



## Q3 2016 Financial Supplement

# 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	3Q 2016	2Q 2016	3Q 2015
Sales	\$171.4	\$261.6	\$151.7
Pro Forma Sales <sup>(1)</sup>	171.4	132.1	151.7
Operating Income	49.7	121.6	27.8
Pro Forma Operating Income <sup>(1)</sup>	50.9	20.9	29.3
Net Income Attributable to Rayonier Inc.	39.4	109.8	19.7
Pro Forma Net Income <sup>(1)</sup>	40.6	9.1	21.6
Adjusted EBITDA <sup>(1)</sup>	87.2	45.0	65.8
Diluted Earnings Per Share:			
Net Income Attributable to Rayonier Inc.	0.32	0.89	0.16
Pro Forma Net Income <sup>(1)</sup>	0.33	0.07	0.17
Average Diluted Shares (millions)	122.9	122.8	125.3

Capital Resources & Liquidity	Nine Months ended September 30,	
	2016	2015
Cash provided by Operating Activities	\$163.9	\$143.4
Cash used for Investing Activities	(254.1)	(142.9)
Cash provided by (used for) Financing Activities	146.8	(90.1)
Cash Available for Distribution (CAD) <sup>(1)</sup>	123.5	100.9

	9/30/2016	12/31/2015
Debt <sup>(2)</sup>	\$1,065.0	\$830.6
Cash	110.0	51.8
Net Debt	955.0	778.8
Net Debt / Enterprise Value <sup>(3)</sup>	23%	22%

(1) Non-GAAP measures (see page 16 for definitions and pages 9, 17 and 18 for reconciliations).

(2) Total Debt as of September 30, 2016 includes \$31.8 million of short-term borrowings in addition to \$1,033.3 million of long-term borrowings, net of \$3.7 million of deferred financing costs.

(3) Enterprise Value based on equity market capitalization plus net debt at September 30, 2016 and December 31, 2015, respectively.

# Variance Analysis – 2Q 2016 to 3Q 2016

## Operating Income (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>2Q16 Operating Income</b>	\$11.1	\$1.1	\$10.0	\$105.7	\$0.6	(\$6.9)	\$121.6
Pro forma adjustments <sup>(1)</sup>	—	—	—	(101.3)	—	0.6	(100.7)
<b>Pro forma Operating Income<sup>(1)</sup></b>	\$11.1	\$1.1	\$10.0	\$4.4	\$0.6	(\$6.3)	\$20.9
Volume/Mix	(1.5)	(0.3)	(2.0)	31.0	—	—	27.2
Price	—	0.3	(0.4)	(2.3)	—	—	(2.4)
Cost	0.5	(0.8)	(0.8)	2.1	(0.1)	0.9 <sup>(4)</sup>	1.8
Non-timber income	(1.4)	(0.3)	(0.5)	—	—	—	(2.2)
Foreign exchange <sup>(2)</sup>	—	—	0.5	—	—	—	0.5
Depreciation, depletion & amortization	(0.5)	(3.3)	(0.2)	2.8	—	—	(1.2)
Non-cash cost of land and improved development	—	—	—	9.1	—	—	9.1
Other	—	—	—	(4.0) <sup>(3)</sup>	—	—	(4.0)
<b>3Q16 Operating Income</b>	<b>\$8.2</b>	<b>(\$3.3)</b>	<b>\$6.6</b>	<b>\$43.1</b>	<b>\$0.5</b>	<b>(\$5.4)</b>	<b>\$49.7</b>
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	1.2	1.2
<b>Pro forma Operating Income<sup>(1)</sup></b>	<b>\$8.2</b>	<b>(\$3.3)</b>	<b>\$6.6</b>	<b>\$43.1</b>	<b>\$0.5</b>	<b>(\$4.2)</b>	<b>\$50.9</b>

## Adjusted EBITDA<sup>(1)</sup> (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>2Q16 Adjusted EBITDA</b>	\$21.7	\$4.8	\$16.4	\$7.7	\$0.6	(\$6.2)	\$45.0
Volume/Mix	(2.6)	(0.6)	(2.9)	53.1	—	—	47.0
Price	—	0.3	(0.4)	(2.3)	—	—	(2.4)
Cost	0.5	(0.8)	(0.8)	2.1	(0.1)	2.1	3.0
Non-timber income	(1.4)	(0.3)	(0.5)	—	—	—	(2.2)
Foreign exchange <sup>(2)</sup>	—	—	0.5	—	—	—	0.5
Other	—	—	0.3	(4.0) <sup>(3)</sup>	—	—	(3.7)
<b>3Q16 Adjusted EBITDA</b>	<b>\$18.2</b>	<b>\$3.4</b>	<b>\$12.6</b>	<b>\$56.6</b>	<b>\$0.5</b>	<b>(\$4.1)</b>	<b>\$87.2</b>

(1) Non-GAAP measures and pro forma items (see page 16 for definitions and pages 18 and 19 for reconciliations).

(2) Net of currency hedging impact.

(3) Reflects receipt of a \$4.0 million deferred payment with respect to a prior land sale.

(4) Includes \$1.2 million of costs related to shareholder litigation in Q3 2016 (see page 16 for definitions).

# Variance Analysis – 3Q 2015 to 3Q 2016

## Operating Income (Loss) (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>3Q15 Operating Income (Loss)</b>	\$10.5	\$3.1	(\$0.9)	\$20.0	\$0.4	(\$5.3)	\$27.8
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	1.5	1.5
<b>Pro forma Operating Income (Loss)<sup>(1)</sup></b>	\$10.5	\$3.1	(\$0.9)	\$20.0	\$0.4	(\$3.8)	\$29.3
Volume/Mix	(3.0)	(2.6)	0.3	15.7	—	—	10.4
Price	0.2	0.6	6.6	2.1	—	—	9.5
Cost	(0.3)	(0.5)	(1.0)	0.8	0.1	(1.6) <sup>(3)</sup>	(2.5)
Non-timber income	(0.2)	(0.1)	0.3	—	—	—	—
Foreign exchange <sup>(2)</sup>	—	—	1.2	—	—	—	1.2
Depreciation, depletion & amortization	1.0	(3.8)	0.1	1.2	—	—	(1.5)
Non-cash cost of land and improved development	—	—	—	3.3	—	—	3.3
Other	—	—	—	—	—	—	—
<b>3Q16 Operating Income (Loss)</b>	<b>\$8.2</b>	<b>(\$3.3)</b>	<b>\$6.6</b>	<b>\$43.1</b>	<b>\$0.5</b>	<b>(\$5.4)</b>	<b>\$49.7</b>
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	1.2	1.2
<b>Pro forma Operating Income (Loss)<sup>(1)</sup></b>	<b>\$8.2</b>	<b>(\$3.3)</b>	<b>\$6.6</b>	<b>\$43.1</b>	<b>\$0.5</b>	<b>(\$4.2)</b>	<b>\$50.9</b>

## Adjusted EBITDA<sup>(1)</sup> (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>3Q15 Adjusted EBITDA</b>	\$24.9	\$7.3	\$6.1	\$30.9	\$0.4	(\$3.8)	\$65.8
Volume/Mix	(6.4)	(3.9)	(1.4)	22.8	—	—	11.1
Price	0.2	0.6	6.6	2.1	—	—	9.5
Cost	(0.3)	(0.5)	(1.0)	0.8	0.1	(0.3)	(1.2)
Non-timber income	(0.2)	(0.1)	0.3	—	—	—	—
Foreign exchange <sup>(2)</sup>	—	—	1.9	—	—	—	1.9
Other	—	—	0.1	—	—	—	0.1
<b>3Q16 Adjusted EBITDA</b>	<b>\$18.2</b>	<b>\$3.4</b>	<b>\$12.6</b>	<b>\$56.6</b>	<b>\$0.5</b>	<b>(\$4.1)</b>	<b>\$87.2</b>

(1) Non-GAAP measures and pro forma items (see page 16 for definitions and pages 18 and 19 for reconciliations).

(2) Net of currency hedging impact.

(3) Includes \$1.2 million of costs related to shareholder litigation (see page 16 for definitions).

# Variance Analysis – 3Q 2015 YTD to 3Q 2016 YTD

## Operating Income (Loss) (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>3Q15 YTD Operating Income</b>	\$34.7	\$7.4	\$3.8	\$34.0	\$0.6	(\$18.5)	\$62.0
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	3.1	3.1
<b>Pro forma Operating Income<sup>(1)</sup></b>	\$34.7	\$7.4	\$3.8	\$34.0	\$0.6	(\$15.4)	\$65.1
Volume/Mix	(0.5)	(1.8)	1.5	18.9	—	—	18.1
Price	(0.9)	(0.7)	17.7	(12.4)	—	—	3.7
Cost	(1.9)	(0.1)	(0.5)	0.2	1.7	(0.2) <sup>(5)</sup>	(0.8)
Non-timber income	(0.1)	(0.6)	(1.6)	—	(0.8)	—	(3.1)
Foreign exchange <sup>(2)</sup>	—	—	(0.2)	—	—	—	(0.2)
Depreciation, depletion & amortization	3.7	(5.1)	0.3	1.7	—	(0.1)	0.5
Non-cash cost of land and improved development	—	—	(1.8)	5.3	—	—	3.5
Other	—	—	2.2	105.3 <sup>(3)</sup>	—	—	107.5
<b>3Q16 YTD Operating Income (Loss)</b>	<b>\$35.0</b>	<b>(\$0.9)</b>	<b>\$21.4</b>	<b>\$153.0</b> <sup>(4)</sup>	<b>\$1.5</b>	<b>(\$15.7)</b>	<b>\$194.3</b>
Pro forma adjustments <sup>(1)</sup>	—	—	—	(101.3)	—	1.0	(100.3)
<b>Pro forma Operating Income (Loss)<sup>(1)</sup></b>	<b>\$35.0</b>	<b>(\$0.9)</b>	<b>\$21.4</b>	<b>\$51.7</b>	<b>\$1.5</b>	<b>(\$14.7)</b>	<b>\$94.0</b>

## Adjusted EBITDA<sup>(1)</sup> (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>3Q15 YTD Adjusted EBITDA</b>	\$76.1	\$18.3	\$26.0	\$54.6	\$0.6	(\$15.2)	\$160.4
Volume/Mix	(1.1)	(2.8)	(0.3)	27.6	—	—	23.4
Price	(0.9)	(0.7)	17.7	(12.4)	—	—	3.7
Cost	(1.9)	(0.1)	(0.5)	0.2	1.7	0.8	0.2
Non-timber income	(0.1)	(0.6)	(1.6)	—	(0.8)	—	(3.1)
Foreign exchange <sup>(2)</sup>	—	—	(0.9)	—	—	—	(0.9)
Other	—	—	0.1	4.0	—	—	4.1
<b>3Q16 YTD Adjusted EBITDA</b>	<b>\$72.1</b>	<b>\$14.1</b>	<b>\$40.5</b>	<b>\$74.0</b>	<b>\$1.5</b>	<b>(\$14.4)</b>	<b>\$187.8</b>

(1) Non-GAAP measures and pro forma items (see page 16 for definitions and pages 18 and 19 for reconciliations).

(2) Net of currency hedging impact.

(3) Includes \$101.3 million of operating income from a large disposition of timberlands and receipt of a \$4.0 million deferred payment with respect to a prior land sale.

(4) Includes \$101.3 million of operating income from a large disposition of timberlands in Q2 2016.

(5) Includes \$2.2 million of costs related to shareholder litigation in 2016, \$1.2 million gain from foreign currency derivatives in 2016 and \$1.3 million of transaction costs related to the Menasha acquisition in 2016 (see page 16 for definition).



# Liquidity Measures — Cash Available for Distribution

(\$ in millions, except per share data)

	Nine Months Ended September 30,	
	2016	2015
<b>Cash Provided by Operating Activities</b>	<b>\$163.9</b>	<b>\$143.4</b>
Working capital and other balance sheet changes	(0.2)	(5.3)
Capital expenditures <sup>(1)</sup>	(40.2)	(37.2)
<b>Cash Available for Distribution <sup>(2)</sup></b>	<b>\$123.5</b>	<b>\$100.9</b>
<b>Net income</b>	<b>\$167.3</b>	<b>\$34.5</b>
Interest, net and miscellaneous expense (income)	24.8	28.8
Income tax expense (benefit)	2.2	(1.3)
Depreciation, depletion and amortization	83.7	85.8
Non-cash cost of land and improved development	10.1	9.5
Costs related to shareholder litigation <sup>(2)</sup>	2.2	3.1
Gain on foreign currency derivatives <sup>(2)</sup>	(1.2)	—
Large Dispositions <sup>(2)</sup>	(101.3)	—
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$187.8</b>	<b>\$160.4</b>
Cash interest paid <sup>(3)</sup>	(23.6)	(21.9)
Cash taxes paid	(0.5)	(0.4)
Capital expenditures <sup>(1)</sup>	(40.2)	(37.2)
<b>Cash Available for Distribution <sup>(2)</sup></b>	<b>\$123.5</b>	<b>\$100.9</b>
Cash Available for Distribution	123.5	100.9
Real estate development investments	(4.8)	(2.0)
Cash Available for Distribution after real estate development investments	\$118.7	\$98.9
Shares outstanding at period end	122,876,035	123,767,680
<b>CAD per Share</b>	<b>\$1.00</b>	<b>\$0.81</b>
<b>Dividends per Share</b>	<b>\$0.75</b>	<b>\$0.75</b>

(1) Capital expenditures exclude timberland acquisitions of \$353.8 million and \$88.5 million and spending on the Rayonier office building of \$3.9 million and \$0.4 million during the nine months ended September 30, 2016 and September 30, 2015, respectively.

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

(3) Cash interest paid is presented net of patronage refunds received of \$0.4 million and \$1.3 million for the nine months ended September 30, 2016 and September 30, 2015, respectively.

# Southern Timber Overview

(\$ in millions, except per ton data)

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	YTD
<b>Sales Volume (Tons in 000s)</b>										
Pine Pulpwood	905	845	895	969	3,614	1,181	795	634	—	2,610
Pine Sawtimber	418	375	421	367	1,581	528	334	333	—	1,195
<b>Total Pine Volume</b>	<b>1,323</b>	<b>1,220</b>	<b>1,316</b>	<b>1,336</b>	<b>5,195</b>	<b>1,709</b>	<b>1,129</b>	<b>967</b>	<b>—</b>	<b>3,805</b>
Hardwood	47	75	100	75	297	50	54	123	—	227
<b>Total Volume</b>	<b>1,370</b>	<b>1,295</b>	<b>1,416</b>	<b>1,411</b>	<b>5,492</b>	<b>1,759</b>	<b>1,183</b>	<b>1,090</b>	<b>—</b>	<b>4,032</b>
% Delivered Sales	25%	25%	28%	29%	27%	24%	27%	32%	—	27%
% Stumpage Sales	75%	75%	72%	71%	73%	76%	73%	68%	—	73%
<b>Net Stumpage Pricing (\$ per ton)<sup>(1)</sup></b>										
Pine Pulpwood	\$18.83	\$19.10	\$16.39	\$18.24	\$18.13	\$18.90	\$18.31	\$17.36	—	\$18.34
Pine Sawtimber	28.84	27.33	27.27	26.76	27.62	26.90	27.00	26.17	—	26.74
<b>Weighted Average Pine</b>	<b>\$21.99</b>	<b>\$21.63</b>	<b>\$19.87</b>	<b>\$20.58</b>	<b>\$21.01</b>	<b>\$21.38</b>	<b>\$20.88</b>	<b>\$20.40</b>	<b>—</b>	<b>\$20.98</b>
Hardwood	13.07	11.33	16.56	16.36	14.65	12.47	10.90	14.84	—	13.38
<b>Weighted Average Total</b>	<b>\$21.69</b>	<b>\$21.03</b>	<b>\$19.63</b>	<b>\$20.36</b>	<b>\$20.66</b>	<b>\$21.11</b>	<b>\$20.42</b>	<b>\$19.76</b>	<b>—</b>	<b>\$20.54</b>
<b>Summary Financial Data (\$ in MMs)</b>										
Sales	\$35.5	\$32.7	\$34.8	\$36.1	\$139.1	\$44.7	\$29.6	\$27.8	—	\$102.2
(-) Cut & Haul	(5.8)	(5.5)	(7.0)	(7.4)	(25.7)	(7.6)	(5.4)	(6.3)	—	(19.4)
<b>Net Stumpage Sales</b>	<b>\$29.7</b>	<b>\$27.2</b>	<b>\$27.8</b>	<b>\$28.7</b>	<b>\$113.4</b>	<b>\$37.1</b>	<b>\$24.2</b>	<b>\$21.5</b>	<b>—</b>	<b>\$82.8</b>
Operating Income	\$12.4	\$11.8	\$10.5	\$12.0	\$46.7	\$15.8	\$11.1	\$8.2	—	\$35.0
(+) DD&A	14.3	12.6	14.4	12.9	54.3	16.6	10.6	10.0	—	37.1
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>\$26.7</b>	<b>\$24.4</b>	<b>\$24.9</b>	<b>\$24.9</b>	<b>\$101.0</b>	<b>\$32.4</b>	<b>\$21.7</b>	<b>\$18.2</b>	<b>—</b>	<b>\$72.1</b>
<b>Other Data</b>										
Non-timber Income (\$ in MMs)	\$4.2	\$5.2	\$4.1	\$4.6	\$18.1	\$4.2	\$5.3	\$3.9	—	\$13.4
Period End Acres (in 000s)	1,901	1,915	1,896	1,876	1,876	1,874	1,871	1,885	—	1,885

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

(2) Non-GAAP measure (see page 16 for definition and page 18 and 19 for reconciliation).

# Pacific Northwest Timber Overview

(\$ in millions, except per ton data)

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	YTD
<b>Sales Volume (Tons in 000s)</b>										
Pulpwood	55	63	100	90	308	90	77	64	—	231
Sawtimber	270	187	253	225	935	241	190	177	—	608
<b>Total Volume</b>	<b>325</b>	<b>250</b>	<b>353</b>	<b>315</b>	<b>1,243</b>	<b>331</b>	<b>267</b>	<b>241</b>	<b>—</b>	<b>839</b>
<b>Northwest Sales Volume (Converted to MBF)</b>										
Pulpwood	5,140	5,985	9,514	8,569	29,208	8,600	7,304	6,016	—	21,920
Sawtimber	33,455	25,180	34,058	28,239	120,932	30,378	25,552	24,084	—	80,014
<b>Total Volume</b>	<b>38,595</b>	<b>31,165</b>	<b>43,572</b>	<b>36,808</b>	<b>150,140</b>	<b>38,978</b>	<b>32,856</b>	<b>30,100</b>	<b>—</b>	<b>101,934</b>
<b>Northwest Sales Mix</b>										
% Delivered Sales	79%	100%	80%	97%	88%	87%	94%	100%	—	93%
% Sawtimber Sales	83%	75%	72%	71%	75%	73%	71%	74%	—	72%
<b>Delivered Log Pricing (\$ per ton)</b>										
Pulpwood	\$43.19	\$43.37	\$45.88	\$44.93	\$44.61	\$44.84	\$42.97	\$40.07	—	<b>\$42.85</b>
Sawtimber	72.03	76.80	74.33	66.27	72.13	67.95	74.54	76.69	—	72.80
<b>Weighted Average Log Price</b>	<b>\$66.91</b>	<b>\$68.36</b>	<b>\$65.05</b>	<b>\$60.03</b>	<b>\$64.83</b>	<b>\$61.22</b>	<b>\$65.27</b>	<b>\$67.02</b>	<b>—</b>	<b>\$64.32</b>
<b>Summary Financial Data (\$ in MMs)</b>										
Sales	\$19.2	\$17.1	\$21.6	\$18.7	\$76.5	\$19.3	\$16.9	\$16.1	—	<b>\$52.3</b>
(-) Cut & Haul	(8.1)	(8.6)	(9.4)	(9.4)	(35.4)	(8.7)	(8.1)	(7.8)	—	(24.6)
<b>Net Stumpage Sales</b>	<b>\$11.1</b>	<b>\$8.5</b>	<b>\$12.2</b>	<b>\$9.3</b>	<b>\$41.1</b>	<b>\$10.6</b>	<b>\$8.8</b>	<b>\$8.3</b>	<b>—</b>	<b>\$27.7</b>
Operating Income	\$2.6	\$1.7	\$3.1	(\$0.4)	\$6.9	\$1.4	\$1.1	(\$3.3)	—	<b>(\$0.9)</b>
(+) DD&A	3.8	2.9	4.2	3.9	14.8	4.6	3.7	6.7	—	15.0
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$6.4</b>	<b>\$4.6</b>	<b>\$7.3</b>	<b>\$3.5</b>	<b>\$21.7</b>	<b>\$6.0</b>	<b>\$4.8</b>	<b>\$3.4</b>	<b>—</b>	<b>\$14.1</b>
<b>Other Data</b>										
Non-timber Income (\$ in MMs)	\$0.9	\$1.2	\$0.6	\$0.9	\$3.5	\$0.8	\$0.8	\$0.5	—	\$2.1
Period-End Acres (in 000s)	368	373	373	373	373	373	379	379	—	379
Northwest Sawtimber (\$ per MBF)	\$604	\$571	\$541	\$539	\$565	\$548	\$558	\$563	—	\$556
Estimated Percentage of Export Volume	19%	26%	20%	23%	22%	26%	28%	20%	—	25%

(1) Non-GAAP measure (see page 16 for definition and page 18 and 19 for reconciliation).

# New Zealand Timber Overview

(\$ in millions, except per ton data)

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	YTD
<b>Sales Volume (Tons in 000s)</b>										
Domestic Sawtimber (Delivered)	150	169	189	175	684	186	224	220	—	630
Domestic Pulpwood (Delivered)	100	110	118	106	434	94	92	99	—	285
Export Sawtimber (Delivered)	201	248	279	254	982	186	276	213	—	675
Export Pulpwood (Delivered)	11	20	19	32	83	19	20	21	—	60
Stumpage	76	35	116	1	228	—	10	—	—	10
<b>Total Volume</b>	<b>538</b>	<b>582</b>	<b>721</b>	<b>568</b>	<b>2,412</b>	<b>485</b>	<b>621</b>	<b>552</b>	<b>—</b>	<b>1,658</b>
% Delivered Sales	86%	94%	84%	100%	91%	100%	99%	100%	—	100%
% Stumpage Sales	14%	6%	16%	—	9%	—	1%	—	—	—
<b>Delivered Log Pricing (\$ per ton)</b>										
Domestic Sawtimber	\$70.77	\$66.96	\$60.12	\$59.71	\$64.05	\$66.64	\$71.37	\$75.06	—	\$71.26
Domestic Pulpwood	35.38	33.59	29.03	30.43	32.00	29.49	31.80	32.55	—	31.30
Export Sawtimber	102.60	85.31	82.42	87.35	88.59	94.34	96.11	97.44	—	96.04
<b>Summary Financial Data (\$ in MMs)</b>										
Sales	\$37.8	\$38.4	\$41.1	\$38.4	\$155.7	\$34.2	\$47.7	\$42.2	—	\$124.2
(-) Cut & Haul	(16.0)	(19.2)	(18.7)	(17.6)	(71.5)	(14.6)	(19.2)	(18.3)	—	(52.1)
(-) Port / Freight Costs	(6.6)	(8.1)	(8.9)	(8.4)	(32.0)	(5.3)	(7.5)	(6.6)	—	(19.3)
<b>Net Stumpage Sales</b>	<b>\$15.2</b>	<b>\$11.1</b>	<b>\$13.5</b>	<b>\$12.4</b>	<b>\$52.2</b>	<b>\$14.3</b>	<b>\$21.1</b>	<b>\$17.3</b>	<b>—</b>	<b>\$52.8</b>
Land/Other Sales	\$3.4	\$0.8	—	\$1.7	\$5.9	\$1.8	—	—	—	\$1.8
<b>Total Sales</b>	<b>\$41.2</b>	<b>\$39.2</b>	<b>\$41.1</b>	<b>\$40.1</b>	<b>\$161.6</b>	<b>\$36.0</b>	<b>\$47.7</b>	<b>\$42.2</b>	<b>—</b>	<b>\$126.0</b>
Operating Income (Loss)	\$5.7	(\$0.9)	(\$0.9)	(\$1.1)	\$2.8	\$4.7	\$10.0	\$6.6	—	\$21.4
(+) DD&A <sup>(1)</sup>	8.0	7.1	7.0	7.5	29.7	4.9	6.4	6.0	—	17.3
(+) Non-cash cost of land and improved development	—	—	—	0.5	0.5	1.8	—	—	—	1.8
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$13.7</b>	<b>\$6.2</b>	<b>\$6.1</b>	<b>\$6.9</b>	<b>\$33.0</b>	<b>\$11.4</b>	<b>\$16.4</b>	<b>\$12.6</b>	<b>—</b>	<b>\$40.5</b>
<b>Other Data</b>										
NZ\$/US\$ Exchange Rate (Average period rate)	0.7556	0.7398	0.6601	0.6570	0.7031	0.6646	0.6866	0.7178	—	0.6897
Net plantable Period-End Acres (in 000s)	303	303	302	299	299	299	299	299	—	299
Export Sawtimber ( \$ / JAS m3)	\$119.04	\$99.84	\$96.45	\$102.23	\$103.49	\$109.65	\$111.71	\$113.25	—	\$111.63
Domestic Sawtimber (NZ\$ / tonne)	\$102.43	\$99.53	\$100.20	\$99.99	\$100.47	\$110.31	\$114.34	\$115.03	—	\$113.38

(1) First and second quarter 2015 include \$1.9 million and \$0.6 million, respectively, of timber basis sold in connection with the relinquishment of forestry rights.

(2) Non-GAAP measure (see page 16 for definition and page 18 and 19 for reconciliation).

# Real Estate Overview

(\$ in millions, except per acre data)

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	YTD
<b>Sales (\$ in MMs)</b>										
Improved Development <sup>(1)</sup>	—	\$0.8	—	\$1.8	\$2.6	\$1.7	—	—	—	\$1.7
Unimproved Development	4.8	0.8	0.1	0.7	6.4	0.9	—	1.4	—	2.2
Rural	6.8	3.3	9.8	2.7	22.7	3.7	7.3	6.4	—	17.4
Non-strategic / Timberlands	12.2	2.0	25.3	15.3	54.8	7.1	0.5	52.8	—	60.5
Large Dispositions <sup>(2)</sup>	—	—	—	—	—	—	129.5	—	—	129.5
Total Sales	\$23.8	\$6.9	\$35.2	\$20.5	\$86.5	\$13.4	\$137.3	\$60.6	—	\$211.3
<b>Acres Sold</b>										
Improved Development <sup>(1)</sup>	—	19	—	55	74	47	—	—	—	47
Unimproved Development	409	86	20	185	699	48	—	73	—	121
Rural	2,877	1,393	3,503	981	8,754	1,444	2,666	2,069	—	6,180
Non-strategic / Timberlands	4,111	839	10,681	7,972	23,602	6,130	252	21,459	—	27,842
Acres Sold	7,397	2,337	14,204	9,193	33,130	7,669	2,918	23,601	—	34,190
Large Dispositions <sup>(2)</sup>	—	—	—	—	—	—	55,320	—	—	55,320
Total Acres Sold	7,397	2,337	14,204	9,193	33,130	7,669	58,238	23,601	—	89,510
<b>Price per Acre (\$ per acre)</b>										
Improved Development <sup>(1)</sup>	—	\$42,281	—	\$32,602	\$35,131	\$37,353	—	—	—	\$37,353
Unimproved Development	11,781	8,908	5,000	3,869	9,148	18,000	—	18,500	—	18,302
Rural	2,368	2,377	2,796	2,786	2,588	2,548	2,711	3,082	—	2,797
Non-strategic / Timberlands	2,957	2,440	2,373	1,918	2,324	1,155	2,161	2,465	—	2,174
Large Dispositions <sup>(2)</sup>	—	—	—	—	—	—	2,342	—	—	2,342
Weighted Avg. (Total) <sup>(3)</sup>	\$3,216	\$2,971	\$2,480	\$2,233	\$2,611	\$1,743	\$2,664	\$2,569	—	\$2,392
Weighted Avg. (Adjusted) <sup>(4)</sup>	\$3,216	\$2,642	\$2,480	\$2,051	\$2,538	\$1,525	\$2,664	\$2,569	—	\$2,344
Total Sales (Excluding Large Dispositions <sup>(2)</sup> )	\$23.8	\$6.9	\$35.2	\$20.5	\$86.5	\$13.4	\$7.8	\$60.6	—	\$81.8
Operating Income	\$12.6	\$1.4	\$20.0	\$10.3	\$44.3	\$4.2	\$105.7	\$43.1	—	\$153.0
(-) Large Dispositions <sup>(2)</sup>	—	—	—	—	—	—	(101.3)	—	—	(101.3)
Pro Forma Operating Income <sup>(2)</sup>	\$12.6	\$1.4	\$20.0	\$10.3	\$44.3	\$4.2	\$4.4	\$43.1	—	\$51.7
(+) Depreciation, depletion and amortization	3.8	1.0	6.3	3.4	14.5	3.2	1.6	9.2	—	14.0
(+) Non-cash cost of land and improved development	3.7	1.2	4.6	2.5	12.0	2.3	1.7	4.3	—	8.3
Adjusted EBITDA <sup>(2)</sup>	\$20.1	\$3.6	\$30.9	\$16.2	\$70.8	\$9.7	\$7.7	\$56.6	—	\$74.0

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

(2) Non-GAAP measure and pro forma item (see page 16 for definition and page 18 and 19 for reconciliation).

(3) Excludes Large Dispositions.

(4) Excludes Improved Development and Large Dispositions.

# Capital Expenditures By Segment

(\$ in millions)

	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Southern Timber</b>					
Reforestation, Silviculture & Other Capital Expenditures	\$4.0	\$4.4	\$3.6	\$11.5	\$9.3
Property taxes	1.6	1.7	1.8	5.2	5.4
Lease payments	0.5	0.7	0.6	3.2	3.7
Allocated overhead	1.0	1.1	0.9	3.1	2.7
Subtotal Southern Timber	\$7.1	\$7.9	\$6.9	\$23.0	\$21.1
<b>Pacific Northwest Timber</b>					
Reforestation, Silviculture & Other Capital Expenditures	1.1	0.7	0.5	4.1	4.4
Property taxes	0.1	0.2	0.1	0.4	0.4
Lease payments	—	—	—	—	—
Allocated overhead	0.4	0.3	0.4	1.1	1.3
Subtotal Pacific Timber	\$1.6	\$1.2	\$1.0	\$5.6	\$6.1
<b>New Zealand Timber</b>					
Reforestation, Silviculture & Other Capital Expenditures	3.0	2.1	2.5	6.4	5.6
Property taxes	0.2	0.2	0.1	0.5	0.4
Lease payments	1.3	0.9	0.9	2.6	2.4
Allocated overhead	0.7	0.6	0.3	1.9	1.5
Subtotal New Zealand Timber	\$5.2	\$3.8	\$3.8	\$11.4	\$9.9
<b>Total Timber Segments Capital Expenditures</b>	<b>\$13.9</b>	<b>\$12.9</b>	<b>\$11.7</b>	<b>\$40.0</b>	<b>\$37.1</b>
<b>Real Estate</b>	0.1	—	—	0.2	0.1
<b>Corporate</b>	—	—	—	—	—
<b>Total Capital Expenditures</b>	<b>\$14.0</b>	<b>\$12.9</b>	<b>\$11.7</b>	<b>\$40.2</b>	<b>\$37.2</b>
<b>Timberland Acquisitions</b>					
Southern Timber	77.1	—	0.1	91.4	54.5
Pacific Northwest Timber	0.1	262.3	—	262.4	34.0
New Zealand Timber	—	—	—	—	—
<b>Subtotal Timberland Acquisitions</b>	<b>\$77.2</b>	<b>\$262.3</b>	<b>\$0.1</b>	<b>\$353.8</b>	<b>\$88.5</b>
<b>Real Estate Development Investments</b>	<b>\$1.8</b>	<b>\$1.3</b>	<b>\$1.1</b>	<b>\$4.8</b>	<b>\$2.0</b>
<b>Rayonier Office Building</b>	<b>\$2.8</b>	<b>\$1.0</b>	<b>\$0.1</b>	<b>\$3.9</b>	<b>\$0.4</b>

## 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, Large Dispositions and expense related to the write-off of capitalized financing costs. 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	September 30, 2016		June 30, 2016		September 30, 2015	
	\$	EPS	\$	EPS	\$	EPS
Sales	\$171.4		\$261.6		\$151.7	
Large dispositions <sup>(1)</sup>	—		(129.5)		—	
Pro Forma Sales	\$171.4		\$132.1		\$151.7	
Net Income attributable to Rayonier Inc.	\$39.4	\$0.32	\$109.8	\$0.89	\$19.7	\$0.16
Costs related to shareholder litigation <sup>(1)</sup>	1.2	0.01	0.6	0.01	1.5	0.01
Expense related to the write-off of capitalized financing costs	—	—	—	—	0.4	—
Large Dispositions <sup>(1)</sup>	—	—	(101.3)	(0.83)	—	—
Pro Forma Net Income	\$40.6	\$0.33	\$9.1	\$0.07	\$21.6	\$0.17

Nine Months Ended	September 30, 2016		September 30, 2015			
	\$	EPS	\$	EPS		
Sales			\$567.8		\$407.8	
Large Dispositions <sup>(1)</sup>			(129.5)		—	
Pro Forma Sales			\$438.3		\$407.8	
Net Income attributable to Rayonier Inc.			\$163.6	\$1.33	\$35.9	\$0.28
Costs related to shareholder litigation <sup>(1)</sup>			2.2	0.03	3.1	0.03
Expense related to the write-off of capitalized financing costs			—	—	0.4	—
Gain on foreign currency derivatives <sup>(1)</sup>			(1.2)	(0.01)	—	—
Large Dispositions <sup>(1)</sup>			(101.3)	(0.83)	—	—
Pro Forma Net Income			\$63.3	\$0.52	\$39.4	\$0.31

(1) Pro forma item (see page 16 for definition).

# 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
<b>September 30, 2016</b>							
Operating Income (Loss)	\$8.2	(\$3.3)	\$6.6	\$43.1	\$0.5	(\$5.4)	\$49.7
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	1.2	1.2
Pro forma operating income (loss)	\$8.2	(\$3.3)	\$6.6	\$43.1	\$0.5	(\$4.2)	\$50.9
Depreciation, depletion & amortization	10.0	6.7	6.0	9.2	—	0.1	32.0
Non-cash cost of land and improved development	—	—	—	4.3	—	—	4.3
Adjusted EBITDA	\$18.2	\$3.4	\$12.6	\$56.6	\$0.5	(\$4.1)	\$87.2
<b>June 30, 2016</b>							
Operating Income (Loss)	\$11.1	\$1.1	\$10.0	\$105.7	\$0.6	(\$6.9)	\$121.6
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	0.6	0.6
Large Dispositions <sup>(1)</sup>	—	—	—	(101.3)	—	—	(101.3)
Pro forma operating income (loss)	\$11.1	\$1.1	\$10.0	\$4.4	\$0.6	(\$6.3)	\$20.9
Depreciation, depletion & amortization	10.6	3.7	6.4	1.6	—	0.1	22.4
Non-cash cost of land and improved development	—	—	—	1.7	—	—	1.7
Adjusted EBITDA	\$21.7	\$4.8	\$16.4	\$7.7	\$0.6	(\$6.2)	\$45.0
<b>September 30, 2015</b>							
Operating Income (Loss)	\$10.5	\$3.1	(\$0.9)	\$20.0	\$0.4	(\$5.3)	\$27.8
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	1.5	1.5
Pro forma operating income (loss)	\$10.5	\$3.1	(\$0.9)	\$20.0	\$0.4	(\$3.8)	\$29.3
Non-operating expense	—	—	—	—	—	(0.1)	(0.1)
Depreciation, depletion & amortization	14.4	4.2	7.0	6.3	—	0.1	32.0
Non-cash cost of land and improved development	—	—	—	4.6	—	—	4.6
Adjusted EBITDA	\$24.9	\$7.3	\$6.1	\$30.9	\$0.4	(\$3.8)	\$65.8

(1) Pro forma item (see page 16 for definition).

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

(\$ in millions)

Nine Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and other	Total
<b>September 30, 2016</b>							
Operating Income (Loss)	\$35.0	(\$0.9)	\$21.4	\$153.0	\$1.5	(\$15.7)	\$194.3
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	2.2	2.2
Gain on foreign currency derivatives <sup>(1)</sup>	—	—	—	—	—	(1.2)	(1.2)
Large Dispositions <sup>(1)</sup>	—	—	—	(101.3)	—	—	(101.3)
Pro forma operating income (loss)	\$35.0	(\$0.9)	\$21.4	\$51.7	\$1.5	(\$14.7)	\$94.0
Depreciation, depletion & amortization	37.1	15.0	17.3	14.0	—	0.3	83.7
Non-cash cost of land and improved development	—	—	1.8	8.3	—	—	10.1
Adjusted EBITDA	\$72.1	\$14.1	\$40.5	\$74.0	\$1.5	(\$14.4)	\$187.8
<b>September 30, 2015</b>							
Operating Income (Loss)	\$34.7	\$7.4	\$3.8	\$34.0	\$0.6	(\$18.5)	\$62.0
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	3.1	3.1
Pro forma operating income (loss)	\$34.7	\$7.4	\$3.8	\$34.0	\$0.6	(\$15.4)	\$65.1
Depreciation, depletion & amortization	41.4	10.9	22.2	11.1	—	0.2	85.8
Non-cash cost of land and improved development	—	—	—	9.5	—	—	9.5
Adjusted EBITDA	\$76.1	\$18.3	\$26.0	\$54.6	\$0.6	(\$15.2)	\$160.4

(1) Pro forma item (see page 16 for definition).