Credit Agreement.

[Consented to:

[NAME OF ISSUING BANK],as Issuing Bank,

By _____
Name:
Title:][4]

[4] To the extent required by the Credit Agreement.

CREDIT AGREEMENT[5]

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim created by the Assignor and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of any Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by any Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements referred to in Section 4.01 of the Credit Agreement or delivered pursuant to Section 5.01 of the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent, the Assignor or any other Lender, (v) it is an Eligible Assignee, and (vi) if it is a Lender organized under the laws of a jurisdiction outside the United States, attached to this Assignment and Acceptance is any documentation required to be delivered by it pursuant to Section 2.15(e) of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other

[5] Capitalized terms used in this Assignment and Acceptance and not otherwise defined herein have the meanings specified in the Five-Year Revolving Credit Agreement dated as of _____, 2006 (as amended or modified from time to time, the "Credit Agreement") among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., and any Additional Borrwer, as borrowers (each a "Borrower" and, collectively, the "Borrowers"), the Lenders (as defined in the Credit Agreement), the Issuing Banks (as defined in the Credit Agreement), and Credit Suisse, acting through its Cayman Islands Branch ("CS"), as Administrative Agent for the Lenders (the "Administrative Agent").

Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Acceptance shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by facsimile or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be construed in accordance with and governed by the law of the State of New York.

Credit Suisse,
acting through its Cayman Islands Branch,
as Administrative Agent
for the Lenders parties
to the Credit Agreement
referred to below
Eleven Madison Avenue
New York, New York 10010

[Date]

Attention: [Agency Department Manager]

Ladies and Gentlemen:

The undersigned, Rayonier Inc., refers to the Five-Year Revolving Credit Agreement, dated as of _____, 2006 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., and any Additional Borrower (as defined therein), as borrowers, certain Lenders parties thereto, certain Issuing Banks parties thereto, and Credit Suisse, acting through its Cayman Islands Branch ("CS"), as Administrative Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to the Credit Agreement, that the undersigned hereby designates _____, a _____, as an Additional Borrower under the Credit Agreement. Such designation is subject to fulfillment (or waiver by the Required Lenders) of the conditions precedent set forth in Section 3.03 of the Credit Agreement.

Very truly yours,

RAYONIER INC.

By _____
Name:
Title:

Credit Suisse,
acting through its Cayman Islands Branch,
as Administrative Agent
for the Lenders parties
to the Credit Agreement
referred to below
Eleven Madison Avenue
New York, New York 10010

[Date]

Attention: [Agency Department Manager]

Ladies and Gentlemen:

The undersigned, Rayonier Inc., refers to the Five-Year Revolving Credit Agreement, dated as of _____, 2006 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources, L.P., and any Additional Borrower (as defined therein), as borrowers, certain Lenders parties thereto, certain Issuing Banks parties thereto, and Credit Suisse, acting through its Cayman Islands Branch ("CS"), as Administrative Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to the Credit Agreement, that the undersigned hereby designates _____, a _____, as an Additional Subsidiary Guarantor under the Credit Agreement. Such designation is subject to fulfillment (or waiver by the Required Lenders) of the conditions precedent set forth in Section 3.04 of the Credit Agreement.

Very truly yours,

RAYONIER INC.

By _____
Name:
Title:

Exhibit 10.7

EXECUTION COPY

CONTRIBUTION, CONVEYANCE AND ASSUMPTION AGREEMENT

DATED AS OF

JULY 29, 2010

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CONTRIBUTION, CONVEYANCE AND ASSUMPTION AGREEMENT

THIS CONTRIBUTION, CONVEYANCE AND ASSUMPTION AGREEMENT (this "Agreement") is entered into as of the __ day of _____, 2010, by and among Rayonier Inc., a North Carolina corporation ("Rayonier"), and Rayonier Operating Company LLC, a Delaware limited liability company ("ROC").

RECITALS

WHEREAS, the Board of Directors of Rayonier has authorized Rayonier to reorganize its structure (the "Restructuring"); and

WHEREAS, in connection with and as part of the Restructuring, Rayonier has formed ROC pursuant to the terms of the Delaware Limited Liability Company Act (the "Delaware LLC Act") and has contributed $1,000 to ROC in exchange for all of the membership interests in ROC;

WHEREAS, in connection with and as part of the Restructuring, Rayonier desires to transfer and contribute to ROC all interests in the partnerships, corporations, limited liability companies, properties and assets, tangible and intangible, held by Rayonier immediately prior to the Effective Time in exchange for the assumption, performance, satisfaction and discharge of any and all obligations and liabilities of Rayonier incurred through the Effective Time, known or unknown, contingent or fixed, and certain other consideration on the terms and conditions set forth herein.

WHEREAS, concurrently with the consummation of the transactions contemplated hereby, each of the following shall occur in the order set forth below:

1. Rayonier will contribute 100% of the common stock of Rayonier TRS Holdings Inc., a Delaware corporation ("TRS"), to ROC;
2. Rayonier will contribute 100% of the membership interests of Rayonier Minerals, LLC, a Delaware limited liability company ("Minerals LLC"), to ROC;
3. Rayonier will contribute 100% of the membership interests of Rayonier Canterbury, LLC, a Delaware limited liability company ("Canterbury LLC"), to ROC;
4. Rayonier will contribute 100% of the membership interests in Rayonier Timberlands Management, LLC, a Delaware limited liability company ("RTM LLC"), to ROC;
5. Rayonier will contribute 100% of the limited partner interests in Rayonier Forest Resources, L.P., a Delaware limited partnership ("RFR LP"), to ROC.
6. In exchange for the asset conveyances and capital contributions from Rayonier, ROC will (A) provide upstream guarantees to the holders of, or to the letter of

credit issuer banks related to, (i) $23,110,000 aggregate principal amount of Nassau County Tax Exempt Pollution Control Private Activity Refunding Revenue Bonds, Series 2002, floating interest rate, of Rayonier due June 1, 2012 (the "Nassau County Bonds") and (ii) $15,000,000 aggregate principal amount of Wayne County Industrial Development Authority Solid Waste Disposal Revenue Bonds, Series 2000, floating interest rate, of Rayonier due May 1, 2020 (the "Wayne County Bonds"), as appropriate, (B) assume Rayonier's rights and obligations, if any, under the (i) loan agreement, dated as of May 1, 2002, between Nassau County, Florida and Rayonier (the "Nassau County Bonds Loan Agreement") related to the Nassau County Bonds and (ii) loan agreement, dated as of May 1, 2000, between Wayne County Industrial Development Authority and Rayonier (the "Wayne County Bonds Loan Agreement") related to the Wayne County Bonds, (C) agree under the Five-Year Revolving Credit Agreement among Rayonier, TRS and RFR LP, as borrowers, the several lenders party thereto and Credit Suisse, as administrative agent, dated as of August 4, 2006 (the "Credit Agreement"), to become an "Additional Borrower" (as defined in the Credit Agreement), (D) agree under the Guarantee Agreement, dated as of August 4, 2006, among Rayonier, TRS and Credit Suisse AG acting through its Cayman Islands Branch, as Administrative Agent, related to the Credit Agreement, to guarantee the obligations thereunder, (E) agree under the Guarantee Agreement, dated as of January 12, 2010, by Rayonier and CoBank, ACB, as administrative agent, related to the $75,000,000 Five-Year Term Loan Agreement, among TRS, as borrower, the several lenders party thereto and CoBank, ACB, as administrative agent, dated as of January 12, 2010 (the "Term Loan Agreement"), to guarantee the obligations of TRS thereunder, (F) become a guarantor under the Indenture (the "3.75% Exchangeable Notes Indenture"), dated as of October 16, 2007, among TRS, Rayonier and the Bank of New York Trust Company, N.A., as trustee, relating to TRS' 3.75% Senior Exchange Notes due 2012, (G) become a guarantor under the Indenture (the "4.50% Exchangeable Notes Indenture"), dated as of August 12, 2009, among TRS, Rayonier and the Bank of New York Mellon Trust Company, N.A., as trustee, relating to TRS' 4.50% Senior Exchange Notes due 2015 and (H) assume all debt, liabilities and obligations of Rayonier.

NOW, THEREFORE, in consideration of their mutual undertakings and agreements hereunder, the parties to this Agreement undertake and agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 *Definitions*. The following capitalized terms have the meanings given below.

"3.75% Exchangeable Notes Indenture" has the meaning assigned to such term in the recitals.

"4.50% Exchangeable Notes Indenture" has the meaning assigned to such term in the recitals.

"Agreement" has the meaning assigned to such term in the opening paragraph.

"Beneficial Owner" has the meaning assigned to such term in Section 6.1.

"Canterbury LLC" has the meaning assigned to such term in the recitals.

"Contributed Assets" has the meaning assigned to such term in Section 2.1.

"Conveyed Assets" has the meaning assigned to such term in Section 4.1(a).

"Conveyancing Documents" has the meaning assigned to such term in Section 4.1(b).

"Credit Agreement" has the meaning assigned to such term in the recitals.

"Delaware LLC Act" has the meaning assigned to such term in the recitals.

"Effective Date" means July 29, 2010.

"Effective Time" means 12:01 a.m. Eastern Standard Time on the Effective Date.

"herein" has the meaning assigned to such term in Section 6.3.

"hereof" has the meaning assigned to such term in Section 6.3.

"hereunder" has the meaning assigned to such term in Section 6.3.

"including" has the meaning assigned to such term in Section 6.3.

"Law" or "Laws" means any and all (a) laws, statutes, ordinances, rules or regulations promulgated by a governmental authority, orders of a governmental authority or (b) non-appealable judicial decisions, decisions of arbitrators or determinations of any governmental authority or court.

"Minerals LLC" has the meaning assigned to such term in the recitals.

"Nassau County Bonds" has the meaning assigned to such term in the recitals.

"Nassau County Bonds Loan Agreement" has the meaning assigned to such term in the recitals.

"ROC" has the meaning assigned to such term in the opening paragraph.

"Rayonier" has the meaning assigned to such term in the opening paragraph.

"Rayonier Assets" has the meaning assigned to such term in Section 2.2.

"Rayonier Indebtedness" has the meaning assigned to such term in Section 3.1.

"Rayonier Indebtedness and Obligations" has the meaning assigned to such term in Section 3.1.

"Rayonier Obligations" has the meaning assigned to such term in Section 3.1.

"Restriction" has the meaning assigned to such term in Section 6.1.

"Restriction Asset" has the meaning assigned to such term in Section 6.1.

"Restructuring" has the meaning assigned to such term in the recitals.

"RFR LP" has the meaning assigned to such term in the recitals.

"RTM LLC" has the meaning assigned to such term in the recitals.

"Specific Conveyances" has the meaning assigned to such term in Section 2.3.

"Term Loan Agreement" has the meaning assigned to such term in the recitals.

"TRS" has the meaning assigned to such term in the recitals.

"Wayne County Bonds" has the meaning assigned to such term in the recitals.

"Wayne County Bonds Loan Agreement" has the meaning assigned to such term in the recitals.

ARTICLE II
TRANSACTIONS

Section 2.1 *Contribution by Rayonier to ROC of Contributed Assets*. Rayonier hereby contributes, transfers, assigns and conveys to ROC, its successors and assigns, for its and their own use forever, all right, title and interest of Rayonier in and to (a) all of the common stock of TRS, (b) all the limited liability company interests of each of Minerals LLC, Canterbury LLC and RTM LLC, (c) all of the limited partnership interests of RFR LP (together, (a), (b) and (c) constitute the "Contributed Assets") and ROC hereby accepts the Contributed Assets as a capital contribution and in exchange therefor (i) agrees to provide an upstream guarantee to the holders of, or to the letter of credit issuer banks related to, the Nassau County Bonds and the Wayne County Bonds, as appropriate, (ii) agrees to assume Rayonier's rights and obligations, if any, under the (a) Nassau County Bonds Loan Agreement and (b) Wayne County Bonds Loan Agreement, (iii) agrees to become an "Additional Borrower" under the Credit Agreement, (iv) agrees to provide a guarantee to the lenders under the respective guarantee agreements related to the Credit Agreement and the Term Loan Agreement, (v) agrees to provide a guarantee to the noteholders under the 3.75% Exchangeable Notes Indenture and to the noteholders under the 4.50% Exchangeable Notes Indenture and (vi) assumes all debt, liabilities and obligations of Rayonier as described in Article III.

TO HAVE AND TO HOLD the Contributed Assets unto ROC, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging,

subject to the terms and conditions stated in this Agreement, and in all instruments of conveyance covering the Contributed Assets forever.

Section 2.2 *Contribution by Rayonier to ROC of Rayonier Assets*. Rayonier hereby contributes, transfers, assigns and conveys, effective as of the Effective Time, to ROC, its successors and assigns, for its and their use forever, all right, title and interest of Rayonier in and to the properties and assets, tangible and intangible fixed and contingent held by Rayonier immediately prior to the Effective Time (collectively, the "Rayonier Assets"), and ROC hereby accepts the Rayonier Assets as a capital contribution and in exchange for the assumption by ROC of all liabilities related to the Rayonier Assets.

TO HAVE AND TO HOLD the Rayonier Assets unto ROC, its successors and assigns, together with all and singular the rights and appurtenances thereto in anywise belonging, subject, however, to the terms and conditions of this Agreement and in all instruments of conveyance covering the Rayonier Assets forever.

Section 2.3 *Specific Conveyances*. To further evidence the contributions set forth in Sections 2.1 and 2.2 above, Rayonier may have executed and delivered, or may in the future execute and deliver, to ROC certain conveyance, assignment and bill of sale instruments (collectively, the "Specific Conveyances"). The Specific Conveyances shall evidence and perfect such sale and contribution made by this Agreement, shall not constitute a second conveyance of any assets or interests therein, and shall control over any contrary terms of this Agreement.

ARTICLE III
ASSUMPTION OF CERTAIN DEBT, LIABILITIES AND OBLIGATIONS

Section 3.1 *Assumption by ROC of the Rayonier Indebtedness and Obligations*. In consideration of the contributions by Rayonier to ROC as set forth in Sections 2.1 and 2.2, ROC hereby accepts and assumes: (i) all of the indebtedness of Rayonier (including the payment of all principal, interest (including interest premiums, if any) and other costs incurred from time to time with respect to the indebtedness) (the "Rayonier Indebtedness") and (ii) all other liabilities and obligations of Rayonier (the "Rayonier Obligations" and, together with the Rayonier Indebtedness, the "Rayonier Indebtedness and Obligations"). ROC hereby agrees to perform all acts and all other obligations required by virtue of this assumption, including the satisfaction in full of all amounts due relating to all of the Rayonier Indebtedness and Obligations as they become due from time to time. In addition, ROC agrees to execute any consents, joinders, other assignment or assumption agreements, guarantee agreements or other agreements that may be necessary or requested by Rayonier to effectuate the assumption by ROC of the Rayonier Indebtedness and Obligations.

ARTICLE IV
TITLE MATTERS

Section 4.1 *Encumbrances*.

(a) Except to the extent provided in Article II or any other document executed in connection with this Agreement, the contribution and conveyance of the Contributed Assets and

the Rayonier Assets (collectively, the "Conveyed Assets") as reflected in this Agreement are made expressly subject to (i) all recorded and unrecorded liens, encumbrances, agreements, defects, restrictions, adverse claims and all laws, rules, regulations, ordinances, judgments and orders of governmental authorities or tribunals having or asserting jurisdiction over the Conveyed Assets and operations conducted thereon or therewith, in each case to the extent the same are valid and enforceable and affect the Conveyed Assets, but not otherwise, except for such matters as are specifically identified in this Agreement or the Conveyancing Documents, (ii) all matters that a current on the ground survey or visual inspection of the Conveyed Assets would reflect, (iii) the applicable liabilities assumed as described in Article III and (iv) all matters contained in the applicable provisions of Article II.

(b) To the extent that the parties have executed, or hereafter do execute, deeds, bills of sale, or other conveyance documents (collectively, the "Conveyancing Documents"), then the provisions set forth in Section 4.1(a) immediately above shall also be applicable to the conveyances under the Conveyancing Documents.

Section 4.2 *Disclaimer of Warranties; Subrogation; Waiver of Bulk Sales Laws*.

(a) EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT, THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE AND AGREE THAT NONE OF THE PARTIES TO THIS AGREEMENT HAS MADE, DO NOT MAKE, AND EACH SUCH PARTY SPECIFICALLY NEGATES AND DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS, IMPLIED, OR STATUTORY, ORAL OR WRITTEN, PAST OR PRESENT, REGARDING (A) THE VALUE, NATURE, QUALITY OR CONDITION OF ANY ASSET, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL, GEOLOGY OR ENVIRONMENTAL CONDITION OF ANY ASSET GENERALLY, INCLUDING THE PRESENCE OR LACK OF HAZARDOUS SUBSTANCES OR OTHER MATTERS ON THE CONVEYED ASSETS, (B) THE INCOME TO BE DERIVED FROM THE CONVEYED ASSETS, (C) THE SUITABILITY OF THE CONVEYED ASSETS FOR ANY AND ALL ACTIVITIES AND USES THAT MAY BE CONDUCTED THEREON, (D) THE COMPLIANCE OF OR BY THE CONVEYED ASSETS OR THEIR OPERATION WITH ANY LAWS (INCLUDING WITHOUT LIMITATION ANY ZONING, ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS) OR (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE CONVEYED ASSETS. EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT, THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE AND AGREE THAT EACH HAS HAD THE OPPORTUNITY TO INSPECT THE RESPECTIVE CONVEYED ASSETS, AND EACH IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE RESPECTIVE CONVEYED ASSETS AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY ANY OF THE PARTIES TO THIS AGREEMENT. EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT, NONE OF THE PARTIES TO THIS AGREEMENT IS LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE CONVEYED ASSETS FURNISHED BY ANY AGENT, EMPLOYEE, SERVANT OR THIRD PARTY. EXCEPT TO THE EXTENT PROVIDED IN ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT, EACH OF THE PARTIES TO THIS AGREEMENT ACKNOWLEDGE THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE

CONTRIBUTION OF THE CONVEYED ASSETS AS PROVIDED FOR HEREIN IS MADE IN AN "AS IS", "WHERE IS" CONDITION WITH ALL FAULTS, AND THE CONVEYED ASSETS ARE CONTRIBUTED AND CONVEYED SUBJECT TO ALL OF THE MATTERS CONTAINED IN THIS SECTION. THIS SECTION SHALL SURVIVE SUCH CONTRIBUTION AND CONVEYANCE OR THE TERMINATION OF THIS AGREEMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED BY THE PARTIES TO THIS AGREEMENT AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE CONVEYED ASSETS THAT MAY ARISE PURSUANT TO ANY LAW NOW OR HEREAFTER IN EFFECT, OR OTHERWISE, EXCEPT AS SET FORTH IN THIS AGREEMENT OR ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT.

(b) To the extent that certain jurisdictions in which the Conveyed Assets are located may require that documents be recorded in order to evidence the transfers of title reflected in this Agreement, then the disclaimers set forth in Section 4.2(a) immediately above shall also be applicable to the conveyances under such documents, except as otherwise provided in such document.

(c) The contributions of the Conveyed Assets made under this Agreement are made with full rights of substitution and subrogation of the respective parties receiving such contributions, and all persons claiming by, through and under such parties, to the extent assignable, in and to all covenants and warranties by the predecessors-in-title of the parties contributing the Conveyed Assets, and with full subrogation of all rights accruing under applicable statutes of limitation and all rights of action of warranty against all former owners of the Conveyed Assets.

(d) Each of the parties to this Agreement hereby waives compliance with any applicable bulk sales law or any similar law in any applicable jurisdiction in respect of the transactions contemplated by this Agreement.

ARTICLE V
FURTHER ASSURANCES

Section 5.1 *Further Assurances*. From time to time after the date hereof, and without any further consideration, the parties to this Agreement agree to execute, acknowledge and deliver all such additional deeds, assignments, bills of sale, conveyances, instruments, notices, releases, acquittances and other documents, and will do all such other acts and things, all in accordance with applicable law, as may be necessary or appropriate to (i) more fully assure that the applicable parties to this Agreement own all of the properties, rights, titles, interests, estates, remedies, powers and privileges granted by this Agreement, or which are intended to be so granted, (ii) more fully and effectively vest in the applicable parties to this Agreement and their respective successors and assigns beneficial and record title to the interests contributed and assigned by this Agreement or intended so to be and (iii) more fully and effectively carry out the purposes and intent of this Agreement.

ARTICLE VI
MISCELLANEOUS

Section 6.1 *Consents; Restriction on Assignment*. If there are prohibitions against or conditions to the contribution and conveyance of one or more of the Conveyed Assets without the prior written consent of third parties, including, without limitation, governmental agencies (other than consents of a ministerial nature which are normally granted in the ordinary course of business), which if not satisfied would result in a material breach of such prohibitions or conditions or would give an outside party the right to terminate rights of the party to whom the applicable assets were intended to be conveyed (the "Beneficial Owner") with respect to such portion of the Conveyed Assets (herein called a "Restriction"), then any provision contained in this Agreement to the contrary notwithstanding, the transfer of title to or interest in each such portion of the Conveyed Assets (herein called the "Restriction Asset") pursuant to this Agreement shall not become effective unless and until such Restriction is satisfied, waived or no longer applies. When and if such a Restriction is so satisfied, waived or no longer applies, to the extent permitted by applicable law and any applicable contractual provisions, the assignment of the Restriction Asset subject thereto shall become effective automatically as of the Effective Time, without further action on the part of any party to this Agreement. Each of the applicable parties to this Agreement that were involved with the conveyance of a Restriction Asset agree to use their reasonable best efforts to obtain on a timely basis satisfaction of any Restriction applicable to any Restriction Asset conveyed by or acquired by any of them. The description of any portion of the Conveyed Assets as a "Restriction Asset" shall not be construed as an admission that any Restriction exists with respect to the transfer of such portion of the Conveyed Assets. In the event that any Restriction Asset exists, the applicable party agrees to continue to hold such Restriction Asset in trust for the exclusive benefit of the applicable party to whom such Restriction Asset was intended to be conveyed and to otherwise use its reasonable best efforts to provide such other party with the benefits thereof, and the party holding such Restriction Asset will enter into other agreements, or take such other action as it may deem necessary, in order to ensure that the applicable party to whom such Restriction Asset was intended to be conveyed has the assets and concomitant rights necessary to enable the applicable party to operate such Restriction Asset in all material respects as it was operated prior to the Effective Time. Notwithstanding the above and for purposes of clarity, it is the intention of all parties to this Agreement that beneficial ownership of any Conveyed Assets be conveyed upon the party receiving such Conveyed Assets, and that any party receiving any Conveyed Assets will receive all benefits, as well as all burdens, liabilities or other obligations, associated with such Conveyed Assets.

Section 6.2 *Costs*. ROC shall pay, or reimburse the other parties hereto for their payment of, all sales, use and similar taxes arising out of the contributions, conveyances and deliveries to be made hereunder, and shall pay all documentary, filing, recording, transfer, deed and conveyance taxes and fees required in connection therewith. In addition, ROC shall be responsible for all costs, liabilities and expenses (including court costs and reasonable attorneys' fees) incurred in connection with the satisfaction or waiver of any Restriction pursuant to Section 6.1.

Section 6.3 *Headings; References; Interpretation*. All Article and Section headings in this Agreement are for convenience only and shall not be deemed to control or affect the

meaning or construction of any of the provisions hereof. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, including without limitation, all Schedules attached hereto, and not to any particular provision of this Agreement. All references herein to Articles, Sections and Schedules shall, unless the context requires a different construction, be deemed to be references to the Articles, Sections and Schedules of this Agreement, respectively, and all such Schedules attached hereto are hereby incorporated herein and made a part hereof for all purposes. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural and vice versa. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation," "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.

Section 6.4 *Successors and Assigns*. The Agreement shall be binding upon and inure to the benefit of the parties signatory hereto and their respective successors and assigns.

Section 6.5 *No Third Party Rights*. The provisions of this Agreement are intended to bind the parties signatory hereto as to each other and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies and no person is or is intended to be a third party beneficiary of any of the provisions of this Agreement.

Section 6.6 *Counterparts*. This Agreement may be executed in any number of counterparts, all of which together shall constitute one agreement binding on the parties hereto.

Section 6.7 *Governing Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida applicable to contracts made and to be performed wholly within such state without giving effect to conflict of law principles thereof, except to the extent that it is mandatory that the law of some other jurisdiction, wherein the Conveyed Assets are located, shall apply.

Section 6.8 *Severability*. If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect to the intention of the parties as expressed in this Agreement at the time of execution of this Agreement.

Section 6.9 *Deed; Bill of Sale; Assignment*. To the extent required and permitted by applicable law, this Agreement shall also constitute a "deed," "bill of sale" or "assignment" of the Conveyed Assets.

Section 6.10 *Amendment or Modification*. This Agreement may be amended or modified from time to time only by the written agreement of all the parties hereto and affected thereby.

Section 6.11 *Integration*. This Agreement and the instruments referenced herein supersede all previous understandings or agreements between the parties, whether oral or written, with respect to its subject matter. This Agreement and such instruments, along with all the related transactions contemplated hereby, contain the entire understanding of the parties with respect to the subject matter hereof and thereof. No understanding, representation, promise or agreement, whether oral or written, is intended to be or shall be included in or form part of this Agreement unless it is contained in a written amendment hereto executed by the parties hereto after the date of this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

RAYONIER INC.

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

RAYONIER OPERATING COMPANY LLC

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

Exhibit 10.8

EXECUTION VERSION

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is entered into as of the 29th day of July, 2010, by and between Rayonier Inc., a North Carolina corporation ("Assignor"), and Rayonier Operating Company LLC, a Delaware limited liability company ("Assignee").

RECITALS

WHEREAS, Assignor is a Borrower under that certain Five-Year Revolving Credit Agreement, dated as of August 4, 2006 (as amended or modified from time to time, the "Credit Agreement"), among Rayonier Inc., Rayonier TRS Holdings Inc., Rayonier Forest Resources L.P., and any Additional Borrower (as defined therein), as borrowers, certain lenders from time to time parties thereto (the "Lenders"), certain Issuing Banks parties thereto, and Credit Suisse AG (formerly known as Credit Suisse), acting through its Cayman Islands Branch, as Administrative Agent (the "Administrative Agent") for said Lenders, pursuant to which the Lenders made certain loans to the Borrowers;

WHEREAS, pursuant to the Guarantee Agreement, Assignor guaranteed the obligations of the other Borrowers under the Credit Agreement;

WHEREAS, Assignee is a direct subsidiary of Assignor;

WHEREAS, Assignor has executed an Additional Borrower Designation under, and as defined in, the Credit Agreement;

WHEREAS, Assignor desires to assign all of its obligations as Borrower under the Credit Agreement to Assignee, and Assignee desires to assume all such obligations under the Credit Agreement and become an Additional Borrower (as defined in the Credit Agreement) under the Credit Agreement; and

WHEREAS, Section 5.03(c) of the Credit Agreement permits such assignment from Assignor to Assignee, subject to the conditions set forth in Section 3.03 of the Credit Agreement, and in the definition of "Additional Borrower".

NOW, THEREFORE, in consideration of the premises and the agreements hereinafter set forth, the parties hereto hereby agree as follows:

1. Capitalized terms used but not otherwise defined in this Agreement have the meanings given said terms in the Credit Agreement.

2. Assignor hereby irrevocably assigns to Assignee, and Assignee hereby irrevocably assumes from Assignor, all of Assignor's rights, benefits, title, interests, liabilities and obligations as Borrower under the Credit Agreement and the other Loan Documents (as such agreements may be amended, supplemented, restated or otherwise modified from time to time, the "Assigned Loan Documents").

3. From and after the date of this Agreement, (a) Assignee will be a party to the Assigned Loan Documents and will have the rights and obligations as the Additional Borrower thereunder and will be bound by all of the provisions of the Assigned Loan Documents applicable to the Additional Borrower thereunder; including, but not limited to, the payment of all Revolving Credit Advances and LC Disbursements and all interest in accordance with the terms of the Assigned Loan Documents, (b) all Revolving Credit Advances owing by Assignor and then outstanding shall be deemed to be Revolving

Credit Advances made to and owing by Assignee and (c) all Letters of Credit issued for the account of Assignor and then outstanding shall be deemed to be Letters of Credit issued for the account of Assignee and Assignee shall have full liability in respect thereof to the same extent as though such Letters of Credit had been issued for the account of Assignee (and the Assignor and Assignee shall each be deemed to be an account party under each such Letter of Credit).

4. Notwithstanding anything to the contrary set forth herein, (a) Assignor is not assigning any of the rights, interests, obligations or liabilities that it has under the Loan Documents as a Guarantor, (b) Assignor remains bound as a Guarantor under the Loan Documents to which it is a party, including, the Guarantee Agreement, (c) Assignee will be a Guarantor under the Guarantee Agreement, and (d) the covenants set forth in Section 5.02 and Section 5.03 of the Credit Agreement, which are specific to Assignor as a publicly traded company and the corporate parent of Assignee, shall remain effective with respect to Assignor.

5. For the benefit of Assignee, the Administrative Agent and the Lenders, Assignor represents and warrants as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) Assignor has performed and complied with all agreements and conditions contained in the Loan Documents required to be performed or complied with by it prior to or at the time of delivery hereof.

6. For the benefit of the Administrative Agent and the Lenders, each of Assignee and Assignor represents and warrants as follows:

(a) The execution, delivery and performance of this Agreement are within such party's powers and have been duly authorized by all necessary limited liability company, corporate or other action.

(b) This Agreement constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, fraudulent transfer or similar laws affecting the enforcement of creditors' rights generally or by equitable principles (whether considered in a proceeding at law or in equity) and an implied covenant of good faith and fair dealing.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority, regulatory body or any other third party is required for the due execution, delivery and performance by Assignor or Assignee of this Agreement.

(d) The assignments by the Assignor and assumptions by the Assignee made hereunder are made in compliance with, and in satisfaction of, the provisions in the Credit Agreement and the other Loan Documents applicable to the designation of an Additional Borrower (including without limitation, the requirements set forth in the definition of "Additional Borrower" in Section 1.01 of the Credit Agreement, and the conditions precedent set forth in Section 3.03 of the Credit Agreement).

7. This Agreement will be binding upon and will inure to the benefit of Assignor and Assignee and their respective successors and assigns.

8. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

11. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK.

12. Any one or more of the provisions in this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality and unenforceability without affecting the validity, legality and enforceability of the remaining provisions of this Agreement; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

13. This Agreement constitutes a Loan Document executed in connection with the Credit Agreement. Each of the parties hereto agree that Credit Suisse AG (in its capacity as Administrative Agent under the Credit Agreement, the Guarantee Agreement and the other Loan Documents) shall be a third-party beneficiary of this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written by their respective duly authorized officers.

ASSIGNOR:

RAYONIER INC.

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

ASSIGNEE:

RAYONIER OPERATING COMPANY LLC

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

Exhibit 10.9

EXECUTION VERSION

JOINDER TO GUARANTEE AGREEMENT

This JOINDER TO GUARANTEE AGREEMENT, dated as of July 29, 2010 (this "**Joinder**") is entered into by RAYONIER OPERATING COMPANY LLC, a Delaware limited liability company ("**ROC**") and CREDIT SUISSE AG (formerly known as Credit Suisse) acting through its Cayman Islands Branch, as Administrative Agent (the "**Administrative Agent**") for the Guaranteed Parties.

W I T N E S S E T H

Reference is made to the Five-Year Revolving Credit Agreement dated as of August 4, 2006 among Rayonier Inc., a North Carolina corporation ("**Rayonier**"), Rayonier TRS Holdings Inc., a Delaware corporation ("**TRS**"), Rayonier Forest Resources, L.P., a Delaware limited partnership ("**RFR**"), the Administrative Agent, the lenders from time to time party thereto, and the issuing banks from time to time party thereto (as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**").

Rayonier, TRS and the Administrative Agent are parties to that certain Guarantee Agreement dated as of August 4, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "**Guarantee**"; capitalized terms not otherwise defined herein have the respective meanings given to them in the Guarantee), entered into in connection with the Credit Agreement.

ROC, pursuant to an Assignment and Assumption Agreement of even date herewith, made between ROC and Rayonier, is joining the Credit Agreement as the Additional Borrower (as defined therein). Consequently, ROC is required by Section 3.03 of the Credit Agreement to become a Guarantor under the Guarantee.

Accordingly, pursuant to Section 3.03 of the Credit Agreement, the undersigned hereby agree as follows:

1. ROC hereby acknowledges, agrees and confirms that, upon its execution of this Joinder, it shall be a "Guarantor" under the Guarantee and shall have all of the obligations of a Guarantor thereunder, with the same force and effect as if it had originally been named a Guarantor in the Guarantee. ROC hereby guarantees, jointly and severally with the other Guarantors, the due and punctual payment and performance of the Obligations. ROC hereby agrees to be bound by all the terms and conditions of the Guarantee applicable to it as a Guarantor thereunder.

2. ROC represents and warrants that each of the representations and warranties set forth in the Guarantee and each other Loan Document applicable to it is true and correct both before and after giving effect to this Joinder, except to the extent that any such representation and warranty relates solely to any earlier date, in which case such representation and warranty is true and correct as of such earlier date.

3. ROC represents and warrants that no event has occurred or is continuing as of the date hereof, or will result from the transactions contemplated hereby on the date hereof, that would constitute a Default or an Event of Default.

4. ROC agrees from time to time, upon request of the Administrative Agent, to take such additional actions and to execute and deliver such additional documents and instruments as the Administrative Agent may request to effect the transactions contemplated by, and to carry out the intent of, this Joinder. Neither this Joinder nor any term hereof may be changed, waived, discharged or terminated, except by an instrument in writing signed by the party (including, if applicable, any party required to evidence its consent to or acceptance of this Joinder) against whom enforcement of such change, waiver, discharge or termination is sought. Any notice or other communication herein required or permitted to be given shall be given in pursuant to Section 8.02 of the Credit Agreement, and all for purposes thereof, the notice address of ROC shall be the address as set forth on the signature page hereof. In case any provision in or obligation under this Joinder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

5. This Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Joinder by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder.

6. THIS JOINDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

[Rest of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Joinder as of the day and year first above written.

RAYONIER OPERATING COMPANY LLC

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

Address for Notices:

CREDIT SUISSE AG, acting through its Cayman Islands Branch, as Administrative Agent

By: /s/ Judith E. Smith
Name: Judith E. Smith
Title: Managing Director

By: /s/ Christopher Reo Day
Name: Christopher Reo Day
Title: Associate

[Signature Page to Joinder to Guarantee Agreement]

Each of the undersigned (i) consents and agrees to this Joinder, and (ii) agrees that the Loan Documents to which it is a party (including, without limitation, the Guarantee) shall remain in full force and effect and shall continue to be the legal, valid and binding obligation of the undersigned, enforceable against it in accordance with their respective terms, and agrees that the Guarantee shall guarantee the Obligations including without limitation the obligations of ROC now or hereafter owing under the Credit Agreement and the other Loan Documents.

CONSENTED, ACKNOWLEDGED AND AGREED:

RAYONIER INC.

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

RAYONIER TRS HOLDINGS INC.

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Controller

Exhibit 10.10

EXECUTION COPY

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF JULY 29, 2010

TO INDENTURE

DATED AS OF OCTOBER 16, 2007

AMONG

RAYONIER TRS HOLDINGS INC.,

as ISSUER,

RAYONIER INC.,

as GUARANTOR,

and

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

as TRUSTEE

3.75% SENIOR EXCHANGEABLE NOTES DUE 2012

FIRST SUPPLEMENTAL INDENTURE

This **FIRST SUPPLEMENTAL INDENTURE**, dated as of July 29, 2010 (this "Supplemental Indenture"), is among **RAYONIER TRS HOLDINGS INC.**, a Delaware corporation (the "Company"), **RAYONIER INC.**, a North Carolina corporation (the "Guarantor" or "Rayonier"), **RAYONIER OPERATING COMPANY, LLC**, a Delaware limited liability company ("ROC"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, as trustee (in such capacity and not in its individual capacity, the "Trustee"). Unless otherwise indicated, defined terms used herein are used as defined in the below-referenced Indenture.

WHEREAS, the Company, the Guarantor and the Trustee have heretofore executed and delivered that certain Indenture, dated as of October 16, 2007 (the "Indenture") relating to the Company's 3.75% Senior Exchangeable Notes due 2012;

WHEREAS, the board of directors of the Guarantor has authorized the Guarantor to reorganize its structure (the "Restructuring");

WHEREAS, in connection with and as a part of the Restructuring, the Guarantor has formed ROC as a wholly owned subsidiary of the Guarantor;

WHEREAS, in connection with and as part of the Restructuring, the Guarantor desires to transfer and contribute to ROC substantially all of its interest in the partnerships, corporations, limited liability companies, properties or assets, tangible and intangible, held by the Guarantor pursuant to a Contribution, Conveyance and Assumption Agreement dated as of July 29, 2010;

WHEREAS, the covenant contained in Section 7.1 of the Indenture provides that such covenant does not apply to any transfer of assets between the Guarantor and the Guarantor's Subsidiaries;

WHEREAS, Section 4.1 of the Indenture provides that upon an exchange of the Securities, the Securityholder may, at the option of the Company, receive shares of common stock of the Guarantor, and the section entitled "Description of Notes" in the Offering Circular provides that holders of the notes may, at the option of the Company, receive shares of common stock of Rayonier;

WHEREAS, in connection with and as part of the Restructuring, ROC desires to become a guarantor of the Securities, and the board of directors of ROC has authorized ROC to become a guarantor of the Securities;

WHEREAS, Section 10.1(a) of the Indenture permits the Company, the Guarantor and the Trustee to amend or supplement the Indenture without notice to, or consent of, any Securityholder to cure any ambiguity, defect or inconsistency, to correct or supplement any provision therein which may be inconsistent with any other provision therein or to make any other provisions with respect to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture; provided that such action shall not adversely affect the interests of the Securityholders in any material respect;

WHEREAS, Section 10.1(d) of the Indenture permits the Company, the Guarantor and the Trustee to amend or supplement the Indenture without notice to, or consent of, any Securityholder to make any change that does not adversely affect in any material respect the legal rights under the Indenture of any Securityholder;

WHEREAS, Section 10.1(e) of the Indenture permits the Company, the Guarantor and the Trustee to amend or supplement the Indenture without notice to, or consent of, any Securityholder to add a guarantor;

WHEREAS, the Company and the Guarantor desire to (i) cure an ambiguity in the Indenture to clarify that the Securities are exchangeable for Common Stock of Rayonier and not ROC, (ii) make a change that does not adversely affect in any material respect the legal rights under the Indenture of any Securityholder and (iii) add a guarantor; and

WHEREAS, the board of directors of the Company, the board of directors of the Guarantor and the board of directors of ROC have approved this Supplemental Indenture.

NOW THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained and other good and valuable consideration, the sufficiency of which are acknowledged hereby, the Company, the Guarantor, ROC and the Trustee do covenant and agree as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.1 Definitions. All capitalized terms used in this Supplemental Indenture shall have the respective meanings set forth in the preamble hereof or, if not defined in the preamble hereof, shall have the respective meanings set forth in the Indenture.

Section 1.2 Authority for Supplement. This Supplemental Indenture is adopted pursuant to and in accordance with the provisions of Section 10.1 of the Indenture.

ARTICLE II

AMENDMENTS TO INDENTURE

Section 2.1 Amendments to Section 1.1 of the Indenture. The definition of “Common Stock” shall be amended by inserting the following words after the word “Guarantor” that appears in the first line of such definition:

“(which, as of the date hereof, for purposes of this Indenture and the avoidance of doubt, is Rayonier Inc., a North Carolina corporation)”.

Section 2.2 Guarantee of ROC. ROC hereby agrees and consents to its addition as a guarantor of the Guaranteed Obligations as permitted by Section 10.1(e), and agrees to undertake the obligations under the Guarantee as set forth in Article V of this Indenture.

ARTICLE III

MISCELLANEOUS

Section 3.1 Ratification and Reaffirmation. The Company, the Guarantor, ROC and the Trustee hereby ratify and reaffirm all the terms and conditions of the Indenture, as specifically amended and supplemented by this Supplemental Indenture, and each hereby acknowledges that the Indenture remains in full force and effect, as so amended and supplemented.

Section 3.2 Effective Date. This Supplemental Indenture shall be effective from and after the date hereof.

Section 3.3 Execution in Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement

Section 3.4 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 3.5 Effect of Headings. The headings of the Articles and Sections of this Supplemental 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.

Section 3.6 Separability Clause. In case any provisions in this Supplemental Indenture 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.

(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: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Controller

RAYONIER INC.

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

RAYONIER OPERATING COMPANY LLC

By: Rayonier Inc., its sole member

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

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

By: /s/ Christie Leppert
Name: Christie Leppert
Title: Vice President

Exhibit 10.11

EXECUTION COPY

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF JULY 29, 2010

TO INDENTURE

DATED AS OF AUGUST 12, 2009

AMONG

RAYONIER TRS HOLDINGS INC.,

as ISSUER,

RAYONIER INC.,

as GUARANTOR,

and

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

as TRUSTEE

4.50% SENIOR EXCHANGEABLE NOTES DUE 2015

FIRST SUPPLEMENTAL INDENTURE

This **FIRST SUPPLEMENTAL INDENTURE**, dated as of July 29, 2010 (this "Supplemental Indenture"), is among **RAYONIER TRS HOLDINGS INC.**, a Delaware corporation (the "Company"), **RAYONIER INC.**, a North Carolina corporation (the "Guarantor" or "Rayonier"), **RAYONIER OPERATING COMPANY, LLC**, a Delaware limited liability company ("ROC"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, as trustee (in such capacity and not in its individual capacity, the "Trustee"). Unless otherwise indicated, defined terms used herein are used as defined in the below-referenced Indenture.

WHEREAS, the Company, the Guarantor and the Trustee have heretofore executed and delivered that certain Indenture, dated as of August 12, 2009 (the "Indenture") relating to the Company's 4.50% Senior Exchangeable Notes due 2015;

WHEREAS, the board of directors of the Guarantor has authorized the Guarantor to reorganize its structure (the "Restructuring");

WHEREAS, in connection with and as a part of the Restructuring, the Guarantor has formed ROC as a wholly owned subsidiary of the Guarantor;

WHEREAS, in connection with and as part of the Restructuring, the Guarantor desires to transfer and contribute to ROC substantially all of its interest in the partnerships, corporations, limited liability companies, properties or assets, tangible and intangible, held by the Guarantor pursuant to a Contribution, Conveyance and Assumption Agreement dated as of July 29, 2010;

WHEREAS, the covenant contained in Section 7.1 of the Indenture provides that such covenant does not apply to any transfer of assets between the Guarantor and the Guarantor's Subsidiaries;

WHEREAS, Section 4.1 of the Indenture provides that upon an exchange of the Securities, the Securityholder may, at the option of the Company, receive shares of common stock of the Guarantor, and the section entitled "Description of Notes" in the Offering Circular provides that holders of the notes may, at the option of the Company, receive shares of common stock of Rayonier;

WHEREAS, in connection with and as part of the Restructuring, ROC desires to become a guarantor of the Securities, and the board of directors of ROC has authorized ROC to become a guarantor of the Securities;

WHEREAS, Section 10.1(a) of the Indenture permits the Company, the Guarantor and the Trustee to amend or supplement the Indenture without notice to, or consent of, any Securityholder to cure any ambiguity, defect or inconsistency, to correct or supplement any provision therein which may be inconsistent with any other provision therein or to make any other provisions with respect to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture; provided that such action shall not adversely affect the interests of the Securityholders in any material respect;

WHEREAS, Section 10.1(d) of the Indenture permits the Company, the Guarantor and the Trustee to amend or supplement the Indenture without notice to, or consent of, any Securityholder to make any change that does not adversely affect in any material respect the legal rights under the Indenture of any Securityholder;

WHEREAS, Section 10.1(e) of the Indenture permits the Company, the Guarantor and the Trustee to amend or supplement the Indenture without notice to, or consent of, any Securityholder to add a guarantor;

WHEREAS, the Company and the Guarantor desire to (i) cure an ambiguity in the Indenture to clarify that the Securities are exchangeable for Common Stock of Rayonier and not ROC, (ii) make a change that does not adversely affect in any material respect the legal rights under the Indenture of any Securityholder and (iii) add a guarantor; and

WHEREAS, the board of directors of the Company, the board of directors of the Guarantor and the board of directors of ROC have approved this Supplemental Indenture.

NOW THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained and other good and valuable consideration, the sufficiency of which are acknowledged hereby, the Company, the Guarantor, ROC and the Trustee do covenant and agree as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.1. Definitions. All capitalized terms used in this Supplemental Indenture shall have the respective meanings set forth in the preamble hereof or, if not defined in the preamble hereof, shall have the respective meanings set forth in the Indenture.

Section 1.2. Authority for Supplement. This Supplemental Indenture is adopted pursuant to and in accordance with the provisions of Section 10.1 of the Indenture.

ARTICLE II

AMENDMENTS TO INDENTURE

Section 2.1. Amendments to Section 1.1 of the Indenture. The definition of "Common Stock" shall be amended by inserting the following words after the word "Guarantor" that appears in the first line of such definition:

"(which, as of the date hereof, for purposes of this Indenture and the avoidance of doubt, is Rayonier Inc., a North Carolina corporation)".

Section 2.2. Guarantee of ROC. ROC hereby agrees and consents to its addition as a guarantor of the Guaranteed Obligations as permitted by Section 10.1(e), and agrees to undertake the obligations under the Guarantee as set forth in Article V of this Indenture.

ARTICLE III

MISCELLANEOUS

Section 3.1. Ratification and Reaffirmation. The Company, the Guarantor, ROC and the Trustee hereby ratify and reaffirm all the terms and conditions of the Indenture, as specifically amended and supplemented by this Supplemental Indenture, and each hereby acknowledges that the Indenture remains in full force and effect, as so amended and supplemented.

Section 3.2. Effective Date. This Supplemental Indenture shall be effective from and after the date hereof.

Section 3.3. Execution in Counterparts. The parties may sign multiple counterparts of this Supplemental Indenture. Each signed counterpart shall be deemed an original, but all of them together shall represent the same agreement.

Section 3.4. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 3.5. Effect of Headings. The headings of the Articles and Sections of this Supplemental 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.

Section 3.6. Separability Clause. In case any provisions in this Supplemental Indenture 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.

(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: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Controller

RAYONIER INC.

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

RAYONIER OPERATING COMPANY LLC

By: Rayonier Inc., its sole member

By: /s/ Hans E. Vanden Noort
Name: Hans E. Vanden Noort
Title: Senior Vice President and Chief Financial Officer

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

By: /s/ Christie Leppert
Name: Christie Leppert
Title: Vice President

EXHIBIT 31.1

CERTIFICATION

I, Lee M. Thomas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2010

/s/ LEE M. THOMAS
Lee M. Thomas
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Hans E. Vanden Noort, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2010

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

EXHIBIT 32

CERTIFICATION

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The quarterly report on Form 10-Q of Rayonier Inc. (the "Company") for the period ended June 30, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 30, 2010

/s/ LEE M. THOMAS
Lee M. Thomas
Chairman, President and Chief Executive Officer

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