Separation of Performance Fibers Business

January 27, 2014

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.

In addition, specifically with respect to the separation of the Performance Fibers business from Rayonier, 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: uncertainties as to the timing of the separation and whether it will be completed, the possibility that various closing conditions for the separation may not be satisfied or waived, the expected tax treatment of the separation, the impact of the separation on the businesses of Rayonier and the Performance Fibers company, the ability of both companies to meet debt service requirements, the availability and terms of financing and expectations of credit rating.

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.

Rayonier™

Transaction summary

- Board and management thoroughly reviewed Rayonier's businesses and market dynamics
- Tax-free spin-off of Rayonier's Performance Fibers business allows us to take advantage of strategic opportunities and create value
- Two strong and profitable independent public companies
- Rayonier becomes a leading pure-play forest resources and land company with high-value HBU properties
- Performance Fibers will be the leading cellulose specialties company with best-in-class technology and margins
    - Only company fully dedicated to cellulose specialties
    - Exiting commodity grades and transitioning to a specialty chemical company
- Distribute all Performance Fibers company shares pro rata to Rayonier shareholders
- Subject to customary closing conditions and IRS ruling
- Targeted completion mid-2014

Transaction will create two companies better positioned to increase long-term value for shareholders

Strategic rationale for the separation

Different Markets, Drivers and Value Creation Strategies

- Positions each best-in-class entity to continue to grow and deliver unique value creation strategies
  - Rayonier – Improving housing market and economy, and strong export markets fuel growth
  - Performance Fibers – Complete the ramp-up of high-value specialty product sales volumes

More Efficient Allocation of Capital

- Concentration of each company's financial resources solely on its operations
- Capital structure allows each company financial flexibility
- Each company can allocate capital in a more efficient manner best suited to its distinct priorities and strategies

Separation will create two independent, industry-leading public companies

Distinct Investment Identities

- Two unique investment theses:
  - One of the largest pure-play timberland REITs with a peer-competitive dividend
  - Only high-value pure-play specialty cellulose producer with leading margins and significant free cash flow generation

Enhanced Strategic and Management Focus

- Enables management of both companies to focus on unique opportunities for long-term growth and profitability
  - Improves alignment of management and employee incentives with profitability and growth objectives

Optimal timing for the separation

2011 - 2012

- Cellulose Specialties Expansion (CSE) project construction
- Acquired $540M of high-quality timberlands
- Obtained land-use entitlements on 39K acres of coastal FL/GA HBU properties

2013

- Completion of technically demanding CSE
  - Additional 190K tons of cellulose specialties capacity
  - High quality of cellulose specialties produced on converted line; achieved ahead of schedule
  - Excellent progress in qualifying new production with customers
- Acquired additional interest in New Zealand JV
- Sold non-core assets
  - Wood Products business
  - New York timberlands

2014

- Additional cellulose specialties (CS) sales volume as CSE ramp-up begins
  - 30-50K tons above 2013
- Strengthening housing market with positive impact on timber demand and prices
- Growing interest in development HBU properties
- **Separate Performance Fibers business from Rayonier**

Expectations beyond 2014

- CSE ramp-up continues through 2018 when CS capacity is fully placed in the market
- Improvement of housing market to trend level of ~1.5 million starts per year
  - Higher sawlog prices
  - Improved mix
  - Additional US harvest volume (approx.15%) from recent acquisitions
  - EBITDA growth in Forest Resources business
- Improving housing market and economy increase demand for development HBU

Optimal timing as both companies have strong growth prospects in years ahead

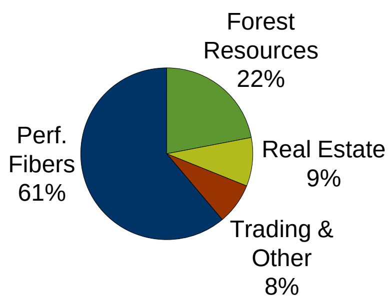
Rayonier

Two companies with strong financial profiles

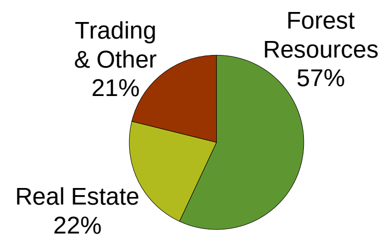
2013	Rayonier prior to separation	Rayonier after separation	Performance Fibers
Sales	$1.7B	$0.7B	$1.0B

Revenue by segment

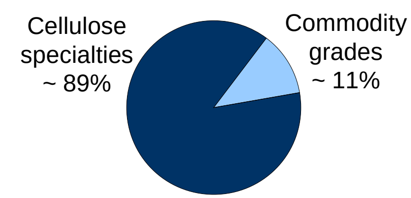
Rayonier prior to separation:



Rayonier after separation:



Performance Fibers:



Sales volume: 76% CS / 24% commodity grade

2013	Rayonier prior to separation	Rayonier after separation	Performance Fibers
Segment EBITDA* (% Margin)	$641M (38%)	$255M (38%)	$386M (37%)
CapEx	$159M	$63M	$96M
Net debt	$1.4B	$0.3B (expected)	$1.0B (expected)
Target credit rating		Strong BBB	Mid-BB

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

Performance Fibers investment highlights

World's leading producer of high-value cellulose specialties

- Specialty chemicals producer with leading positions
- Broad product offering and customization enabled by proprietary processes
- Critical high-value components in customers' products
- Poised to benefit from growing end market demand

Industry-leading technology, product quality and consistency

- Leading cellulose specialties technology and processes
  - Manufacturing processes
  - Unmatched product range and flexibility with two specialty mills
  - Export and logistics
- State-of-the-art R&D lab and leading customer support

Best-in-class margin and free cash flow

- Ramp-up of new capacity, with no additional investment required
- Compelling organic and adjacent specialty product acquisition growth opportunities
- Incremental earnings growth through deleveraging
- Resilience through economic cycles
- 2011-2013 average EBITDA margin of 37%

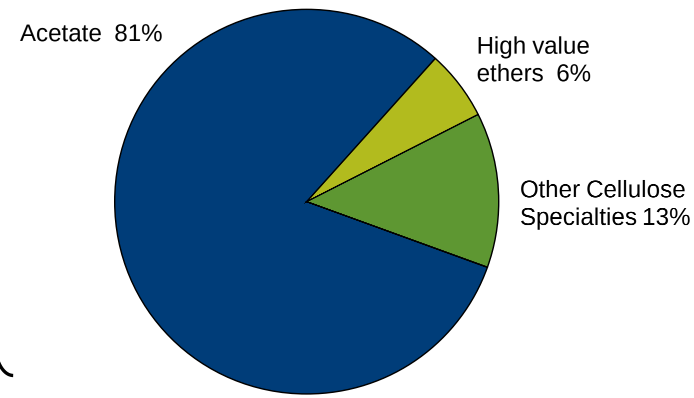
Best-in-class company with leading margins among specialty chemical peers

Rayonier

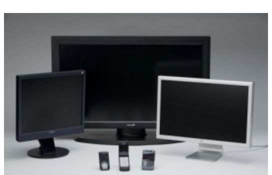
World leader in cellulose specialties

- Leading producer of cellulose specialties, a natural polymer
- Used in a host of industrial and consumer goods applications
- Each product grade customized to meet exacting customer requirements
- Lengthy qualification period
- Technically challenging to manufacture at scale with consistent quality
- 675,000 metric tons of cellulose specialties capacity
  - Sales of 520-540K tons expected in 2014, 30-50K tons above 2013

Rayonier Cellulose Specialties: 486,000 MT's (2013)



Cellulose Specialties

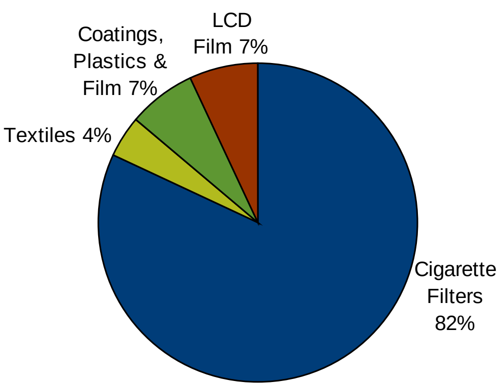
Acetate	High Value Ethers	High Strength Viscose	Specialty High Value
			
			

Leading positions in key segments

Global Cellulose Specialties End Use Breakdown(1)(2)

Acetate

End Use Breakdown



Estimated Segment Size

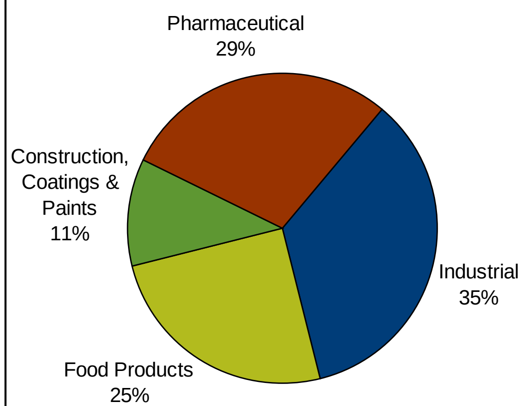
- ~ 710,000 MT (pulp)
- 1 – 2% growth p.a.

Estimated Rayonier Position

- Number 1

High Value Ethers(3)

End Use Breakdown



Estimated Segment Size

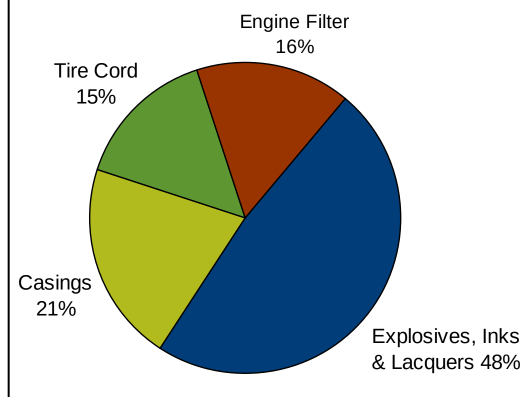
- ~ 503,000 MT (pulp)
- 4 – 6% growth p.a.

Estimated Rayonier Position

- Top 4

Other Cellulose Specialties

End Use Breakdown



Estimated Segment Size

- ~ 355,000 MT (pulp)
- 2 – 3% growth p.a.

Estimated Rayonier Position

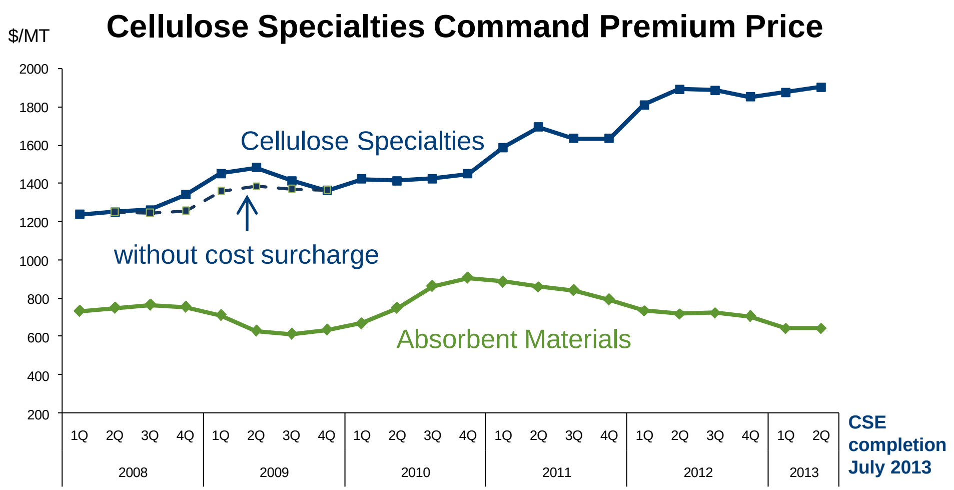
- Top 2

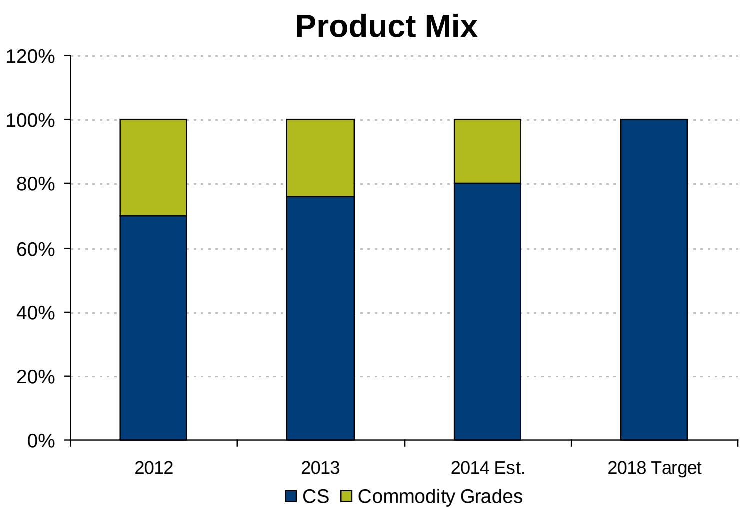
Source: Public information and privately commissioned studies
(1) Data from 2012.
(2) Segment sizes include approximately 130,000 to 160,000 MT of Cotton Linter Pulps
(3) Segment size includes 100,000 MT MCC (as pulp)

Rayonier

Growth driver - Cellulose Specialties Expansion

- Expansion project: Converted one of three lines at Jesup, GA mill from absorbent materials (AM) to CS capacity
  - 260,000 tons of AM to 190,000 tons of high-value CS capacity
  - Cost: $385M
  - Completed July 2013
- Reasons for expansion
  - Customers requested additional capacity to meet their long-term needs
  - Maintain Rayonier's market leadership long term
  - Substantial margin differential between commodity grades (e.g., absorbent materials) and CS enables EBITDA growth





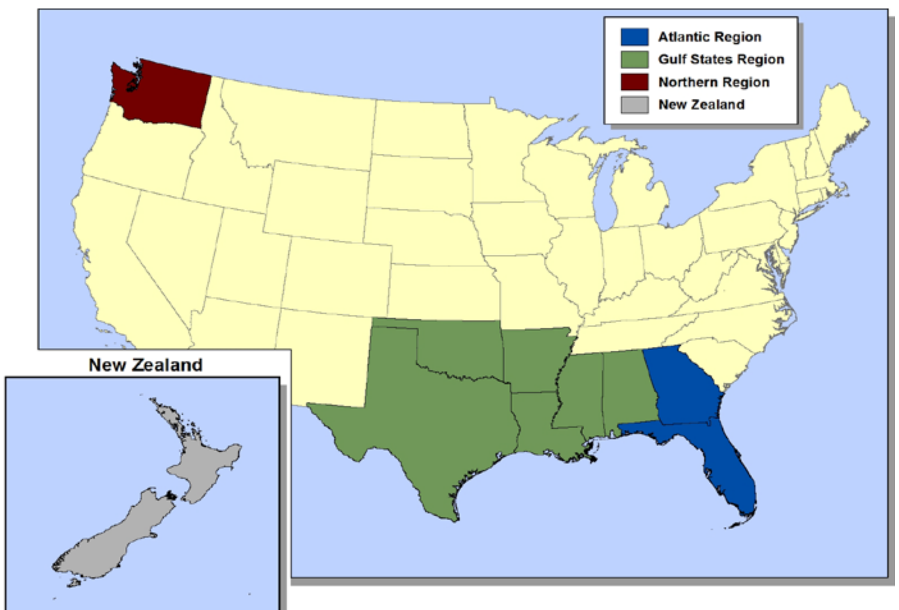
High-value cellulose specialties sales volume growth with no new investment

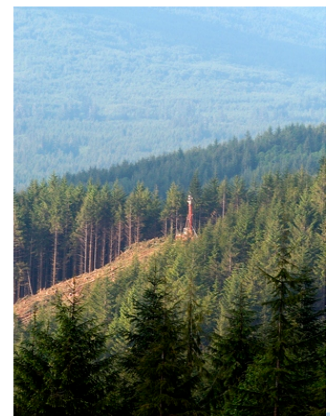
Rayonier Inc.
Best-in-class timber REIT post separation

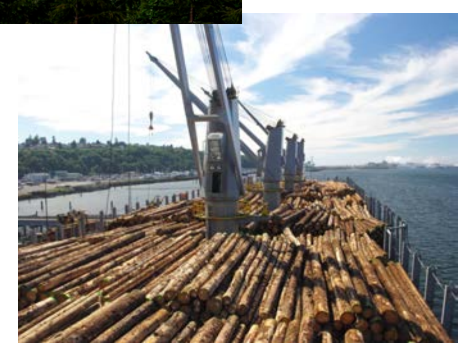
Leading pure-play forest resources company	▪ Third largest timber REIT with 2.6M acres of high-quality timberland ▪ Advantageous REIT structure ▪ Geographic diversity - U.S. Southeast and Gulf states, Pacific Northwest, New Zealand ▪ Best HBU platform among peers with approximately 200,000 acres of development HBU along coastal FL/GA I-95 corridor
Growing timberland base	▪ $700M invested in high-quality timberlands since early 2011 ▪ Incremental 1M tons of harvest volume in Gulf Region by 2016 from recent acquisitions as young timber reaches maturity ▪ Disciplined acquisition process
Strong technical capabilities	▪ Advanced silviculture practices ▪ Best-in-class genetic selection of seedlings yields long-term volume growth ▪ Marketing competencies and channel flexibility
Real Estate	▪ Over 39,000 acres with land-use entitlements well positioned for higher sales values per acre as economy strengthens ▪ Unique I-95 corridor development properties ▪ Consistent rural HBU sales

Higher quality well positioned properties

- 2.6 million acres of well-situated timberlands
  - Highly productive timber growing regions; best-in-class portfolio
  - Strong and varied end markets for timber
  - Significant non-timber income
- Timberland holdings by region:
  - Washington – 380K acres, access to strong export markets
  - Atlantic Region – 1.1M acres, sawlog and pulpwood
  - Gulf States Region - .8M acres, sawlog and pulpwood
  - New Zealand – 315K acres, manage and own 65% of JV; strong export markets
- Includes 200,000 acres of prime HBU land along GA/FL I-95 corridor







Rayonier

Distinct value creation strategies

Rayonier

Growth Focus
Maximizing value of land assets

- Expected EBITDA growth as housing market strengthens
  - saw log prices increase
  - mix improves
  - harvest volume grows as a result of recent acquisitions
- Disciplined acquisitions to profitably grow timberland base
- Leading silviculture practices optimize yields
- Well positioned for Asia export markets
- Fully evaluate timberlands for optimal use including potential for HBU
- Unique development HBU properties well positioned for high $/acre sales values

Performance Fibers

Growth Focus
Cellulose Specialties sales growth and technical leadership

- Industry-leading business and margins
  - product quality and consistency
  - unmatched breadth of CS products
  - technical support
  - unmatched manufacturing flexibility and product capabilities (Kraft and Sulfite mfg. processes; hardwood and softwood)
- New CS capacity enables EBITDA growth without additional investment
  - transitions company to specialty chemicals company
- Strong manufacturing, technical and logistics competencies
- Growth potential in logical adjacencies

Tailored capital structures and financial flexibility

- Debt
  - Rayonier expected to maintain investment-grade credit rating
  - Performance Fibers targets mid-BB grade rating
  - Performance Fibers company pays ~$1B financed by new bank debt (~40%) and bonds (~60%) to Rayonier upon separation
  - Expected net debt: Rayonier – $0.3B and Performance Fibers company – $1B
    - Total net debt between the two companies similar to current net debt level
  - Both companies will have significant financial flexibility
    - Performance Fibers will initially utilize free cash flow for debt reduction
    - Rayonier expects to grow its timberland base
- Dividends
  - Both companies to pay peer-competitive dividends after separation
  - Rayonier expects to grow dividends or otherwise optimally utilize cash in line with earnings growth

Capital structures tailored to support each company's value creation strategies

Summary

- Two best-in-class businesses, separation enhances growth potential and unlocks value
- Rayonier will be well capitalized with significant financial flexibility
    - High-quality timberlands in most productive regions with excellent markets; prime HBU properties
    - Tax-advantaged REIT structure
    - Attractive dividend
    - Low leverage provides excellent capacity for growth
    - Expectations for future increases in cash flow to use optimally
- Performance Fibers will have an attractive business profile, be well capitalized and have financial flexibility
    - The only high value-added, pure-play public specialty cellulose producer
    - Leading market positions and proprietary technical knowledge
    - Industry-leading margins
    - Strong cash flow generation to initially reduce debt then utilize for acquisitions or discretionary return of capital to shareholders
    - Organic growth with customers and markets
- Now is the optimal time for separation
    - Expanded Performance Fibers high-value CS capacity
    - Improving housing market and strengthening economy

Rayonier

Supplemental Financial Information

Financial summary

($ millions)

Segment	Performance Fibers 2013	Performance Fibers 2014 Guidance	New Rayonier 2013	New Rayonier 2014 Guidance
Sales	1,042	Comparable	669	↑3-5%
Operating income	311	↓20-25%	139	↑12-20%
EBITDA	386	↓10-15%	255	↑6-10%
Capex	96	75-80	63	65-70
DD&A	75	85-90	116	110-115

Note: 2014 guidance percentage ranges exclude the impact of the 2013 sale of New York timberlands (Sales $57M, Operating income $3M).

Rayonier

Segment EBITDA reconciliation
($ millions)

	New Rayonier					
	Forest Resources	Real Estate	Other Operations	Total New Rayonier	**Performance Fibers**	Total
Year Ended						
December 31, 2013						
Operating income	$ 81	$ 56	$ 2	$ 139	$ 311	$ 450
Depreciation, depletion & amortization	99	17	-	116	75	$ 191
Segment EBITDA	$ 180	$ 73	$ 2	$ 255	$ 386	$ 641

Segment EBITDA is defined as operating income before depreciation, depletion and amortization, and unallocated corporate expenses. Segment 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.

Rayonier

Value From The Ground Up™