**Summary of Terms**

**MLC Bonds**

Issuer / Borrower: Medford Lumber Company (“MLC”)

Closing Date: April 1, 1997

Securities: $300 million Senior Secured Term Bonds (the “MLC Bonds”)

Maturity Date: The then outstanding MLC Bonds shall be due and payable in full 25 years from the anniversary of the Closing Date.

Principal: $300,000,000.00

Coupon Rate: 15.0% per annum, payable quarterly.

Default Interest: Upon and during the continuance of an Event of Default, additional interest of 5% per annum, payable monthly in cash, will accrue and be payable in cash on the MLC Bonds.

Amortization: Principal payments of $4 million, payable semi-annually on the first day of each March and September of each year.

Use of Proceeds: MLC will use the proceeds of the MLC Bonds to fund shareholder distributions and for other general corporate purposes.

Security: The MLC Bonds will be secured by first priority security interest on all the capital stock of each Subsidiary of the Company.

Transferability: The MLC Bonds will be freely assignable, in whole or in part.

Prepayment: MLC will have the option to prepay the MLC Bonds in whole or in part beginning 10 years after the anniversary of the Closing. In the event of an early redemption, the MLC Bonds will bear a premium of 101% from the 10th anniversary of the Closing to the 15th anniversary of the Closing, and par thereafter.

MLC shall provide 90 days’ notice of its intent to elect an early termination of the Medford Notes.

Subsidiaries: Forestco, Millco

Events of Default: Usual events of default, including, but not limited to, defaults relating to payment, cross-default, violation of covenants, breach of representations or warranties, bankruptcy or insolvency, judgment, ERISA, environmental, change of control and other events of default which are customary in facilities of this nature.