



Q1 2017 Financial Supplement | May 2017

Safe Harbor Statement

Forward-Looking Statements - Certain statements in this presentation regarding anticipated financial outcomes including Rayonier's earnings guidance, if any, business and market conditions, outlook, expected dividend rate, Rayonier's business strategies, including expected harvest schedules, timberland acquisitions, sales of non-strategic timberlands, the anticipated benefits of Rayonier's business strategies, and other similar statements relating to Rayonier's future events, developments or financial or operational performance or results, 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," "intend," "project," "anticipate" and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While management believes that these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements.

The following important factors, among others, could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events; fluctuations in demand for our products in Asia, and especially China; various lawsuits relating to matters arising out of our previously announced internal review and restatement of our consolidated financial statements; the uncertainties of potential impacts of climate-related initiatives; the cost and availability of third party logging and trucking services; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations regarding timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products; interest rate and currency movements; our capacity to incur additional debt; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; changes in key management and personnel; our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust ("REIT") and changes in tax laws that could adversely affect beneficial tax treatment; the cyclical nature of the real estate business generally; a delayed or weak recovery in the housing market; the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control; unexpected delays in the entry into or closing of real estate transactions; changes in environmental laws and regulations that may restrict or adversely impact our ability to sell or develop properties; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

For additional factors that could impact future results, please see Item 1A - Risk Factors in the Company's most recent Annual Report on Form 10-K and similar discussion included in other reports that we subsequently file with the Securities and Exchange Commission (the "SEC"). Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our subsequent reports filed with the SEC.

Non-GAAP Financial Measures - To supplement Rayonier's financial statements presented in accordance with generally accepted accounting principles in the United States ("GAAP"), Rayonier uses certain non-GAAP measures, including "cash available for distribution," "pro forma sales," "pro forma operating income," "pro forma net income," and "Adjusted EBITDA," which are defined and further explained in this communication. Reconciliation of such measures to the nearest GAAP measures can also be found in this communication. Rayonier's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

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Section 1



Financial and Segment Information

Financial Highlights

(\$ in millions, except per share data)

Profitability	1Q 2017	4Q 2016	1Q 2016
Sales	\$186.5	\$220.5	\$134.8
Pro Forma Sales ⁽¹⁾	144.5	142.8	134.8
Operating Income	49.3	61.5	23.0
Pro Forma Operating Income ⁽¹⁾	21.8	18.9	22.2
Net Income Attributable to Rayonier Inc.	33.8	48.3	14.5
Pro Forma Net Income ⁽¹⁾	6.3	5.7	13.7
Adjusted EBITDA ⁽¹⁾	57.1	52.0	55.6
Diluted Earnings Per Share:			
Net Income Attributable to Rayonier Inc.	0.27	0.39	0.12
Pro Forma Net Income ⁽¹⁾	0.05	0.05	0.11
Average Diluted Shares (millions)	123.9	122.9	122.6

Capital Resources & Liquidity	Three Months ended March 31,	
	2017	2016
Cash provided by Operating Activities	\$33.9	\$31.0
Cash used for Investing Activities	(33.6)	(20.3)
Cash provided by Financing Activities	133.2	13.4
Cash Available for Distribution (CAD) ⁽¹⁾	38.8	36.4

	3/31/2017	12/31/2016
Debt ⁽²⁾	\$1,074.4	\$1,065.5
Cash ⁽³⁾	219.4	85.9
Net Debt	855.0	979.6
Net Debt / Enterprise Value ⁽⁴⁾	19%	23%

(1) Non-GAAP measures (see page 14 for definitions and pages 7, 15 and 16 for reconciliations).

(2) Total Debt as of March 31, 2017 includes \$42.9 million of short-term borrowings in addition to \$1,031.5 million of long-term borrowings, gross of \$3.4 million of deferred financing costs.

(3) Excludes \$110.8 million and \$71.2 million of restricted cash held by LKE intermediaries as of March 31, 2017 and December 31, 2016, respectively.

(4) Enterprise Value based on equity market capitalization plus net debt at March 31, 2017 and December 31, 2016, respectively.



Variance Analysis – 1Q 2016 to 1Q 2017

Operating Income (Loss) (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
1Q16 Operating Income	\$15.8	\$1.4	\$4.7	\$4.2	\$0.4	(\$3.5)	\$23.0
Pro forma adjustments ⁽¹⁾	—	—	—	—	—	(0.8)	(0.8)
Pro forma Operating Income⁽¹⁾	\$15.8	\$1.4	\$4.7	\$4.2	\$0.4	(\$4.3)	\$22.2
Volume/Mix	(4.4)	0.8	0.2	(1.4)	—	—	(4.8)
Price	(1.0)	1.7	4.2	1.5	—	—	6.4
Cost	1.4	(0.5)	(0.3)	(0.1)	0.7	(0.5) ⁽⁵⁾	0.7
Non-timber income	1.5	0.3	(2.0)	—	—	—	(0.2)
Foreign exchange ⁽²⁾	—	—	1.0	—	—	—	1.0
Depreciation, depletion & amortization	0.6	(4.6)	0.1	(0.1)	—	—	(4.0)
Non-cash cost of land and improved development	—	—	2.0	(2.6)	—	—	(0.6)
Other	—	—	0.4 ⁽³⁾	28.2 ⁽⁴⁾	—	—	28.6
1Q17 Operating Income (Loss)	\$13.9	(\$0.9)	\$10.3	\$29.7	\$1.1	(\$4.8)	\$49.3
Pro forma adjustments ⁽¹⁾	—	—	—	(28.2) ⁽⁴⁾	—	0.7	(27.5)
Pro forma Operating Income (Loss)⁽¹⁾	\$13.9	(\$0.9)	\$10.3	\$1.5	\$1.1	(\$4.1)	\$21.8

Adjusted EBITDA⁽¹⁾ (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
1Q16 Adjusted EBITDA	\$32.4	\$6.0	\$11.4	\$9.7	\$0.4	(\$4.3)	\$55.6
Volume/Mix	(7.9)	1.8	0.2	(2.5)	—	—	(8.4)
Price	(1.0)	1.7	4.2	1.5	—	—	6.4
Cost	1.4	(0.5)	(0.3)	(0.1)	0.7	0.3	1.5
Non-timber income	1.5	0.3	(2.0)	—	—	—	(0.2)
Foreign exchange ⁽²⁾	—	—	1.7	—	—	—	1.7
Other	—	—	0.5 ⁽³⁾	—	—	—	0.5
1Q17 Adjusted EBITDA	\$26.4	\$9.3	\$15.7	\$8.6	\$1.1	(\$4.0)	\$57.1

(1) Non-GAAP measures and pro forma items (see page 14 for definitions and page 16 for reconciliations).

(2) Net of currency hedging impact.

(3) Includes \$0.4 million of operating income from a settlement received in Q1 2017.

(4) Includes \$28.2 million of operating income from Large Dispositions.

(5) Includes \$0.7 million of costs related to shareholder litigation in Q1 2017 (see page 14 for definitions).

Liquidity Measures — Cash Available for Distribution

(\$ in millions, except per share data)	Three Months Ended March 31,	
	2017	2016
Cash Provided by Operating Activities	\$33.9	\$31.0
Working capital and other balance sheet changes	19.3	18.7
Capital expenditures ⁽¹⁾	(14.4)	(13.3)
Cash Available for Distribution⁽²⁾	\$38.8	\$36.4
Net income	\$35.1	\$15.1
Interest, net and miscellaneous expense (income)	7.9	8.7
Income tax expense (benefit)	6.3	(0.8)
Depreciation, depletion and amortization	30.8	29.3
Non-cash cost of land and improved development	4.5	4.1
Costs related to shareholder litigation ⁽²⁾	0.7	0.4
Gain on foreign currency derivatives	—	(1.2)
Large Dispositions ⁽²⁾	(28.2)	—
Adjusted EBITDA⁽²⁾	\$57.1	\$55.6
Cash interest paid ⁽³⁾	(3.7)	(5.8)
Cash taxes paid	(0.2)	(0.1)
Capital expenditures ⁽¹⁾	(14.4)	(13.3)
Cash Available for Distribution⁽²⁾	\$38.8	\$36.4
Cash Available for Distribution	38.8	36.4
Real estate development investments	(2.2)	(1.7)
Cash Available for Distribution after real estate development investments	\$36.6	\$34.7
Shares outstanding at period end	128,760,051	122,742,575
CAD per Share	\$0.30	\$0.30
Dividends per Share	\$0.25	\$0.25

(1) Capital expenditures exclude timberland acquisitions of \$11.3 million and \$14.3 million and spending on the Rayonier office building of \$2.6 million and \$0.2 million during the three months ended March 31, 2017 and March 31, 2016, respectively.

(2) Non-GAAP measure and pro forma item (see page 14 for definitions).

(3) Cash interest paid is presented net of patronage refunds received of \$3.0 million and \$0.4 million for the three months ended March 31, 2017 and March 31, 2016, respectively.



Southern Timber Overview

	2016					2017				
	Q1	Q2	Q3	Q4	FY 2016	Q1	Q2	Q3	Q4	YTD
Sales Volume (Tons in 000s)										
Pine Pulpwood	1,181	795	634	766	3,376	823	—	—	—	823
Pine Sawtimber	528	334	333	392	1,587	505	—	—	—	505
Total Pine Volume	1,709	1,129	967	1,158	4,963	1,328	—	—	—	1,328
Hardwood	50	54	123	127	354	51	—	—	—	51
Total Volume	1,759	1,183	1,090	1,285	5,317	1,379	—	—	—	1,379
% Delivered Sales	24%	27%	32%	27%	27%	20%	—	—	—	20%
% Stumpage Sales	76%	73%	68%	73%	73%	80%	—	—	—	80%
Net Stumpage Pricing (\$ per ton)⁽¹⁾										
Pine Pulpwood	\$18.90	\$18.31	\$17.36	\$15.83	\$17.76	\$17.29	—	—	—	\$17.29
Pine Sawtimber	26.90	27.00	26.17	26.75	26.76	26.42	—	—	—	26.42
Weighted Average Pine	\$21.38	\$20.88	\$20.40	\$19.53	\$20.64	\$20.76	—	—	—	\$20.76
Hardwood	12.47	10.90	14.84	14.85	13.91	10.95	—	—	—	10.95
Weighted Average Total	\$21.11	\$20.42	\$19.76	\$19.06	\$20.18	\$20.40	—	—	—	\$20.40
Summary Financial Data (\$ in MMs)										
Sales	\$44.7	\$29.6	\$27.8	\$30.6	\$132.9	\$32.7	—	—	—	\$32.7
(-) Cut & Haul	(7.6)	(5.4)	(6.3)	(6.1)	(25.6)	(4.6)	—	—	—	(4.6)
Net Stumpage Sales	\$37.1	\$24.2	\$21.5	\$24.5	\$107.3	\$28.1	—	—	—	\$28.1
Operating Income	\$15.8	\$11.1	\$8.2	\$8.1	\$43.1	\$13.9	—	—	—	\$13.9
(+) DD&A	16.6	10.6	10.0	12.7	49.8	12.5	—	—	—	12.5
Adjusted EBITDA ⁽²⁾	\$32.4	\$21.7	\$18.2	\$20.8	\$92.9	\$26.4	—	—	—	\$26.4
Other Data										
Non-timber Income (\$ in MMs)	\$4.2	\$5.3	\$3.9	\$4.2	\$17.6	\$5.7	—	—	—	\$5.7
Period End Acres (in 000s)	1,874	1,871	1,885	1,849	1,849	1,817	—	—	—	1,817

(1) Pulpwood and sawtimber product pricing for composite stumpage sales is estimated based on market data.

(2) Non-GAAP measure (see page 14 for definition and page 16 for reconciliation).

Pacific Northwest Timber Overview

	2016					2017				
	Q1	Q2	Q3	Q4	FY 2016	Q1	Q2	Q3	Q4	YTD
Sales Volume (Tons in 000s)										
Pulpwood	90	77	64	88	319	89	—	—	—	89
Sawtimber	241	190	177	268	876	310	—	—	—	310
Total Volume	331	267	241	356	1,195	399	—	—	—	399
Northwest Sales Volume (Converted to MBF)										
Pulpwood	8,600	7,304	6,016	8,280	30,200	8,264	—	—	—	8,264
Sawtimber	30,378	25,552	24,084	34,077	114,091	39,458	—	—	—	39,458
Total Volume	38,978	32,856	30,100	42,357	144,291	47,722	—	—	—	47,722
% Delivered Sales	87%	94%	100%	88%	91%	80%	—	—	—	80%
% Sawtimber Sales	73%	71%	74%	75%	73%	78%	—	—	—	78%
Delivered Log Pricing (\$ per ton)										
Pulpwood	\$44.84	\$42.97	\$40.07	\$39.62	\$41.97	\$38.71	—	—	—	\$38.71
Sawtimber	67.95	74.54	76.69	74.97	73.44	74.88	—	—	—	74.88
Weighted Average Log Price	\$61.22	\$65.27	\$67.02	\$65.58	\$64.68	\$66.06	—	—	—	\$66.06
Summary Financial Data (\$ in MMs)										
Sales	\$19.3	\$16.9	\$16.1	\$22.9	\$75.2	\$24.8	—	—	—	\$24.8
(-) Cut & Haul	(8.7)	(8.1)	(7.8)	(10.1)	(34.7)	(10.3)	—	—	—	(10.3)
Net Stumpage Sales	\$10.6	\$8.8	\$8.3	\$12.8	\$40.5	\$14.5	—	—	—	\$14.5
Operating Income	\$1.4	\$1.1	(\$3.3)	(\$3.1)	(\$4.0)	(\$0.9)	—	—	—	(\$0.9)
(+) DD&A	4.6	3.7	6.7	10.3	25.2	10.2	—	—	—	10.2
Adjusted EBITDA⁽¹⁾	\$6.0	\$4.8	\$3.4	\$7.2	\$21.2	\$9.3	—	—	—	\$9.3
Other Data										
Non-timber Income (\$ in MMs)	\$0.8	\$0.8	\$0.5	\$0.4	\$2.4	\$1.1	—	—	—	\$1.1
Period-End Acres (in 000s)	373	379	379	378	378	378	—	—	—	378
Northwest Sawtimber (\$ per MBF) ⁽²⁾	\$548	\$558	\$563	\$605	\$566	\$609	—	—	—	\$609
Estimated Percentage of Export Volume	26%	28%	20%	22%	24%	25%	—	—	—	25%

(1) Non-GAAP measure (see page 14 for definition and page 16 for reconciliation).

(2) Delivered Sawtimber excluding chip-n-saw.

New Zealand Timber Overview

	2016					2017				
	Q1	Q2	Q3	Q4	FY 2016	Q1	Q2	Q3	Q4	YTD
Sales Volume (Tons in 000s)										
Domestic Sawtimber (Delivered)	186	224	220	190	820	196	—	—	—	196
Domestic Pulpwood (Delivered)	94	92	99	89	374	101	—	—	—	101
Export Sawtimber (Delivered)	186	276	213	258	932	180	—	—	—	180
Export Pulpwood (Delivered)	19	20	21	25	85	23	—	—	—	23
Stumpage	—	10	—	—	10	—	—	—	—	—
Total Volume	485	621	552	562	2,221	500	—	—	—	500
Delivered Log Pricing (\$ per ton)										
Domestic Sawtimber	\$66.64	\$71.37	\$75.06	\$77.41	\$72.68	\$78.45	—	—	—	\$78.45
Domestic Pulpwood	29.49	31.80	32.55	33.19	31.75	34.70	—	—	—	34.70
Export Sawtimber	94.34	96.11	97.44	104.26	98.32	108.73	—	—	—	108.73
Summary Financial Data (\$ in MM\$)										
Sales	\$34.2	\$47.7	\$42.2	\$46.6	\$170.7	\$40.7	—	—	—	\$40.7
(-) Cut & Haul	(14.6)	(19.2)	(18.3)	(18.8)	(70.9)	(16.0)	—	—	—	(16.0)
(-) Port / Freight Costs	(5.3)	(7.5)	(6.6)	(8.7)	(28.0)	(6.0)	—	—	—	(6.0)
Net Stumpage Sales	\$14.3	\$21.1	\$17.3	\$19.1	\$71.8	\$18.7	—	—	—	\$18.7
Land/Other Sales	\$1.8	—	—	—	\$1.8	—	—	—	—	—
Total Sales	\$36.0	\$47.7	\$42.2	\$46.6	\$172.5	\$40.7	—	—	—	\$40.7
Operating Income	\$4.7	\$10.0	\$6.6	\$11.7	\$33.1	\$10.3	—	—	—	\$10.3
(+) DD&A	4.9	6.4	6.0	6.2	23.4	5.4	—	—	—	5.4
(+) Non-cash cost of land	1.8	—	—	—	1.8	—	—	—	—	—
Adjusted EBITDA⁽¹⁾	\$11.4	\$16.4	\$12.6	\$17.9	\$58.3	\$15.7	—	—	—	\$15.7
Other Data										
Non-timber Income / Carbon credits (\$ in MM\$)	\$0.1	\$0.9	\$0.5	\$3.1	\$4.5	\$0.1	—	—	—	\$0.1
NZ\$/US\$ Exchange Rate (Average period rate)	0.6646	0.6866	0.7178	0.7193	0.6971	0.7148	—	—	—	0.7148
Net plantable Period-End Acres (in 000s)	299	299	299	299	299	298	—	—	—	298
Export Sawtimber (\$ / JAS m3)	\$109.65	\$111.71	\$113.25	\$121.17	\$114.27	\$126.38	—	—	—	\$126.38
Domestic Sawtimber (NZ\$ / tonne)	\$110.31	\$114.34	\$115.03	\$118.37	\$114.54	\$120.74	—	—	—	\$120.74

Real Estate Overview

	2016					2017				
	Q1	Q2	Q3	Q4	FY 2016	Q1	Q2	Q3	Q4	YTD
Sales (\$ in MMs)										
Improved Development ⁽¹⁾	\$1.7	—	—	—	\$1.7	—	—	—	—	—
Unimproved Development	0.9	—	1.4	3.3	5.5	—	—	—	—	—
Rural	3.7	7.3	6.4	1.5	18.8	6.7	—	—	—	6.7
Non-strategic / Timberlands	7.1	0.5	52.8	5.6	66.1	5.6	—	—	—	5.6
Large Dispositions ⁽²⁾	—	129.5	—	77.7	207.3	42.0	—	—	—	42.0
Total Sales	\$13.4	\$137.3	\$60.6	\$88.1	\$299.4	\$54.3	—	—	—	\$54.3
Acres Sold										
Improved Development ⁽¹⁾	47	—	—	—	47	—	—	—	—	—
Unimproved Development	48	—	73	84	206	—	—	—	—	—
Rural	1,444	2,666	2,069	504	6,684	2,284	—	—	—	2,284
Non-strategic / Timberlands	6,130	252	21,459	901	28,743	3,923	—	—	—	3,923
Acres Sold	7,669	2,918	23,601	1,489	35,680	6,207	—	—	—	6,207
Large Dispositions ⁽²⁾	—	55,320	—	37,114	92,434	24,954	—	—	—	24,954
Total Acres Sold	7,669	58,238	23,601	38,603	128,114	31,161	—	—	—	31,161
Price per Acre (\$ per acre)										
Improved Development ⁽¹⁾	\$37,353	—	—	—	\$37,353	—	—	—	—	—
Unimproved Development	18,000	—	18,500	39,385	26,959	—	—	—	—	—
Rural	2,548	2,711	3,082	2,749	2,794	2,950	—	—	—	2,950
Non-strategic / Timberlands	1,155	2,161	2,465	6,228	2,301	1,427	—	—	—	1,427
Large Dispositions ⁽²⁾	—	2,342	—	2,094	2,242	1,681	—	—	—	1,681
Weighted Avg. (Total) ⁽³⁾	\$1,743	\$2,664	\$2,569	\$6,929	\$2,581	\$1,988	—	—	—	\$1,988
Weighted Avg. (Adjusted) ⁽⁴⁾	\$1,525	\$2,664	\$2,569	\$6,929	\$2,536	\$1,988	—	—	—	\$1,988
Total Sales (Excluding Large Dispositions⁽²⁾)	\$13.4	\$7.8	\$60.6	\$10.4	\$92.1	\$12.3	—	—	—	\$12.3
Operating Income	\$4.2	\$105.7	\$43.1	\$49.4	\$202.4	\$29.7	—	—	—	\$29.7
(-) Large Dispositions ⁽²⁾	—	(101.3)	—	(42.6)	(143.9)	(28.2)	—	—	—	(28.2)
Pro Forma Operating Income⁽²⁾	\$4.2	\$4.4	\$43.1	\$6.8	\$58.5	\$1.5	—	—	—	\$1.5
(+) Depreciation, depletion and amortization	3.2	1.6	9.2	2.2	16.3	2.6	—	—	—	2.6
(+) Non-cash cost of land and improved development	2.3	1.7	4.3	1.6	9.9	4.5	—	—	—	4.5
Adjusted EBITDA⁽²⁾	\$9.7	\$7.7	\$56.6	\$10.6	\$84.7	\$8.6	—	—	—	\$8.6

(1) Reflects land with capital invested in infrastructure improvements.

(2) Non-GAAP measure and pro forma item (see page 14 for definitions and page 16 for reconciliation).

(3) Excludes Large Dispositions.

(4) Excludes Improved Development and Large Dispositions.

Capital Expenditures By Segment

(\$ in millions)	Three Months Ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Southern Timber			
Reforestation, Silviculture & Other Capital Expenditures	\$3.2	\$7.6	\$3.1
Property taxes	2.6	—	1.9
Lease payments	1.8	1.9	2.0
Allocated overhead	1.0	0.9	1.0
Subtotal Southern Timber	\$8.6	\$10.4	\$8.0
Pacific Northwest Timber			
Reforestation, Silviculture & Other Capital Expenditures	1.9	1.7	2.3
Property taxes	0.2	0.3	0.1
Lease payments	—	—	—
Allocated overhead	0.5	0.4	0.4
Subtotal Pacific Northwest Timber	\$2.6	\$2.4	\$2.8
New Zealand Timber			
Reforestation, Silviculture & Other Capital Expenditures	1.4	2.2	1.3
Property taxes	0.2	0.2	0.1
Lease payments	0.6	1.6	0.4
Allocated overhead	0.7	0.6	0.6
Subtotal New Zealand Timber	\$2.9	\$4.6	\$2.4
Total Timber Segments Capital Expenditures	\$14.1	\$17.4	\$13.2
Real Estate	0.1	0.2	0.1
Corporate	0.2	0.8	—
Total Capital Expenditures	\$14.4	\$18.4	\$13.3
Timberland Acquisitions			
Southern Timber	0.5	12.5	14.3
Pacific Northwest Timber	1.5	0.2	—
New Zealand Timber	9.3	—	—
Subtotal Timberland Acquisitions	\$11.3	\$12.7	\$14.3
Real Estate Development Investments	\$2.2	\$3.9	\$1.7
Rayonier Office Building	\$2.6	\$2.4	\$0.2

Section 2



Supplemental Information

Definitions of Non-GAAP Measures and Pro Forma Items

Pro Forma Sales is defined as revenue adjusted for Large Dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

Pro Forma Operating Income is defined as operating income adjusted for costs related to shareholder litigation, the gain on foreign currency derivatives and Large Dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

Pro Forma Net Income is defined as net income attributable to Rayonier Inc. adjusted for costs related to shareholder litigation, the gain on foreign currency derivatives and Large Dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and improved development, costs related to shareholder litigation, the gain on foreign currency derivatives and Large Dispositions. Adjusted EBITDA is a non-GAAP measure that management uses to make strategic decisions about the business and that investors can use to evaluate the operational performance of the assets under management. It removes the impact of specific items that management believes do not directly reflect the core business operations on an ongoing basis.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities adjusted for capital spending (excluding timberland acquisitions and spending on the Rayonier office building) and working capital and other balance sheet changes. CAD is a non-GAAP measure that management uses to measure cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Costs related to shareholder litigation is defined as expenses incurred as a result of the securities litigation, the shareholder derivative demands and the Securities and Exchange Commission investigation. See Note 10—*Contingencies* of Item 8 — Financial Statements and Supplementary Data in the Company's most recent Annual Report on Form 10-K.

Gain on foreign currency derivatives is the gain resulting from the foreign exchange derivatives the Company used to mitigate the risk of fluctuations in foreign exchange rates while awaiting the capital contribution to the New Zealand JV.

Large Dispositions are defined as transactions involving the sale of timberland that exceed \$20 million in size and do not have any identified HBU premium relative to timberland value.

Reconciliation of Reported to Pro Forma Earnings

(\$ in millions, except per share amounts)

Three Months Ended	March 31, 2017		December 31, 2016		March 31, 2016	
	\$	EPS	\$	EPS	\$	EPS
Sales	\$186.5		\$220.5		\$134.8	
Large dispositions ⁽¹⁾	(42.0)		(77.7)		—	
Pro Forma Sales	\$144.5		\$142.8		\$134.8	
Net Income attributable to Rayonier Inc.	\$33.8	\$0.27	\$48.3	\$0.39	\$14.5	\$0.12
Costs related to shareholder litigation ⁽¹⁾	0.7	0.01	—	—	0.4	—
Gain on foreign currency derivatives ⁽¹⁾	—	—	—	—	(1.2)	(0.01)
Large Dispositions ⁽¹⁾	(28.2)	(0.23)	(42.6)	(0.34)	—	—
Pro Forma Net Income	\$6.3	\$0.05	\$5.7	\$0.05	\$13.7	\$0.11



(1) Pro forma items (see page 14 for definitions).

Reconciliation of Operating Income (Loss) to Adjusted EBITDA by Segment

(\$ in millions)

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
March 31, 2017							
Operating Income (Loss)	\$13.9	(\$0.9)	\$10.3	\$29.7	\$1.1	(\$4.8)	\$49.3
Costs related to shareholder litigation ⁽¹⁾	—	—	—	—	—	0.7	0.7
Large dispositions ⁽¹⁾	—	—	—	(28.2)	—	—	(28.2)
Pro forma operating income (loss)	\$13.9	(\$0.9)	\$10.3	\$1.5	\$1.1	(\$4.1)	\$21.8
Depreciation, depletion & amortization	12.5	10.2	5.4	2.6	—	0.1	30.8
Non-cash cost of land and improved development	—	—	—	4.5	—	—	4.5
Adjusted EBITDA	\$26.4	\$9.3	\$15.7	\$8.6	\$1.1	(\$4.0)	\$57.1
December 31, 2016							
Operating Income (Loss)	\$8.1	(\$3.1)	\$11.7	\$49.4	\$0.5	(\$5.1)	\$61.5
Large Dispositions ⁽¹⁾	—	—	—	(42.6)	—	—	(42.6)
Pro forma operating income (loss)	\$8.1	(\$3.1)	\$11.7	\$6.8	\$0.5	(\$5.1)	\$18.9
Depreciation, depletion & amortization	12.7	10.3	6.2	2.2	—	0.1	31.5
Non-cash cost of land and improved development	—	—	—	1.6	—	—	1.6
Adjusted EBITDA	\$20.8	\$7.2	\$17.9	\$10.6	\$0.5	(\$5.0)	\$52.0
March 31, 2016							
Operating Income	\$15.8	\$1.4	\$4.7	\$4.2	\$0.4	(\$3.5)	\$23.0
Costs related to shareholder litigation ⁽¹⁾	—	—	—	—	—	0.4	0.4
Gain on foreign currency derivatives ⁽¹⁾	—	—	—	—	—	(1.2)	(1.2)
Pro forma operating income	\$15.8	\$1.4	\$4.7	\$4.2	\$0.4	(\$4.3)	\$22.2
Depreciation, depletion & amortization	16.6	4.6	4.9	3.2	—	—	29.3
Non-cash cost of land and improved development	—	—	1.8	2.3	—	—	4.1
Adjusted EBITDA	\$32.4	\$6.0	\$11.4	\$9.7	\$0.4	(\$4.3)	\$55.6



(1) Pro forma items (see page 14 for definitions).