



2016 Financial Supplement | February 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	4Q 2016	3Q 2016	4Q 2015
Sales	\$220.5	\$171.4	\$137.1
Pro Forma Sales ⁽¹⁾	142.8	171.4	137.1
Operating Income	61.5	49.7	15.7
Pro Forma Operating Income ⁽¹⁾	18.9	50.9	16.7
Net Income Attributable to Rayonier Inc.	48.3	39.4	10.3
Pro Forma Net Income ⁽¹⁾	5.7	40.6	11.3
Adjusted EBITDA ⁽¹⁾	52.0	87.2	47.6
Diluted Earnings Per Share:			
Net income Attributable to Rayonier Inc.	0.39	0.32	0.08
Pro Forma Net Income ⁽¹⁾	0.05	0.33	0.09
Average Diluted Shares (millions)	122.9	122.9	123.3

Capital Resources & Liquidity	Year ended December 31,	
	2016	2015
Cash provided by Operating Activities	\$203.8	\$177.2
Cash used for Investing Activities	(283.2)	(166.3)
Cash used for Financing Activities	114.4	(116.5)
Cash Available for Distribution (CAD) ⁽¹⁾	144.3	117.4

	12/31/2016	12/31/2015
Debt	\$1,061.9	\$830.6
Cash ⁽²⁾	85.9	51.8
Net Debt ⁽²⁾	976.0	589.9
Net Debt / Enterprise Value ⁽³⁾	23%	22%

(1) Non-GAAP measures (see page 17 for definitions and pages 9, 18 and 19 for reconciliations).

(2) Excludes \$71.2 million and \$23.0 million of restricted deposits held by LKE intermediaries as of December 31, 2016 and December 31, 2015, respectively.

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



Variance Analysis – 3Q 2016 to 4Q 2016

Operating Income (Loss) (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
3Q16 Operating Income (Loss)	\$8.2	(\$3.3)	\$6.6	\$43.1	\$0.5	(\$5.4)	\$49.7
Pro forma adjustments ⁽¹⁾	—	—	—	—	—	1.2	1.2
Pro Forma Operating Income (Loss)⁽¹⁾	\$8.2	(\$3.3)	\$6.6	\$43.1	\$0.5	(\$4.2)	\$50.9
Volume/Mix	2.1	0.1	0.2	(43.8)	—	—	(41.4)
Price	(0.9)	0.6 ⁽²⁾	2.7	6.5	—	—	8.9
Cost	(0.8)	0.1	0.2	(0.8)	—	(0.9)	(2.2)
Non-timber income	0.4	(0.1)	2.6	—	—	—	2.9
Foreign exchange ⁽³⁾	—	—	(0.5)	—	—	—	(0.5)
Depreciation, depletion & amortization	(0.9)	(0.5)	(0.1)	(1.6)	—	—	(3.1)
Non-cash cost of land and real estate sold	—	—	—	(1.3) ⁽⁴⁾	—	—	(1.3)
Other	—	—	—	47.3	—	—	47.3
4Q16 Operating Income (Loss)	\$8.1	(\$3.1)	\$11.7	\$49.4⁽⁵⁾	\$0.5	(\$5.1)	\$61.5
Pro forma adjustments ⁽¹⁾	—	—	—	(42.6)	—	—	(42.6)
Pro Forma Operating Income (Loss)⁽¹⁾	\$8.1	(\$3.1)	\$11.7	\$6.8	\$0.5	(\$5.1)	\$18.9

Adjusted EBITDA⁽¹⁾ (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
3Q16 Adjusted EBITDA⁽¹⁾	\$18.2	\$3.4	\$12.6	\$56.6	\$0.5	(\$4.1)	\$87.2
Volume/Mix	3.9	3.2	0.3	(56.4)	—	—	(49.0)
Price	(0.9)	0.6	2.7	6.5	—	—	8.9
Cost	(0.8)	0.1	0.2	(0.8)	—	(0.9)	(2.2)
Non-timber income	0.4	(0.1)	2.6	—	—	—	2.9
Foreign exchange ⁽³⁾	—	—	(0.5)	—	—	—	(0.5)
Other	—	—	—	4.7	—	—	4.7
4Q16 Adjusted EBITDA⁽¹⁾	\$20.8	\$7.2	\$17.9	\$10.6	\$0.5	(\$5.0)	\$52.0

(1) Non-GAAP measures and pro forma item (see page 17 for definitions and pages 18 and 19 for reconciliations).

(2) Includes impact of a select stumpage sale in Q4 2016 consisting of primarily export grade Douglas Fir and poles, both of which command above average pricing.

(3) Net of currency hedging impact.

(4) Includes \$42.6 million of operating income from Large Dispositions and a \$4.7 million deferred payment with respect to a prior land sale.

(5) Includes \$42.6 million of operating income from Large Dispositions in Q4 2016.

Variance Analysis – 4Q 2015 to 4Q 2016

Operating Income (Loss) (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
4Q15 Operating Income (Loss)	\$12.0	(\$0.4)	(\$1.1)	\$10.3	\$0.6	(\$5.7)	\$15.7
Pro forma adjustments ⁽¹⁾	—	—	—	—	—	1.0	1.0
Pro Forma Operating Income (Loss)⁽¹⁾	\$12.0	(\$0.4)	(\$1.1)	\$10.3	\$0.6	(\$4.7)	\$16.7
Volume/Mix	(1.2)	0.3	(0.1)	(11.8)	—	—	(12.8)
Price	(1.7)	2.3	7.5	7.0	—	—	15.1
Cost	0.4	1.1	0.3	(0.5)	(0.1)	(0.2)	1.0
Non-timber income	(0.4)	(0.5)	3.0	—	—	—	2.1
Foreign exchange ⁽²⁾	—	—	1.4	—	—	—	1.4
Depreciation, depletion & amortization	(1.0)	(5.9)	—	(1.7)	—	—	(8.6)
Non-cash cost of land and real estate sold	—	—	0.5	(1.2)	—	—	(0.7)
Other	—	—	0.2	47.3 ⁽³⁾	—	(0.2)	47.3
4Q16 Operating Income (Loss)	\$8.1	(\$3.1)	\$11.7	\$49.4⁽⁴⁾	\$0.5	(\$5.1)	\$61.5
Pro forma adjustments ⁽¹⁾	—	—	—	(42.6)	—	—	(42.6)
Pro Forma Operating Income (Loss)⁽¹⁾	\$8.1	(\$3.1)	\$11.7	\$6.8	\$0.5	(\$5.1)	\$18.9

Adjusted EBITDA⁽¹⁾ (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
4Q15 Adjusted EBITDA⁽¹⁾	\$24.9	\$3.5	\$6.9	\$16.2	\$0.6	(\$4.5)	\$47.6
Volume/Mix	(2.4)	0.8	(0.1)	(16.8)	—	—	(18.5)
Price	(1.7)	2.3	7.5	7.0	—	—	15.1
Cost	0.4	1.1	0.3	(0.5)	(0.1)	(0.2)	1.0
Non-timber income	(0.4)	(0.5)	3.0	—	—	—	2.1
Foreign exchange ⁽²⁾	—	—	2.2	—	—	—	2.2
Other	—	—	(1.9)	4.7	—	(0.3)	2.5
4Q16 Adjusted EBITDA⁽¹⁾	\$20.8	\$7.2	\$17.9	\$10.6	\$0.5	(\$5.0)	\$52.0

(1) Non-GAAP measures and pro forma items (see page 17 for definitions and pages 18 and 19 for reconciliations).

(2) Net of currency hedging impact.

(3) Includes \$42.6 million of operating income from Large Dispositions and receipt of a \$4.7 million deferred payment with respect to a prior land sale.

(4) Includes \$42.6 million of operating income from Large Dispositions in Q4 2016.

Variance Analysis – 2015 to 2016

Operating Income (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
2015 Operating Income	\$46.7	\$6.9	\$2.8	\$44.3	\$1.2	(\$24.1)	\$77.8
Pro forma adjustments ⁽¹⁾	—	—	—	—	—	4.1	4.1
Pro Forma Operating Income⁽¹⁾	\$46.7	\$6.9	\$2.8	\$44.3	\$1.2	(\$20.0)	\$81.9
Volume/Mix	(1.7)	(0.7)	(2.3)	4.5	—	—	(0.2)
Price	(2.5)	1.0	23.6	(1.1)	—	—	21.0
Cost	(1.5)	0.9	(0.2)	(0.3)	0.8	(0.7)	(1.0)
Non-timber income	(0.5)	(1.1)	3.6	—	—	—	2.0
Foreign exchange ⁽²⁾	—	—	6.6	—	—	—	6.6
Depreciation, depletion & amortization	2.6	(11.0)	0.3	(0.7)	—	(0.1)	(8.9)
Non-cash cost of land and real estate sold	—	—	(1.4)	3.1 ⁽³⁾	—	—	1.7
Other	—	—	0.1	152.6	—	—	152.7
2016 Operating Income (Loss)	\$43.1	(\$4.0)	\$33.1	\$202.4⁽⁴⁾	\$2.0	(\$20.8)	\$255.8
Pro forma adjustments ⁽¹⁾	—	—	—	(143.9)	—	1.0	(142.9)
Pro Forma Operating Income (Loss)⁽¹⁾	\$43.1	(\$4.0)	\$33.1	\$58.5	\$2.0	(\$19.8)	\$112.9

Adjusted EBITDA⁽¹⁾ (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
2015 Adjusted EBITDA⁽¹⁾	\$101.0	\$21.7	\$33.0	\$70.8	\$1.2	(\$19.7)	\$208.0
Volume/Mix	(3.6)	(1.3)	(4.1)	6.6	—	—	(2.4)
Price	(2.5)	1.0	23.6	(1.1)	—	—	21.0
Cost	(1.5)	0.9	(0.2)	(0.3)	0.8	0.3	—
Non-timber income	(0.5)	(1.1)	3.6	—	—	—	2.0
Foreign exchange ⁽²⁾	—	—	6.5	—	—	—	6.5
Other	—	—	(4.1)	8.7	—	—	4.6
2016 Adjusted EBITDA⁽¹⁾	\$92.9	\$21.2	\$58.3	\$84.7	\$2.0	(\$19.4)	\$239.7

(1) Non-GAAP measures and pro forma items (see page 17 for definitions and pages 19 and 20 for reconciliations).

(2) Net of currency hedging impact.

(3) Includes \$143.9 million of operating income from Large Dispositions and receipt of \$8.7 million in deferred payments with respect to prior land sales.

(4) Includes \$143.9 million of operating income from Large Dispositions in 2016.

Liquidity Measures – Cash Available for Distribution

(\$ in millions, except per share data)	Year Ended December 31,	
	2016	2015
Cash Provided by Operating Activities	\$203.8	\$177.2
Working capital and other balance sheet changes	(0.8)	(2.5)
Capital expenditures ⁽¹⁾	(58.7)	(57.3)
Cash Available for Distribution⁽²⁾	\$144.3	\$117.4
Net Income	217.8	43.9
Interest, net and miscellaneous expense (income)	33.0	34.7
Income tax expense (benefit)	5.0	(0.9)
Depreciation, depletion and amortization	115.1	113.7
Non-cash cost of land and improved development	11.7	12.5
Costs related to shareholder litigation ⁽²⁾	2.2	4.1
Gain on foreign currency derivatives ⁽²⁾	(1.2)	—
Large Dispositions ⁽²⁾	(143.9)	—
Adjusted EBITDA⁽²⁾	\$239.7	\$208.0
Cash interest paid ⁽³⁾	(36.2)	(33.0)
Cash taxes paid	(0.5)	(0.3)
Capital expenditures ⁽¹⁾	(58.7)	(57.3)
Cash Available for Distribution⁽²⁾	\$144.3	\$117.4
Cash Available for Distribution	144.3	117.4
Real estate development investments	(8.7)	(2.7)
Cash Available for Distribution after real estate development investments	\$135.6	\$114.7
Shares outstanding at period end	122,904,368	122,770,217
CAD per Share	\$1.17	\$0.96
Dividends per Share	\$1.00	\$1.00

(1) Capital expenditures exclude timberland acquisitions of \$366.5 million and \$98.4 million and spending on the Rayonier office building of \$6.3 million and \$0.9 million for the years ended December 31, 2016 and December 31, 2015, respectively.

(2) Non-GAAP measure and pro forma items (see page 17 for definitions and page 20 for reconciliations).

(3) Cash interest paid is presented net of patronage refunds received of \$0.4 million and \$1.3 million for the years ended December 31, 2016 and December 31, 2015, respectively.



Southern Timber Overview

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	FY 2016
Sales Volume (Tons in 000s)										
Pine Pulpwood	905	845	895	969	3,614	1,181	795	634	766	3,376
Pine Sawtimber	418	375	421	367	1,581	528	334	333	392	1,587
Total Pine Volume	1,323	1,220	1,316	1,336	5,195	1,709	1,129	967	1,158	4,963
Hardwood	47	75	100	75	297	50	54	123	127	354
Total Volume	1,370	1,295	1,416	1,411	5,492	1,759	1,183	1,090	1,285	5,317
% Delivered Sales	25%	25%	28%	29%	27%	24%	27%	32%	27%	27%
% Stumpage Sales	75%	75%	72%	71%	73%	76%	73%	68%	73%	73%
Net Stumpage Pricing (\$ per ton)⁽¹⁾										
Pine Pulpwood	\$18.83	\$19.10	\$16.39	\$18.24	\$18.13	\$18.90	\$18.31	\$17.36	\$15.83	\$17.76
Pine Sawtimber	28.84	27.33	27.27	26.76	27.62	26.90	27.00	26.17	26.75	26.76
Weighted Average Pine	\$21.99	\$21.63	\$19.87	\$20.58	\$21.01	\$21.38	\$20.88	\$20.40	\$19.53	\$20.64
Hardwood	13.07	11.33	16.56	16.36	14.65	12.47	10.90	14.84	14.85	13.91
Weighted Average Total	\$21.69	\$21.03	\$19.63	\$20.36	\$20.66	\$21.11	\$20.42	\$19.76	\$19.06	\$20.18
Summary Financial Data (\$ in MM\$)										
Sales	\$35.5	\$32.7	\$34.8	\$36.1	\$139.1	\$44.7	\$29.6	\$27.8	\$30.6	\$132.9
(-) Cut & Haul	(5.8)	(5.5)	(7.0)	(7.4)	(25.7)	(7.6)	(5.4)	(6.3)	(6.1)	(25.6)
Net Stumpage Sales	\$29.7	\$27.2	\$27.8	\$28.7	\$113.4	\$37.1	\$24.2	\$21.5	\$24.5	\$107.3
Operating Income	\$12.4	\$11.8	\$10.5	\$12.0	\$46.7	\$15.8	\$11.1	\$8.2	\$8.1	\$43.1
(+) DD&A	14.3	12.6	14.4	12.9	54.3	16.6	10.6	10.0	12.7	49.8
Adjusted EBITDA ⁽²⁾	\$26.7	\$24.4	\$24.9	\$24.9	\$101.0	\$32.4	\$21.7	\$18.2	\$20.8	\$92.9
Other Data										
Non-timber Income (\$ in MM\$)	\$4.2	\$5.2	\$4.1	\$4.6	\$18.1	\$4.2	\$5.3	\$3.9	\$4.2	\$17.6
Period End Acres (in 000s)	1,901	1,915	1,896	1,876	1,876	1,874	1,871	1,885	1,849	1,849

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

(2) Non-GAAP measure (see page 17 for definitions and pages 19 and 20 for reconciliations).

Pacific Northwest Timber Overview

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	FY 2016
Sales Volume (Tons in 000s)										
Pulpwood	55	63	100	90	308	90	77	64	88	319
Sawtimber	270	187	253	225	935	241	190	177	268	876
Total Volume	325	250	353	315	1,243	331	267	241	356	1,195
Northwest Sales Volume (Converted to MBF)										
Pulpwood	5,140	5,985	9,514	8,569	29,208	8,600	7,304	6,016	8,280	30,200
Sawtimber	33,455	25,180	34,058	28,239	120,932	30,378	25,552	24,084	34,077	114,091
Total Volume	38,595	31,165	43,572	36,808	150,140	38,978	32,856	30,100	42,357	144,291
% Delivered Sales	79%	100%	80%	97%	88%	87%	94%	100%	88%	91%
% Sawtimber Sales	83%	75%	72%	71%	75%	73%	71%	74%	75%	73%
Delivered Log Pricing (\$ per ton)										
Pulpwood	\$43.19	\$43.37	\$45.88	\$44.93	\$44.61	\$44.84	\$42.97	\$40.07	\$39.62	\$41.97
Sawtimber	72.03	76.80	74.33	66.27	72.13	67.95	74.54	76.69	74.97	73.44
Weighted Average Log Price	\$66.91	\$68.36	\$65.05	\$60.03	\$64.83	\$61.22	\$65.27	\$67.02	\$65.58	\$64.68
Summary Financial Data (\$ in MMs)										
Sales	\$19.2	\$17.1	\$21.6	\$18.7	\$76.5	\$19.3	\$16.9	\$16.1	\$22.9	\$75.2
(-) Cut & Haul	(8.1)	(8.6)	(9.4)	(9.4)	(35.4)	(8.7)	(8.1)	(7.8)	(10.1)	(34.7)
Net Stumpage Sales	\$11.1	\$8.5	\$12.2	\$9.3	\$41.1	\$10.6	\$8.8	\$8.3	\$12.8	\$40.5
Operating Income	\$2.6	\$1.7	\$3.1	(\$0.4)	\$6.9	\$1.4	\$1.1	(\$3.3)	(\$3.1)	(\$4.0)
(+) DD&A	3.8	2.9	4.2	3.9	14.8	4.6	3.7	6.7	10.3	25.2
Adjusted EBITDA⁽¹⁾	\$6.4	\$4.6	\$7.3	\$3.5	\$21.7	\$6.0	\$4.8	\$3.4	\$7.2	\$21.2
Other Data										
Non-timber Income (\$ in MMs)	\$0.9	\$1.2	\$0.6	\$0.9	\$3.5	\$0.8	\$0.8	\$0.5	\$0.4	\$2.4
Period-End Acres (in 000s)	368	373	373	373	373	373	379	379	378	378
Northwest Sawtimber (\$ per MBF) ⁽²⁾	\$604	\$571	\$541	\$539	\$565	\$548	\$558	\$563	\$605	\$566
Estimated Percentage of Export Volume	19%	26%	20%	23%	22%	26%	28%	20%	22%	24%

(1) Non-GAAP measure (see page 17 for definitions and pages 19 and 20 and for reconciliations).

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

New Zealand Timber Overview

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	FY 2016
Sales Volume (Tons in 000s)										
Domestic Sawtimber (Delivered)	150	169	189	175	684	186	224	220	190	820
Domestic Pulpwood (Delivered)	100	110	118	106	434	94	92	99	89	374
Export Sawtimber (Delivered)	201	248	279	254	982	186	276	213	258	932
Export Pulpwood (Delivered)	11	20	19	32	83	19	20	21	25	85
Stumpage	76	35	116	1	228	—	10	—	—	10
Total Volume	538	582	721	568	2,412	485	621	552	562	2,221
Delivered Log Pricing (\$ per ton)										
Domestic Sawtimber	\$70.77	\$66.96	\$60.12	\$59.71	\$64.05	\$66.64	\$71.37	\$75.06	\$77.41	\$72.68
Domestic Pulpwood	35.38	33.59	29.03	30.43	32.00	29.49	31.80	32.55	33.19	31.75
Export Sawtimber	102.60	85.31	82.42	87.35	88.59	94.34	96.11	97.44	104.26	98.32
Summary Financial Data (\$ in MMs)										
Sales	\$37.8	\$38.4	\$41.1	\$38.4	\$155.7	\$34.2	\$47.7	\$42.2	\$46.6	\$170.7
(-) Cut & Haul	(16.0)	(19.2)	(18.7)	(17.6)	(71.5)	(14.6)	(19.2)	(18.3)	(18.8)	(70.9)
(-) Port / Freight Costs	(6.6)	(8.1)	(8.9)	(8.4)	(32.0)	(5.3)	(7.5)	(6.6)	(8.7)	(28.0)
Net Stumpage Sales	\$15.2	\$11.1	\$13.5	\$12.4	\$52.2	\$14.3	\$21.1	\$17.3	\$19.1	\$71.8
Land/Other Sales	\$3.4	\$0.8	—	\$1.7	\$5.9	\$1.8	—	—	—	\$1.8
Total Sales	\$41.2	\$39.2	\$41.1	\$40.1	\$161.6	\$36.0	\$47.7	\$42.2	\$46.6	\$172.5
Operating Income (Loss)	\$5.7	(\$0.9)	(\$0.9)	(\$1.1)	\$2.8	\$4.7	\$10.0	\$6.6	\$11.7	\$33.1
(+) DD&A ⁽¹⁾	8.0	7.1	7.0	7.5	29.7	4.9	6.4	6.0	6.2	23.4
(+) Non-cash cost of land	—	—	—	0.5	0.5	1.8	—	—	—	1.8
Adjusted EBITDA⁽²⁾	\$13.7	\$6.2	\$6.1	\$6.9	\$33.0	\$11.4	\$16.4	\$12.6	\$17.9	\$58.3
Other Data										
Non-timber Income / Carbon credits (\$ in MMs)	\$0.2	\$0.5	\$0.2	\$0.1	\$0.9	\$0.1	\$0.9	\$0.5	\$3.1	\$4.5
NZ\$/US\$ Exchange Rate (Period-Average rate)	0.7556	0.7398	0.6601	0.6570	0.7031	0.6646	0.6866	0.7178	0.7193	0.6971
Net plantable Period-End Acres (in 000s)	303	303	302	299	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	\$121.17	\$114.27
Domestic Sawtimber (NZ\$ / tonne)	\$102.43	\$99.53	\$100.20	\$99.99	\$100.47	\$110.31	\$114.34	\$115.03	\$118.37	\$114.54

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

(2) Non-GAAP measure (see page 17 for definition and pages 19 and 20 for reconciliations).

Real Estate Overview

	2015					2016				
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	FY 2016
Sales (\$ in MMs)										
Improved Development ⁽¹⁾	—	\$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	3.3	5.5
Rural	6.8	3.3	9.8	2.7	22.7	3.7	7.3	6.4	1.5	18.8
Non-strategic / Timberlands	12.2	2.0	25.3	15.3	54.8	7.1	0.5	52.8	5.6	66.1
Large Dispositions ⁽²⁾	—	—	—	—	—	—	129.5	—	77.7	207.3
Total Sales	\$23.8	\$6.9	\$35.2	\$20.5	\$86.5	\$13.4	\$137.3	\$60.6	\$88.1	\$299.4
Acres Sold										
Improved Development ⁽¹⁾	—	19	—	55	74	47	—	—	—	47
Unimproved Development	409	86	20	185	699	48	—	73	84	206
Rural	2,877	1,393	3,503	981	8,754	1,444	2,666	2,069	504	6,684
Non-strategic / Timberlands	4,111	839	10,681	7,972	23,602	6,130	252	21,459	901	28,743
Acres Sold	7,397	2,337	14,204	9,193	33,130	7,669	2,918	23,601	1,489	35,680
Large Dispositions ⁽²⁾	—	—	—	—	—	—	55,320	—	37,114	92,434
Total Acres Sold	7,397	2,337	14,204	9,193	33,130	7,669	58,238	23,601	38,603	128,114
Price per Acre (\$ per acre)										
Improved Development ⁽¹⁾	—	\$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	39,385	26,959
Rural	2,368	2,377	2,796	2,786	2,588	2,548	2,711	3,082	2,749	2,794
Non-strategic / Timberlands	2,957	2,440	2,373	1,918	2,324	1,155	2,161	2,465	6,228	2,301
Large Dispositions ⁽²⁾	—	—	—	—	—	—	2,342	—	2,094	2,242
Weighted Avg. (Total) ⁽³⁾	\$3,216	\$2,971	\$2,480	\$2,233	\$2,611	\$1,743	\$2,664	\$2,569	\$6,929	\$2,581
Weighted Avg. (Adjusted) ⁽⁴⁾	\$3,216	\$2,642	\$2,480	\$2,051	\$2,538	\$1,525	\$2,664	\$2,569	\$6,929	\$2,536
Total Sales (Excluding Large Dispositions⁽²⁾)	\$23.8	\$6.9	\$35.2	\$20.5	\$86.5	\$13.4	\$7.8	\$60.6	\$10.4	\$92.1
Operating Income	\$12.6	\$1.4	\$20.0	\$10.3	\$44.3	\$4.2	\$105.7	\$43.1	\$49.4	\$202.4
(-) Large Dispositions ⁽²⁾	—	—	—	—	—	—	(101.3)	—	(42.6)	(143.9)
Pro Forma Operating Income ⁽²⁾	\$12.6	\$1.4	\$20.0	\$10.3	\$44.3	\$4.2	\$4.4	\$43.1	\$6.8	\$58.5
(+) Depreciation, depletion and amortization	3.8	1.0	6.3	3.4	14.5	3.2	1.6	9.2	2.2	16.3
(+) Non-cash cost of land and improved development	3.7	1.2	4.6	2.5	12.0	2.3	1.7	4.3	1.6	9.9
Adjusted EBITDA⁽²⁾	\$20.1	\$3.6	\$30.9	\$16.2	\$70.8	\$9.7	\$7.7	\$56.6	\$10.6	\$84.7

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

(2) Non-GAAP measure and pro forma item (see page 17 for definition and page 19 and 20 for reconciliations).

(3) Excludes Large Dispositions.

(4) Excludes Improved Development and Large Dispositions.

Capital Expenditures By Segment

(\$ in millions)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Southern Timber				
Reforestation, Silviculture & Other Capital Expenditures	\$7.6	\$8.5	\$19.2	\$17.7
Property taxes	—	0.5	5.0	5.9
Lease payments	1.9	2.0	5.2	5.7
Allocated overhead	0.9	1.2	4.2	3.9
Subtotal Southern Timber	\$10.4	\$12.2	\$33.6	\$33.2
Pacific Northwest Timber				
Reforestation, Silviculture & Other Capital Expenditures	1.7	1.8	5.8	6.2
Property taxes	0.3	0.1	0.7	0.5
Lease payments	—	—	—	—
Allocated overhead	0.4	0.5	1.5	1.8
Subtotal Pacific Timber	\$2.4	\$2.4	\$8.0	\$8.5
New Zealand Timber				
Reforestation, Silviculture & Other Capital Expenditures	2.2	2.4	8.6	8.0
Property taxes	0.2	0.2	0.6	0.7
Lease payments	1.6	1.7	4.2	4.1
Allocated overhead	0.6	0.9	2.6	2.4
Subtotal New Zealand Timber	\$4.6	\$5.2	\$16.0	\$15.2
Total Timber Segments Capital Expenditures	\$17.4	\$19.8	\$57.6	\$56.9
Real Estate	0.2	0.2	0.3	0.3
Corporate	0.8	—	0.8	0.1
Total Capital Expenditures	\$18.4	\$20.0	\$58.7	\$57.3
Timberland Acquisitions				
Southern Timber	12.5	—	103.9	54.4
Pacific Northwest Timber	0.2	—	262.5	34.1
New Zealand Timber	—	9.9	—	9.9
Subtotal Timberland Acquisitions	\$12.7	\$9.9	\$366.4	\$98.4
Real Estate Development Investments	\$3.9	\$0.6	\$8.7	\$2.7
Rayonier Office Building	\$2.4	\$0.5	\$6.3	\$0.9

2017 Financial Guidance

(\$ in millions)	2016	2017 Guidance	
<u>Timber Volumes (tons in millions)</u>			
Southern Timber	5.3	5.3 -	5.5
Pacific Northwest Timber	1.2	1.3 -	1.4
New Zealand Timber	2.2	2.4 -	2.5
Total	8.7	9.0 -	9.4
<u>Segment Adjusted EBITDA⁽¹⁾</u>			
Southern Timber	\$92.9	\$93.0 -	\$98.0
Pacific Northwest Timber	21.2	28.0 -	31.0
New Zealand Timber	58.3	64.0 -	68.0
Real Estate	84.7	52.0 -	60.0
Trading	2.0	2.0 -	2.0
Corporate and Other	(19.4)	(19.0) -	(19.0)
Total	\$239.7	\$220.0 -	\$240.0
<u>Segment DD&A</u>			
Southern Timber	\$49.7	\$46.5 -	\$49.5
Pacific Northwest Timber	25.2	32.0 -	34.5
New Zealand Timber	23.4	26.5 -	28.0
Real Estate	16.3	10.5 -	11.5
Trading	—	— -	—
Corporate and Other	0.4	0.5 -	0.5
Total	\$115.1	\$116.0 -	\$124.0
Non-cash cost of land and improved development	\$11.7	\$15.0 -	\$20.0
<u>Segment Operating Income (Loss)</u>			
Southern Timber	\$43.1	\$46.5 -	\$48.5
Pacific Northwest Timber	(4.0)	(4.0) -	(3.5)
New Zealand Timber	33.1	37.5 -	40.0
Real Estate ⁽²⁾	202.4	53.5 -	55.5
Trading	2.0	2.0 -	2.0
Corporate and Other	(20.8)	(19.5) -	(19.5)
Total	\$255.8	\$116.0 -	\$123.0
Costs related to shareholder litigation ⁽¹⁾	2.2	— -	—
Gain on foreign currency derivatives ⁽¹⁾	(1.2)	— -	—
Large Dispositions ⁽¹⁾	(143.9)	(27.0) -	(27.0)
Pro Forma Operating Income	\$112.9	\$89.0 -	\$96.0
CapEx ⁽³⁾	\$58.7	\$62.0 -	\$67.0

(1) Pro Forma items and Non-GAAP measures. See page 17 for definitions and pages 18 and 20 for reconciliations.

(2) Real Estate operating income includes \$143.9 million and \$27.0 million from Large Dispositions for the years 2016 and 2017, respectively.

(3) Capital expenditures exclude timberland acquisitions of \$366.5 million and spending on the Rayonier office building of \$6.3 million during the year ended December 31, 2016.

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	December 31, 2016		September 30, 2016		December 31, 2015	
	\$	EPS	\$	EPS	\$	EPS
Sales	\$220.5		\$171.4		\$137.1	
Large Dispositions ⁽¹⁾	(77.7)		—		—	
Pro Forma Sales	\$142.8		\$171.4		\$137.1	
Net Income attributable to Rayonier Inc.	\$48.3	\$0.39	\$39.4	\$0.32	\$10.3	\$0.08
Costs related to shareholder litigation ⁽¹⁾	—	—	1.2	0.01	1.0	0.01
Large Dispositions ⁽¹⁾	(42.6)	(0.34)	—	—	—	—
Pro Forma Net Income	\$5.7	\$0.05	\$40.6	\$0.33	\$11.3	\$0.09

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
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
September 30, 2016							
Operating Income (Loss)	\$8.2	(\$3.3)	\$6.6	\$43.1	\$0.5	(\$5.4)	\$49.7
Costs related to shareholder litigation ⁽¹⁾	—	—	—	—	—	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
December 31, 2015							
Operating Income (Loss)	\$12.0	(\$0.4)	(\$1.1)	\$10.3	\$0.6	(\$5.7)	\$15.7
Costs related to shareholder litigation ⁽¹⁾	—	—	—	—	—	1.0	1.0
Pro forma operating income (loss)	\$12.0	(\$0.4)	(\$1.1)	\$10.3	\$0.6	(\$4.7)	\$16.7
Depreciation, depletion & amortization	12.9	3.9	7.5	3.4	—	0.2	27.9
Non-cash cost of land and improved development	—	—	0.5	2.5	—	—	3.0
Adjusted EBITDA	\$24.9	\$3.5	\$6.9	\$16.2	\$0.6	(\$4.5)	\$47.6



(1) Pro forma item (see page 17 for definition).

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

(\$ in millions)

Year Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and other	Total
December 31, 2016							
Operating Income (Loss)	\$43.1	(\$4.0)	\$33.1	\$202.4	\$2.0	(\$20.8)	\$255.8
Costs related to shareholder litigation ⁽¹⁾	—	—	—	—	—	2.2	2.2
Gain on foreign currency derivatives ⁽¹⁾	—	—	—	—	—	(1.2)	(1.2)
Large Dispositions ⁽¹⁾	—	—	—	(143.9)	—	—	(143.9)
Pro forma operating income (loss)	\$43.1	(\$4.0)	\$33.1	\$58.5	\$2.0	(\$19.8)	\$112.9
Depreciation, depletion & amortization	49.8	25.2	23.4	16.3	—	0.4	115.1
Non-cash cost of land and improved development	—	—	1.8	9.9	—	—	11.7
Adjusted EBITDA	\$92.9	\$21.2	\$58.3	\$84.7	\$2.0	(\$19.4)	\$239.7
December 31, 2015							
Operating Income (Loss)	\$46.7	\$6.9	\$2.8	\$44.3	\$1.2	(\$24.1)	\$77.8
Costs related to shareholder litigation ⁽¹⁾	—	—	—	—	—	4.1	4.1
Pro forma operating income (loss)	\$46.7	\$6.9	\$2.8	\$44.3	\$1.2	(\$20.0)	\$81.9
Non-operating expense	—	—	—	—	—	(0.1)	(0.1)
Depreciation, depletion & amortization	54.3	14.8	29.7	14.5	—	0.4	113.7
Non-cash cost of land and improved development	—	—	0.5	12.0	—	—	12.5
Adjusted EBITDA	\$101.0	\$21.7	\$33.0	\$70.8	\$1.2	(\$19.7)	\$208.0



(1) Pro forma item (see page 17 for definition).