Rayonier

Value From The Ground Up™

Third Quarter 2013
Financial Presentation Material

Safe Harbor

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 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, " "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, including political changes in particular regions or countries; fluctuations in demand for our products in Asia, and especially China; the uncertainties of potential impacts of climate-related initiatives; changes in energy and raw material prices, particularly for our Performance Fibers business; impacts of the rising cost of fuel, including the cost and availability of transportation for our products, both domestically and internationally, and the cost and availability of third party logging and trucking services; unanticipated equipment maintenance and repair requirements at our manufacturing facilities; 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, including laws regarding air emissions and water discharges, remediation of contaminated sites, 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 and raw materials such as wood, energy and chemicals; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors (such as the currently pending Chinese anti-dumping investigation of dissolving pulp, which has been disclosed in our public filings); 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 to fund distributions using cash generated through our taxable REIT subsidiaries, and changes in tax laws that could adversely affect tax treatment of our specific businesses or reduce the benefits associated with REIT status.

In addition, specifically with respect to our Real Estate business, the following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical nature of the real estate business generally, including fluctuations in demand for both entitled and unentitled property; 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; the potential for legal challenges to entitlements and permits in connection with our properties; unexpected delays in the entry into or closing of real estate transactions; the existence of competing developers and communities in the markets in which we own property; the pace of development and the rate and timing of absorption of existing entitled property in the markets in which we own property; changes in the demographics affecting projected population growth and migration to the Southeastern U.S.; changes in environmental laws and regulations, including laws regarding water withdrawal and management and delineation of wetlands, that may restrict or adversely impact our ability to sell or develop properties; the cost of the development of property generally, including the cost of property taxes, labor and construction materials; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

Additional factors are described in the company's most recent Form 10-K and 10-Q reports on file with the Securities and Exchange Commission. Rayonier assumes no obligation to update these statements except as is required by law.

Financial Highlights

($ Millions – Except EPS)

	3Q 2013	2Q 2013	3Q 2012
Profitability			
Sales	385	409	386
Operating income	84	111	111
Pro forma operating income *	84	94	111
Net income attributable to Rayonier Inc.	57	87	81
Pro forma net income*	57	71	79
Diluted Earnings Per Share:			
Income from continuing operations	0.44	0.67	0.61
Net income	0.44	0.67	0.62
Pro forma net income*	0.44	0.54	0.61
Average diluted shares (millions)	130.9	130.8	130.0

	Nine Months Ended September 30,	
Capital Resources and Liquidity	2013	2012
Cash Provided by Operating Activities	334	354
Cash Used for Investing Activities	(339)	(237)
Cash (Used for) Provided by Financing Activities	(15)	20
EBITDA*	509	398
Pro forma EBITDA*	425	388
Cash Available for Distribution (CAD) *	222	261
	9/30/2013	12/31/2012
Debt	1,656	1,270
Debt / Capital	50%	47%
Cash	261	281

* Non-GAAP measures (see pages 6 and 18 - 21 for definitions and reconciliations).

Variance Analysis – 2Q 13 to 3Q 13

($ Millions)

	Pro Forma Operating Income*
2Q 2013	**$ 94**
Variance	
Forest Resources	
U.S. Operations	
- Volume	(1)
- Price	1
- Cost / Mix / Other	1
New Zealand	
- Price	(2)
- Volume / Cost / Other	4
Real Estate	1
Performance Fibers	
- CS Price	4
- CS Volume	(14)
- CS Cost / Mix	(1)
- Costs / Mix / Other	(5)
Corporate / Other	2
3Q 2013	**$ 84**

* Non-GAAP measure (see page 21 for reconciliation).

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Variance Analysis – 3Q 12 to 3Q 13

($ Millions)

	Pro Forma Operating Income*	
	Quarter	**Year-to-date**
3Q 2012	**$ 111**	**$ 288**
Variance		
Forest Resources		
U.S. Operations		
- Price	7	18
- Volume	-	5
- Costs / Mix / Other	-	(1)
New Zealand		
- Price	5	16
- Volume / Cost / Other	-	(9)
Real Estate	(1)	10
Performance Fibers		
- CS Price	6	14
- CS Volume	(21)	(6)
- CS Cost / Mix	(7)	(9)
- Costs / Mix / Other	(16)	(32)
Corporate / Other	-	(1)
3Q 2013	**$ 84**	**$ 293**

* Non-GAAP measure (see page 21 for reconciliation).

Cash Available for Distribution*

($ Millions – Except Per Share Data)

	Nine Months Ended September 30,	
	2013	2012
Cash Available for Distribution (CAD)		
Cash provided by operating activities	$ 334	$ 354
Capital expenditures **	(122)	(112)
Change in committed cash	1	6
Excess tax benefits on stock-based compensation	8	7
Other	1	6
Cash Available for Distribution	$ 222	$ 261
Shares outstanding	126,224,421	123,189,001
CAD per share	$ 1.76	$ 2.12
Dividends per share	$ 1.37	$ 1.24

* Non-GAAP measure (see page 18 for definition).

** Capital expenditures exclude strategic capital. For the nine months ended September 30, 2013, strategic capital totaled $141 million for the Jesup mill cellulose specialties expansion, $12 million for timberland acquisitions and $140 million for the aquisition of an additional interest in the New Zealand joint venture. For the nine months ended September 30, 2012, strategic capital totaled $131 million for the Jesup mill cellulose specialties expansion and $12 million for timberland acquisitions.

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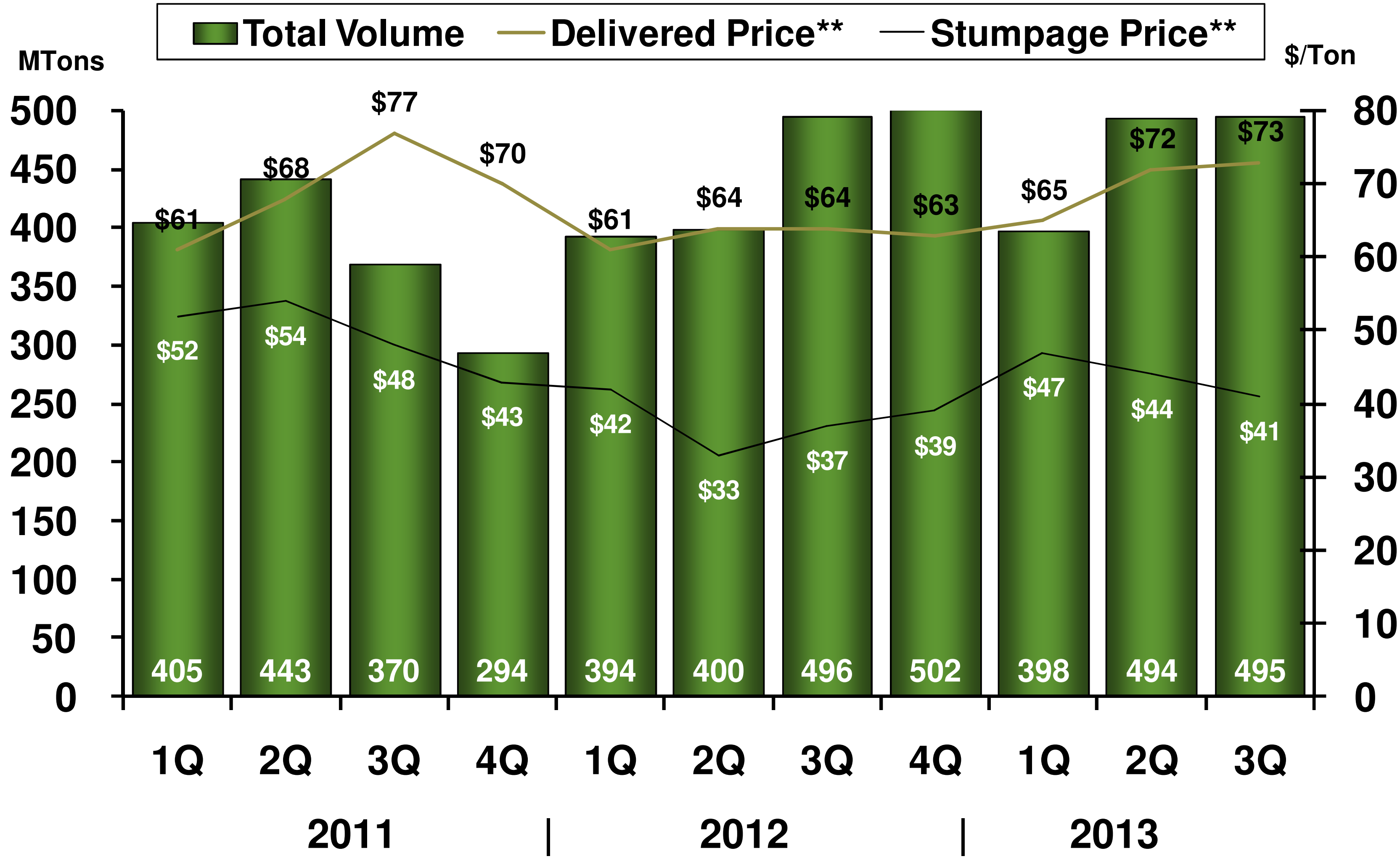
Markets and Operations

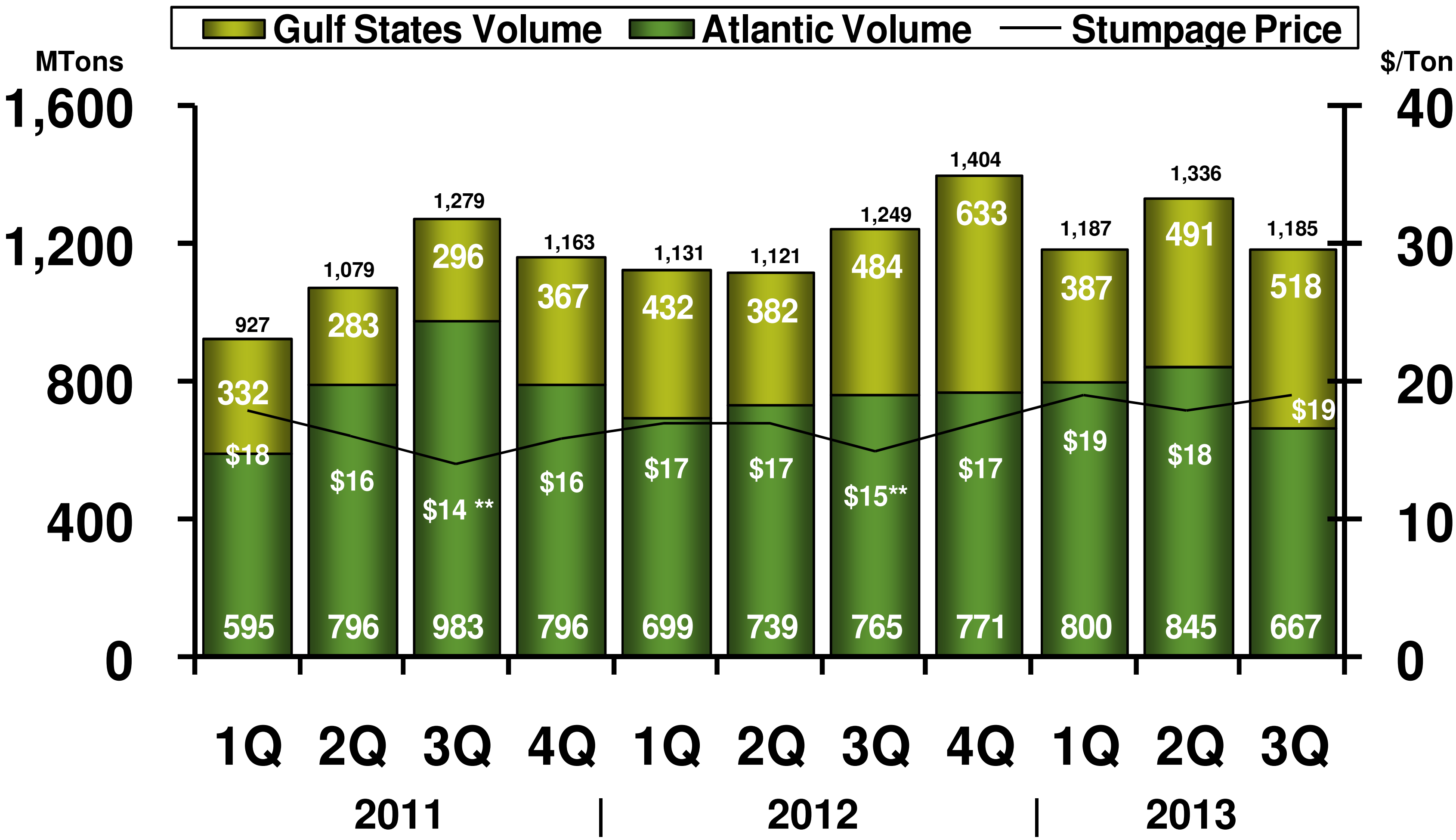
Northern U.S. Timber Sales *



* Chart includes timber sales from Washington state which represent nearly all of the Company's Northern region sales.

** Delivered pricing includes costs to cut and transport the logs. With stumpage sales, the buyer is responsible for cutting and transportation.

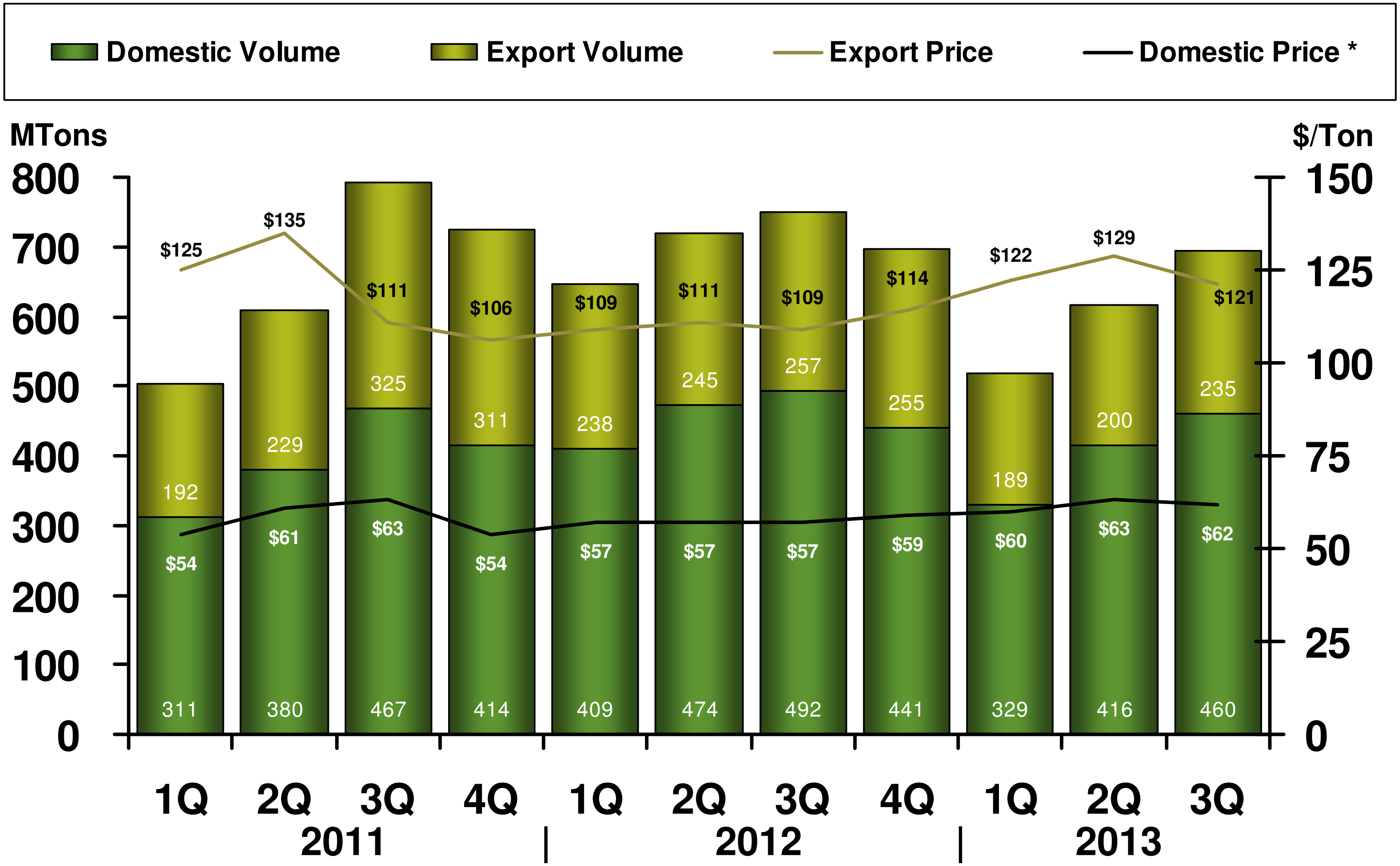
U.S. Pine Timber Sales *



* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Texas) regions.

** Q3 2011 prices were lower due to the impact of fire salvage timber. Q3 2012 prices were lower due to sales mix.

New Zealand Log Sales



* Domestic price is affected by exchange rate fluctuations. Q3 2013 increased 4.8% in NZ$ over Q2 2013.

Notes: Beginning in second quarter 2013 New Zealand operating results were fully consolidated into Rayonier Inc.'s financial statements. Pricing includes delivered log pricing only. Volumes include domestic and export delivered log sales. Stumpage sales are included in domestic volumes.

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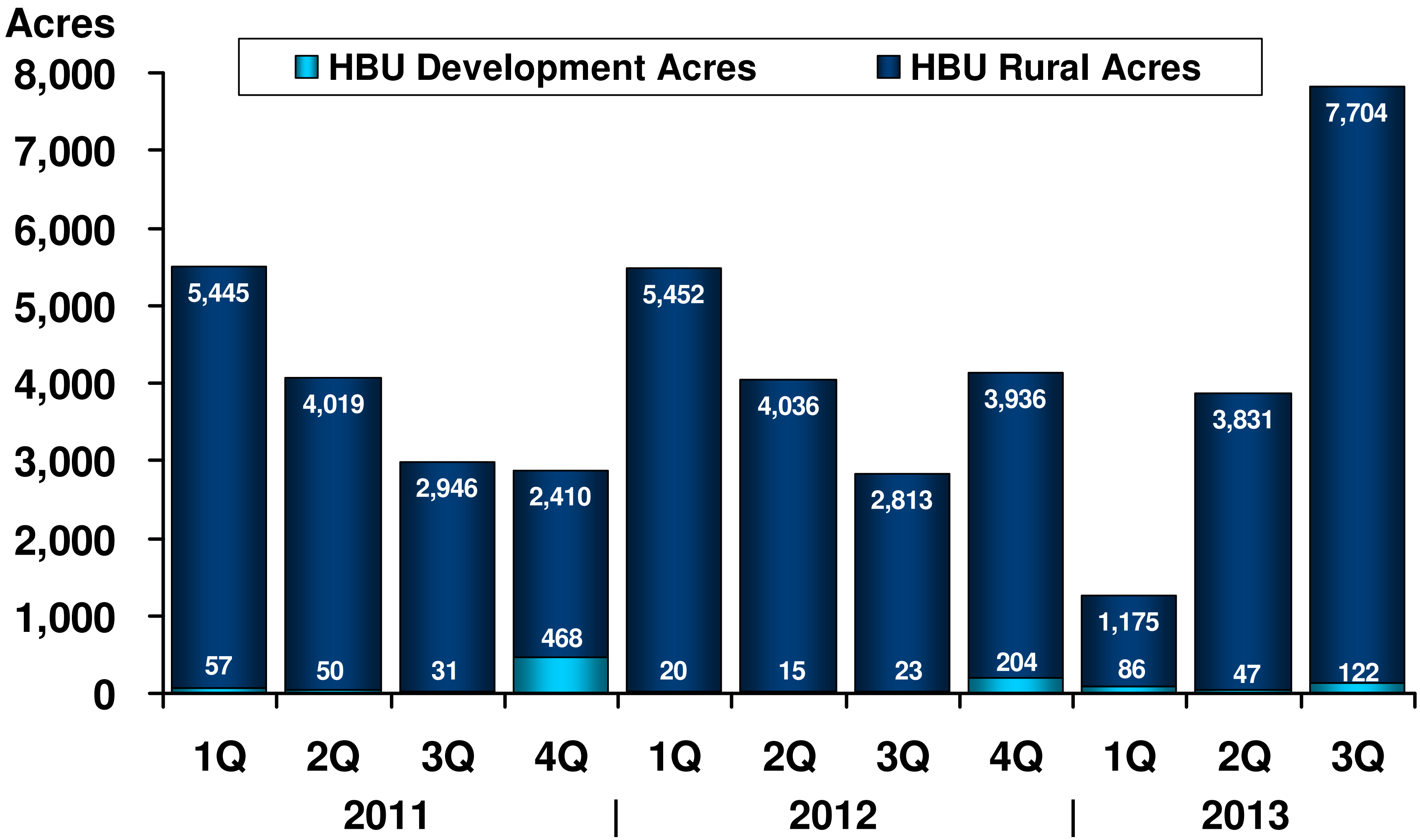
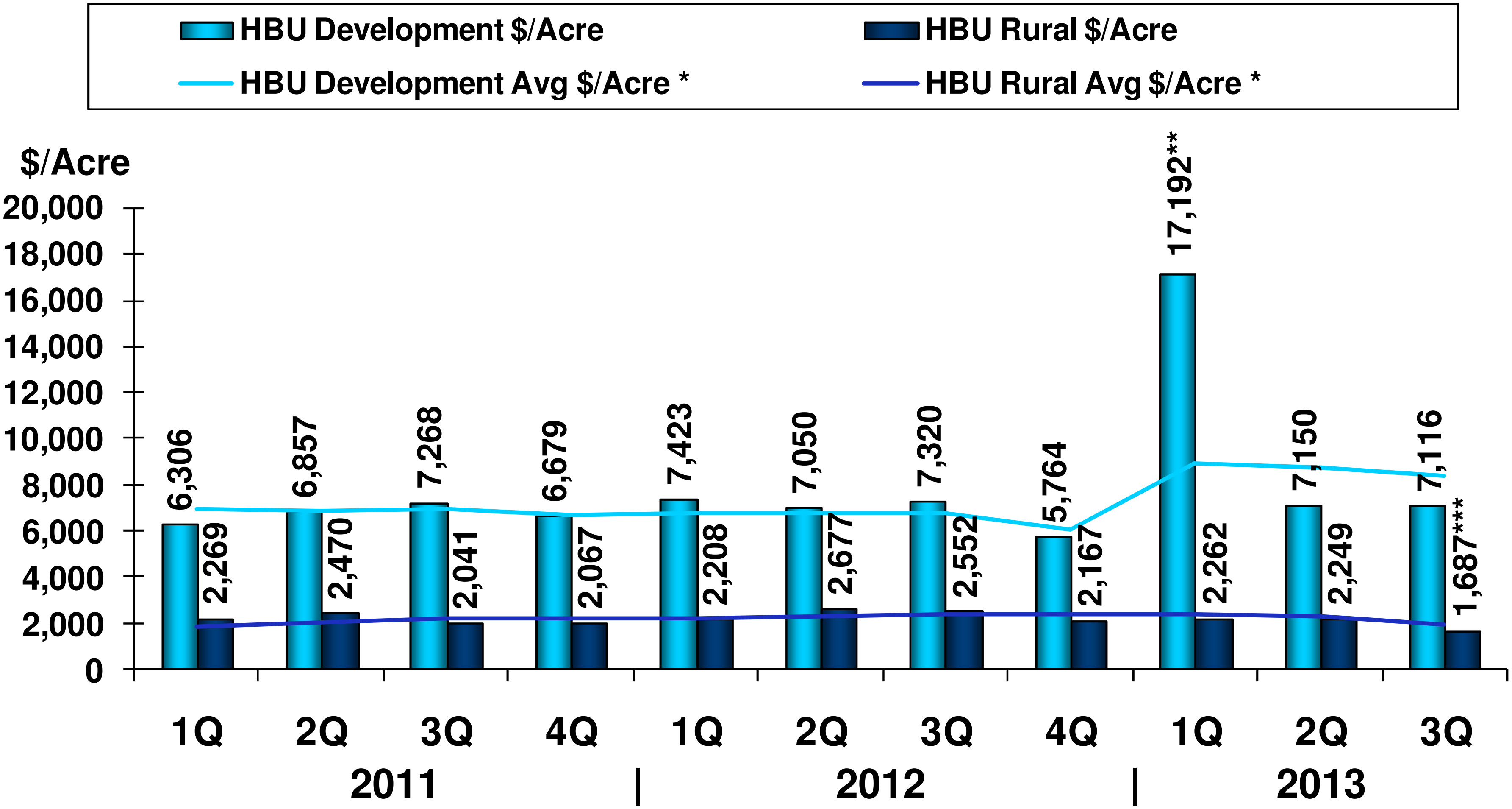
HBU Real Estate Acres - Sales



HBU Real Estate Sales Prices



*   Four quarter rolling weighted average.

**   First quarter 2013 includes a sale of 4 acres for a roadway infrastructure project for $242k per acre.

*** Third quarter 2013 includes a 4,500 acre sale in which Rayonier retained timber harvest rights. Including the value of the timber harvest rights, 3Q2013 Rural $/acre would be approximately $2,060.

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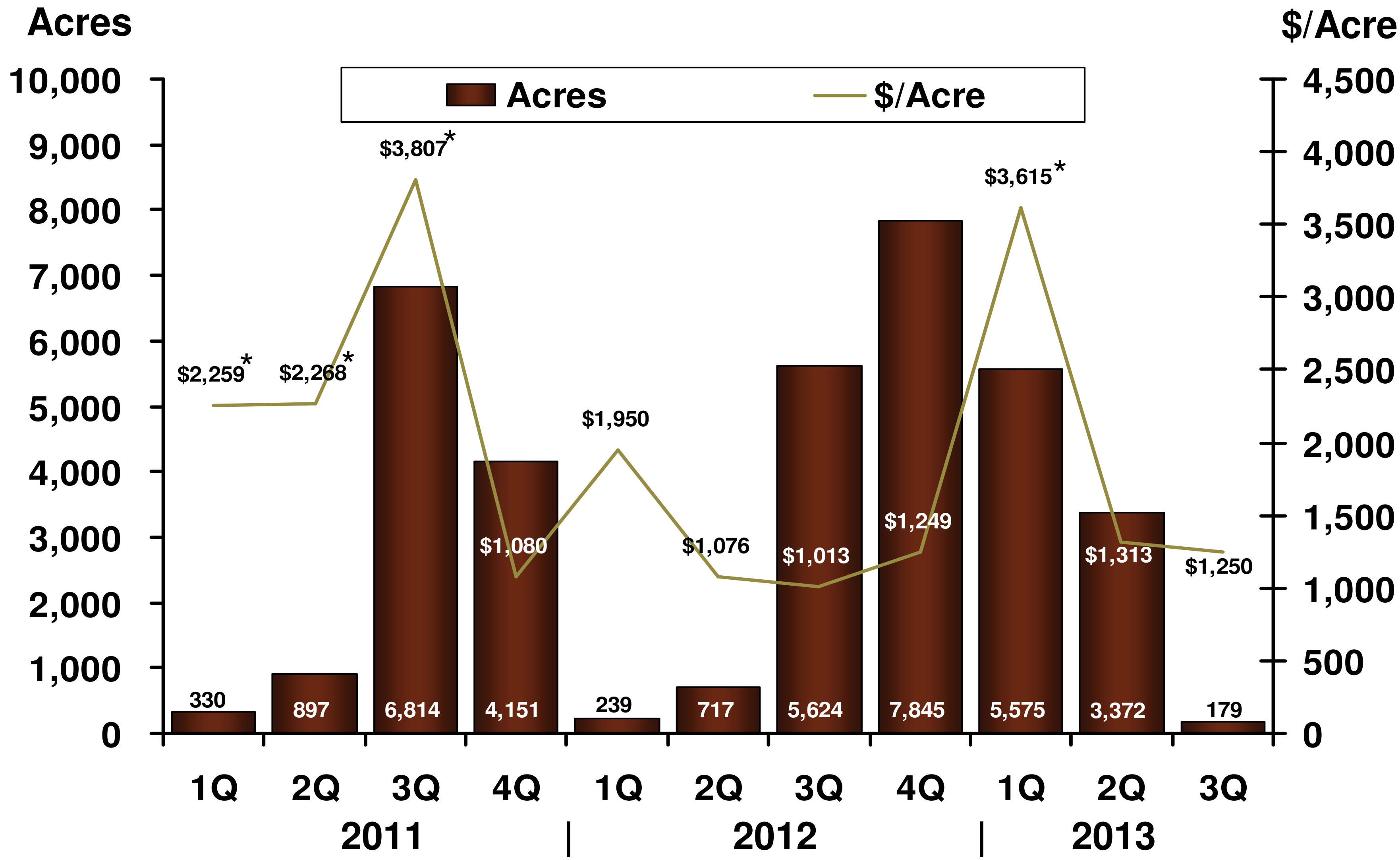
Non-Strategic Timberland Acres - Sales



* Period included a proportionately higher percentage of sales in the Pacific Northwest where the price per acre is traditionally higher than the Southeast.

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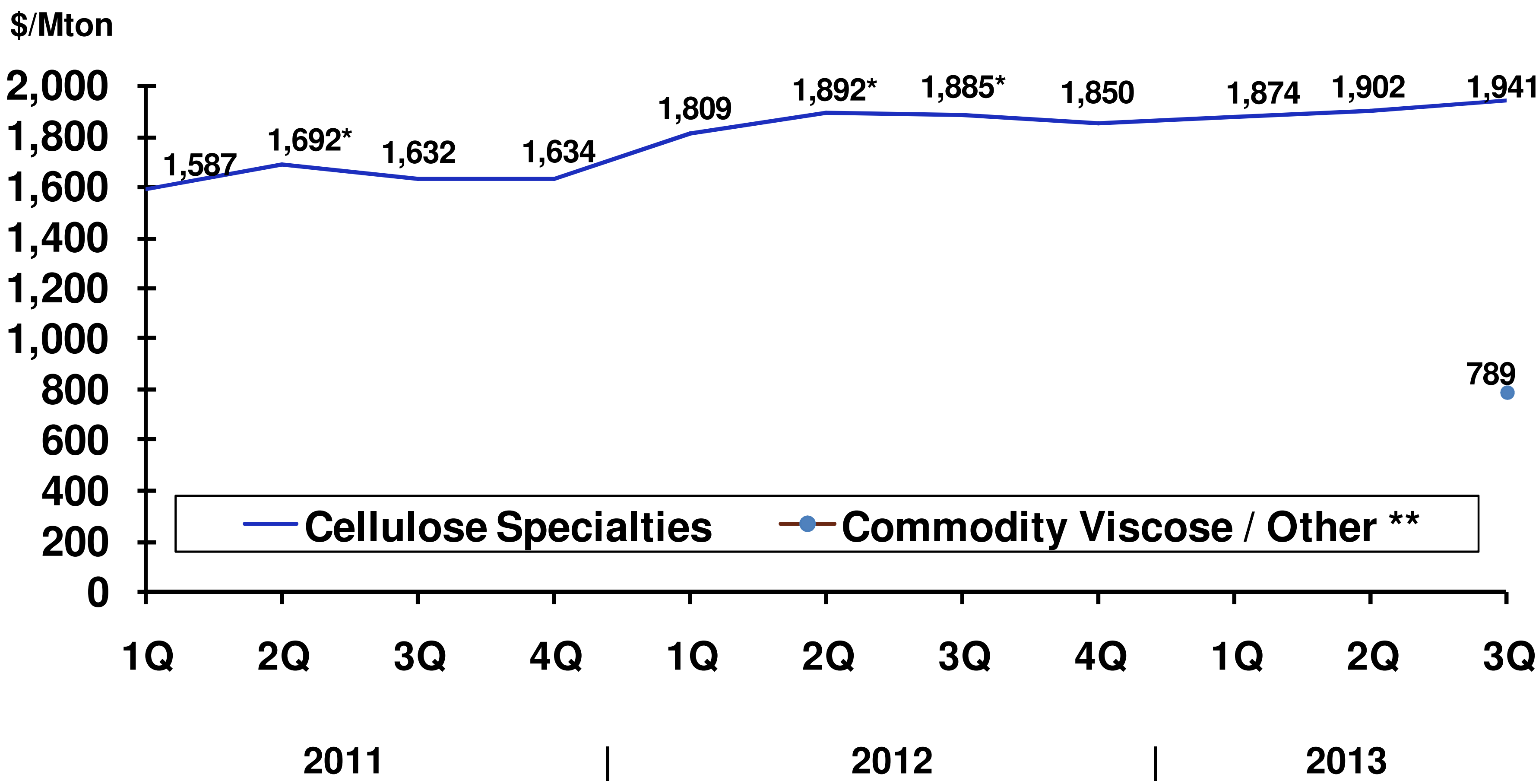
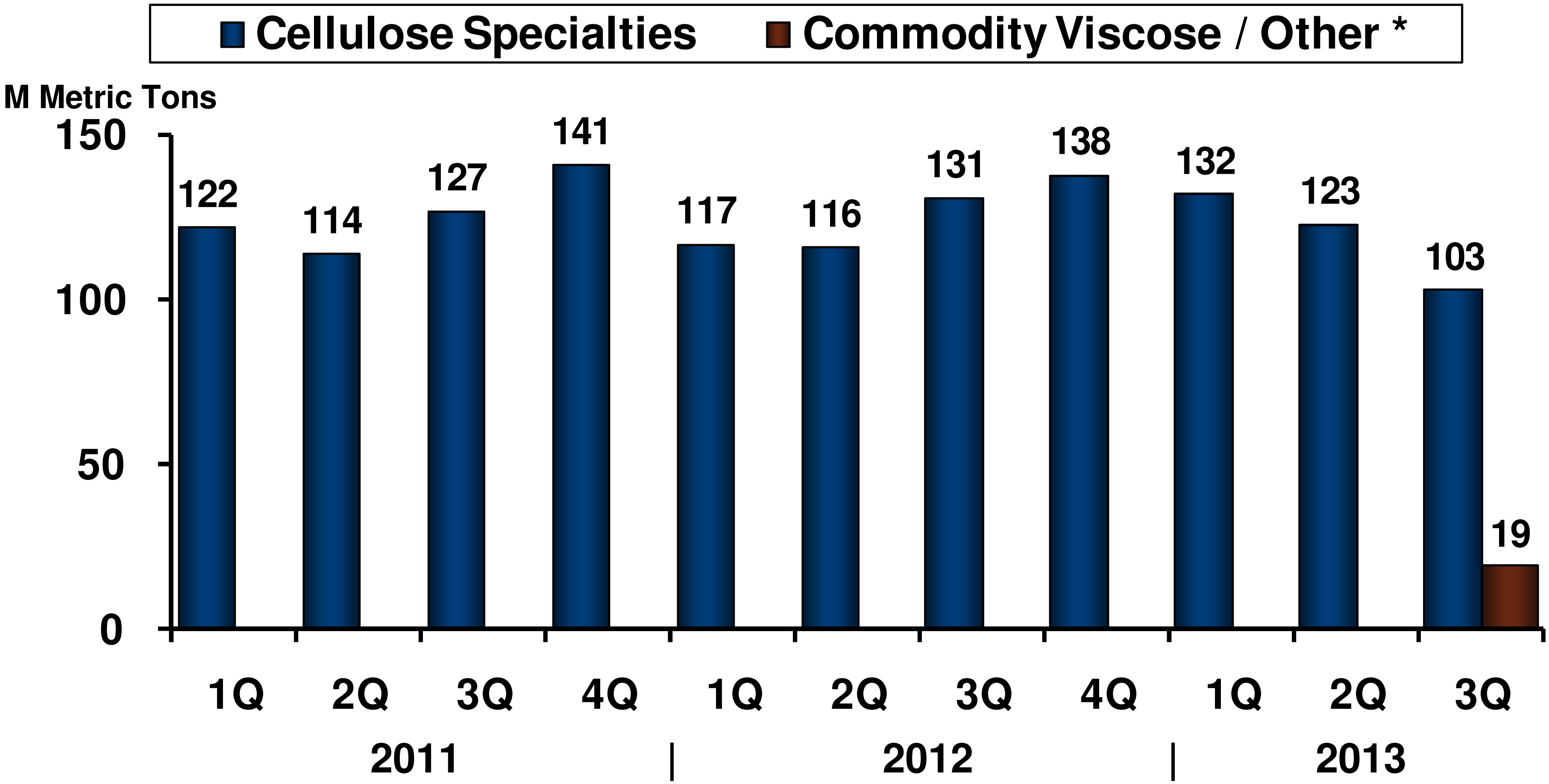
Performance Fibers Net Selling Prices



* Prices were higher in Q2 2011, Q2 2012 and Q3 2012 due to sales mix.

** Initial production from the Jesup mill Cellulose Specialties Expansion project will be commodity viscose with an expected transition to all cellulose specialties after customer qualification and market growth.

Performance Fibers Sales Volumes



* Initial production from the Jesup mill Cellulose Specialties Expansion project will be commodity viscose with an expected transition to all cellulose specialties after customer qualification and market growth.

Earnings Per Share

($/share)

	Pro forma Earnings* 2013	Continuing Operations Actual 2013	Continuing Operations Actual 2012
First Quarter	$ 0.79	$ 0.79	$ 0.41
Second Quarter	0.54	0.67	0.52
Third Quarter	0.44	0.44	0.61
Fourth Quarter			0.57
Full Year	(Moderately above)		$ 2.11

*Pro forma earnings per share is a non-GAAP measure. See page 21 for reconciliation.

Appendix

Definitions of Non-GAAP Measures

EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization. EBITDA is a non-GAAP 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.

Pro forma EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization, excluding discontinued operations and the gain related to consolidation of the New Zealand joint venture . Pro forma EBITDA is a non-GAAP 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.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities adjusted for capital spending, the change in committed cash, and other items which include cash provided by discontinued operations, excess tax benefits on stock-based compensation and the change in capital expenditures purchased on account. CAD is a non-GAAP measure of 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.

Pro forma Net Income is defined as net income attributable to Rayonier Inc. adjusted for the gain related to consolidation of the New Zealand joint venture and discontinued operations.

Pro forma EBITDA by Segment

($ Millions)

	Forest Resources	Real Estate	Performance Fibers	Other Operations	Corporate and other	Total
Three Months Ended						
September 30, 2013						
Operating income	$ 23	$ 8	$ 63	$ -	$ (10)	$ 84
Depreciation, depletion & amortization	28	2	22	-	1	53
EBITDA	$ 51	$ 10	$ 85	$ -	$ (9)	$ 137
June 30, 2013						
Operating income	$ 21	$ 6	$ 79	$ 2	$ 3	$ 111
Depreciation, depletion & amortization	28	2	14	-	-	44
EBITDA	49	8	93	2	3	155
Gain related to consolidation of New Zealand JV	-	-	-	-	(16)	(16)
Proforma EBITDA	$ 49	$ 8	$ 93	$ 2	$ (13)	$ 139
September 30, 2012						
Operating income	$ 11	$ 8	$ 101	$ -	$ (9)	$ 111
Depreciation, depletion & amortization	19	1	15	-	1	36
Income from discontinued operations	-	-	-	-	2	2
EBITDA	30	9	116	-	(6)	149
Income from discontinued operations	-	-	-	-	(2)	(2)
Depreciation, depletion & amortization from discontinued operations	-	-	-	-	(1)	(1)
Pro forma EBITDA	$ 30	$ 9	$ 116	$ -	$ (9)	$ 146

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Pro forma EBITDA by Segment

($ Millions)

	Forest Resources	Real Estate	Performance Fibers	Other Operations	Corporate and other	Total
Nine Months Ended						
September 30, 2013						
Operating income	$ 57	$ 30	$ 233	$ 2	$ (13)	$ 309
Depreciation, depletion & amortization	72	9	51	-	1	133
Income from discontinued operations	-	-	-	-	67	67
EBITDA	129	39	284	2	55	509
Gain on consolidation of New Zealand JV	-	-	-	-	(16)	(16)
Income from discontinued operations	-	-	-	-	(67)	(67)
Depreciation, depletion & amortization from discontinued operations	-	-	-	-	(1)	(1)
Pro forma EBITDA	$ 129	$ 39	$ 284	$ 2	$ (29)	$ 425
September 30, 2012						
Operating income	$ 27	$ 21	$ 266	$ -	$ (26)	$ 288
Depreciation, depletion & amortization	53	5	42	-	2	102
Income from discontinued operations	-	-	-	-	8	8
EBITDA	80	26	308	-	(16)	398
Income from discontinued operations	-	-	-	-	(8)	(8)
Depreciation, depletion & amortization from discontinued operations	-	-	-	-	(2)	(2)
Pro forma EBITDA	$ 80	$ 26	$ 308	$ -	$ (26)	$ 388

Reconciliation of Reported to Pro forma Earnings

($ Millions, except per share amounts)

	Three Months Ended			
	June 30, 2013		September 30, 2012	
	$	EPS	$	EPS
Operating income	$ 110		$ 111	
Gain related to consolidation of New Zealand JV	(16)		-	
Pro forma operating income	$ 94		$ 111	
Net income attributable to Rayonier Inc.	$ 87	$ 0.67	$ 81	$ 0.62
Gain related to consolidation of New Zealand JV	(16)	(0.13)	-	-
Discontinued operations	-	-	(2)	(0.01)
Pro forma net income	$ 71	$ 0.54	$ 79	$ 0.61

	Nine Months Ended			
	September 30, 2013		September 30, 2012	
	$	EPS	$	EPS
Operating income	$ 309		$ 288	
Gain related to consolidation of New Zealand JV	(16)		-	
Pro forma operating income	$ 293		$ 288	
Net income attributable to Rayonier Inc.	$ 292	$ 2.23	$ 203	$ 1.58
Gain related to consolidation of New Zealand JV	(16)	(0.12)	-	-
Discontinued operations	(44)	(0.34)	(5)	(0.04)
Pro forma net income	$ 232	$ 1.77	$ 198	$ 1.54

Forest Resources Supplemental Financial Data
($ Millions)

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Forest Resources					
Sales					
Atlantic	$ 16	$ 19	$ 16	$ 53	$ 46
Gulf States	15	13	11	40	31
Northern	29	30	30	83	80
New Zealand *	51	47	3	101	8
Total	$ 111	$ 109	$ 60	$ 277	$ 165
Operating income					
Atlantic	$ 4	$ 5	$ 3	$ 15	$ 8
Gulf States	5	3	1	10	3
Northern	9	10	7	24	15
New Zealand / Other *	5	3	-	8	1
Total	$ 23	$ 21	$ 11	$ 57	$ 27

* The three months ended June 30, 2013 and September 30, 2013 and nine months ended September 30, 2013 include sales income from the consolidation of the New Zealand joint venture.

Selected Operating Information

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Forest Resources					
Sales Volume, in thousands of short green tons					
Atlantic	743	904	847	2,515	2,407
Gulf States	572	514	509	1,495	1,354
Northern	516	512	529	1,483	1,396
New Zealand					
Domestic	460	416	-	876	-
Export	235	200	-	435	-
Total	2,526	2,546	1,885	6,804	5,157
Real Estate					
Acres sold					
HBU Development	122	47	23	255	57
HBU Rural	7,704	3,831	2,813	12,710	12,301
Non-Strategic Timberlands	179	3,372	5,624	9,126	6,580
Total	8,005	7,250	8,460	22,091	18,938
Performance Fibers					
Sales Volume, in thousands of metric tons					
Cellulose specialties	103	123	131	357	365
Viscose / other *	19	-	-	19	-
Absorbent materials	13	29	55	98	152
Total	135	152	186	474	517

* Beginning in the 3rd quarter 2013, viscose and other is being produced as a result of the CSE project transition.

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Income Tax Analysis

($ Millions)

	Three Months Ended			
	September 30, 2013		September 30, 2012	
Income tax expense at federal statutory rate	$ 24	35.0%	$ 36	35.0%
REIT income not subject to tax	(11)	(15.7)	(6)	(5.9)
Other	1	0.5	(2)	(2.3)
Income tax expense before discrete items	14	19.8%	28	26.8%
AFMC for CBPC exchange	-	-	(3)	(3.1)
Other	(2)	(3.3)	(1)	(0.5)
Income tax expense as reported	$ 12	16.5%	$ 24	23.2%

	Nine Months Ended			
	September 30, 2013		September 30, 2012	
Income tax expense at federal statutory rate	$ 98	35.0%	$ 88	35.0%
REIT income not subject to tax	(37)	(13.2)	(18)	(7.2)
Other	(1)	(0.5)	(3)	(1.3)
Income tax expense before discrete items	60	21.3%	67	26.5%
AFMC for CBPC exchange	(19)	(6.7)	(12)	(4.6)
Gain related to consolidation of NZ joint venture	(5)	(2.0)	-	-
Other	(5)	(1.5)	(1)	(0.4)
Income tax expense as reported	$ 31	11.1%	$ 54	21.5%

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Market Price and Dividend History

	High		Low		Dividends	
2013						
Third Quarter	$	59.87	$	53.84	$	0.49
Second Quarter	$	60.62	$	51.04	$	0.44
First Quarter	$	59.72	$	52.17	$	0.44
2012						
Fourth Quarter	$	51.86	$	47.45	$	0.44
Third Quarter	$	51.87	$	44.82	$	0.44
Second Quarter	$	46.04	$	41.33	$	0.40
First Quarter	$	47.56	$	43.38	$	0.40
2011						
Fourth Quarter	$	45.28	$	34.68	$	0.40
Third Quarter	$	45.37	$	35.34	$	0.40
Second Quarter	$	44.88	$	39.64	$	0.36
First Quarter	$	41.81	$	35.28	$	0.36

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