



## Q1 2016 Financial Supplement

# Safe Harbor Statement

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, including political changes in particular regions or countries; 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, 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; 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 tax treatment of our specific businesses or reduce the benefits associated with REIT status.

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.

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.

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## **Section 1**



# **Financial and Segment Information**

# Financial Highlights

(\$ in millions, except per share data)

Profitability	Three Months ended March 31,		
	1Q 2016	4Q 2015	1Q 2015
Sales	\$134.8	\$137.1	\$140.3
Operating Income	23.0	15.7	27.7
Pro Forma Operating Income <sup>(1)</sup>	22.2	16.7	27.8
Net Income Attributable to Rayonier Inc.	14.5	10.3	17.7
Pro Forma Net Income <sup>(1)</sup>	13.7	11.3	17.8
Adjusted EBITDA <sup>(1)</sup>	55.6	47.6	61.5
Diluted Earnings Per Share:			
Net Income	0.12	0.08	0.14
Pro Forma Net Income <sup>(1)</sup>	0.11	0.09	0.14
Average Diluted Shares (millions)	122.6	123.3	127.7

Capital Resources & Liquidity	Three Months ended March 31,	
	2016	2015
Cash provided by Operating Activities	\$31.0	\$53.4
Cash used for Investing Activities	(20.3)	(43.7)
Cash provided by (used for) Financing Activities	13.4	(30.6)
Cash Available for Distribution (CAD) <sup>(1)</sup>	36.4	43.2

	3/31/2016	12/31/2015
Debt <sup>(2)</sup>	\$869.6	\$830.6
Cash	76.2	51.8
Net Debt	793.4	778.8
Net Debt / Enterprise Value <sup>(3)</sup>	21%	22%

(1) Non-GAAP measures (see page 15 for definitions and pages 8, 16 and 17 for reconciliations).

(2) Total Debt includes \$872.8 million of short and long-term borrowings, net of \$3.2 million of deferred financing costs.

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

# Variance Analysis – 4Q 2015 to 1Q 2016

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

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>4Q15 Operating Income (Loss)</b>	\$12.0	(\$0.4)	(\$1.1)	\$10.3	\$0.6	(\$5.7)	\$15.7
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	1.0	1.0
<b>Pro forma Operating Income (Loss)<sup>(1)</sup></b>	\$12.0	(\$0.4)	(\$1.1)	\$10.3	\$0.6	(\$4.7)	\$16.7
Volume/Mix	4.0	0.2	(0.2)	(2.3)	—	—	1.7
Price	1.1	0.7	3.7	(3.8)	—	—	1.7
Cost	(0.4)	1.5	0.8	0.5	(0.2)	1.2 <sup>(5)</sup>	3.4
Non-timber income	(0.5)	(0.1)	0.1	—	—	—	(0.5)
Foreign exchange <sup>(2)</sup>	—	—	1.2	—	—	—	1.2
Depreciation, depletion & amortization	(0.4)	(0.5)	(0.3)	(0.3)	—	—	(1.5)
Non-cash cost of land and improved development	—	—	(1.4) <sup>(3)</sup>	(0.2)	—	—	(1.6)
Other	—	—	1.9 <sup>(4)</sup>	—	—	—	1.9
<b>1Q16 Operating Income</b>	<b>\$15.8</b>	<b>\$1.4</b>	<b>\$4.7</b>	<b>\$4.2</b>	<b>\$0.4</b>	<b>(\$3.5)</b>	<b>\$23.0</b>
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	(0.8)	(0.8)
<b>Pro forma Operating Income<sup>(1)</sup></b>	<b>\$15.8</b>	<b>\$1.4</b>	<b>\$4.7</b>	<b>\$4.2</b>	<b>\$0.4</b>	<b>(\$4.3)</b>	<b>\$22.2</b>

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

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>4Q15 Adjusted EBITDA</b>	\$24.9	\$3.5	\$6.9	\$16.2	\$0.6	(\$4.5)	\$47.6
Volume/Mix	7.3	0.4	(1.2)	(3.2)	—	—	3.3
Price	1.1	0.7	3.7	(3.8)	—	—	1.7
Cost	(0.4)	1.5	0.8	0.5	(0.2)	0.2	2.4
Non-timber income	(0.5)	(0.1)	0.1	—	—	—	(0.5)
Foreign exchange <sup>(2)</sup>	—	—	1.1	—	—	—	1.1
Other	—	—	—	—	—	—	—
<b>1Q16 Adjusted EBITDA</b>	<b>\$32.4</b>	<b>\$6.0</b>	<b>\$11.4</b>	<b>\$9.7</b>	<b>\$0.4</b>	<b>(\$4.3)</b>	<b>\$55.6</b>

(1) Non-GAAP measures and pro forma item (see page 15 for definitions and pages 16 and 17 for reconciliations).

(2) Net of currency hedging impact.

(3) Includes \$1.8 million of land basis sold in Q1 2016.

(4) Includes \$1.8 million of timber basis sold in connection with the relinquishment of a forestry right in Q4 2015.

(5) Includes \$0.4 million of costs related to shareholder litigation and a \$1.2 million gain on foreign currency derivatives (see page 15 for definitions).

# Variance Analysis – 1Q 2015 to 1Q 2016

## Operating Income (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>1Q15 Operating Income</b>	\$12.4	\$2.6	\$5.7	\$12.6	\$0.3	(\$5.9)	\$27.7
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	0.1	0.1
<b>Pro forma Operating Income<sup>(4)</sup></b>	\$12.4	\$2.6	\$5.7	\$12.6	\$0.3	(\$5.8)	\$27.8
Volume/Mix	4.4	0.2	(0.3)	0.6	—	—	4.9
Price	(1.1)	(0.8)	(0.1)	(11.3) <sup>(5)</sup>	—	—	(13.3)
Cost	(1.6)	0.3	—	—	0.1	2.3 <sup>(6)</sup>	1.1
Non-timber income	—	(0.1)	(1.3)	—	—	—	(1.4)
Foreign exchange <sup>(2)</sup>	—	—	0.8	—	—	—	0.8
Depreciation, depletion & amortization	1.7	(0.8)	—	0.7	—	—	1.6
Non-cash cost of land and improved development	—	—	(1.8) <sup>(3)</sup>	1.6	—	—	(0.2)
Other	—	—	1.7 <sup>(4)</sup>	—	—	—	1.7
<b>1Q16 Operating Income</b>	\$15.8	\$1.4	\$4.7	\$4.2	\$0.4	(\$3.5)	\$23.0
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	(0.8)	(0.8)
<b>Pro forma Operating Income<sup>(4)</sup></b>	\$15.8	\$1.4	\$4.7	\$4.2	\$0.4	(\$4.3)	\$22.2

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

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>1Q15 Adjusted EBITDA</b>	\$26.7	\$6.4	\$13.7	\$20.1	\$0.3	(\$5.7)	\$61.5
Volume/Mix	8.4	0.2	(0.8)	0.9	—	—	8.7
Price	(1.1)	(0.8)	(0.1)	(11.3) <sup>(5)</sup>	—	—	(13.3)
Cost	(1.6)	0.3	—	—	0.1	1.4	0.2
Non-timber income	—	(0.1)	(1.3)	—	—	—	(1.4)
Foreign exchange <sup>(2)</sup>	—	—	(0.1)	—	—	—	(0.1)
Other	—	—	—	—	—	—	—
<b>1Q16 Adjusted EBITDA</b>	\$32.4	\$6.0	\$11.4	\$9.7	\$0.4	(\$4.3)	\$55.6

(1) Non-GAAP measures and pro forma items (see page 15 for definitions and pages 16 and 17 for reconciliations).

(2) Net of currency hedging impact.

(3) Includes \$1.8 million of land basis sold in Q1 2016.

(4) Includes \$1.6 million of timber basis sold in connection with the relinquishment of a forestry right in Q1 2015.

(5) Q1 2015 included two sales in Washington at approximately \$3,000 per acre.

(6) Includes \$0.4 million of costs related to shareholder litigation and a \$1.2 million gain on foreign currency derivatives (see page 15 for definitions).

# Cash Available for Distribution<sup>(1)</sup>

(\$ in millions, except per share data)

	Three Months Ended March 31,	
	2016	2015
<b>Operating Income</b>	\$23.0	\$27.7
Depreciation, depletion and amortization	29.3	30.0
Non-cash cost of land and improved development	4.1	3.7
Costs related to shareholder litigation <sup>(1)</sup>	0.4	0.1
Gain on foreign currency derivatives <sup>(1)</sup>	(1.2)	—
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$55.6</b>	<b>\$61.5</b>
Cash interest paid <sup>(2)</sup>	(5.8)	(5.0)
Cash taxes paid	(0.1)	(0.1)
Capital expenditures <sup>(3)</sup>	(13.3)	(13.2)
<b>Cash Available for Distribution</b>	<b>\$36.4</b>	<b>\$43.2</b>
Working capital changes	(18.7)	(3.0)
Capital expenditures <sup>(3)</sup>	13.3	13.2
<b>Cash Provided by Operating Activities</b>	<b>\$31.0</b>	<b>\$53.4</b>
Cash Available for Distribution	36.4	43.2
Real estate development investments	(1.7)	(0.3)
Cash Available for Distribution after real estate development investments	\$34.7	\$42.9
Shares outstanding at period end	122,742,575	126,802,309
<b>CAD per Share</b>	<b>\$0.30</b>	<b>\$0.34</b>
<b>Dividends per Share</b>	<b>\$0.25</b>	<b>\$0.25</b>

(1) Non-GAAP measure and pro forma item (see page 15 for definitions).

(2) Cash interest paid is presented net of patronage refunds received of \$0.4 million and \$1.3 million for the three months ended March 31, 2016 and March 31, 2015, respectively.

(3) Capital expenditures exclude timberland acquisitions of \$14.3 million and \$23.1 million during the three months ended March 31, 2016 and March 31, 2015, respectively.



# Southern Timber Overview

(\$ in millions)

	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	—	—	—	1,181
Pine Sawtimber	418	375	421	367	1,581	528	—	—	—	528
Total Pine Volume	1,323	1,220	1,316	1,336	5,195	1,709	—	—	—	1,709
Hardwood	47	75	100	75	297	50	—	—	—	50
Total Volume	1,370	1,295	1,416	1,411	5,492	1,759	—	—	—	1,759
% Delivered Sales	25%	25%	28%	29%	27%	24%	—	—	—	24%
% Stumpage Sales	75%	75%	72%	71%	73%	76%	—	—	—	76%
<b>Net Stumpage Pricing (\$ per ton)<sup>(1)</sup></b>										
Pine Pulpwood	\$18.83	\$19.10	\$16.39	\$18.24	\$18.13	\$18.90	—	—	—	\$18.90
Pine Sawtimber	28.84	27.33	27.27	26.76	27.62	26.90	—	—	—	26.90
Weighted Average Pine	\$21.99	\$21.63	\$19.87	\$20.58	\$21.01	\$21.38	—	—	—	\$21.38
Hardwood	13.07	11.33	16.56	16.36	14.65	12.47	—	—	—	12.47
Weighted Average Total	\$21.69	\$21.03	\$19.63	\$20.36	\$20.66	\$21.11	—	—	—	\$21.11
<b>Summary Financial Data (\$ in MMs)</b>										
Sales	\$35.5	\$32.7	\$34.8	\$36.1	\$139.1	\$44.7	—	—	—	\$44.7
(-) Cut & Haul	(5.8)	(5.5)	(7.0)	(7.4)	(25.7)	(7.6)	—	—	—	(7.6)
Net Stumpage Sales	\$29.7	\$27.2	\$27.8	\$28.7	\$113.4	\$37.1	—	—	—	\$37.1
Operating Income	\$12.4	\$11.8	\$10.5	\$12.0	\$46.7	\$15.8	—	—	—	\$15.8
(+) DD&A	14.3	12.6	14.4	12.9	54.3	16.6	—	—	—	16.6
Adjusted EBITDA <sup>(2)</sup>	\$26.7	\$24.4	\$24.9	\$24.9	\$101.0	\$32.4	—	—	—	\$32.4
<b>Other Data</b>										
Non-timber Income (\$ in MMs) <sup>(3)</sup>	\$4.2	\$5.2	\$4.1	\$4.6	\$18.1	\$4.2	—	—	—	\$4.2
Period End Acres (in 000s)	1,901	1,915	1,896	1,876	1,876	1,874	—	—	—	1,874

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

(2) Non-GAAP measure (see page 15 for definition and page 17 for reconciliation).

(3) Previously presented values have been restated to exclude allocated overhead.

# Pacific Northwest Timber Overview

(\$ in millions)

	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	—	—	—	90
Sawtimber	270	187	253	225	935	241	—	—	—	241
Total Volume	325	250	353	315	1,243	331	—	—	—	331
<b>Northwest Sales Volume (Converted to MBF)</b>										
Pulpwood	5,140	5,985	9,514	8,569	29,208	8,600	—	—	—	8,600
Sawtimber	33,455	25,180	34,058	28,239	120,932	30,378	—	—	—	30,378
Total Volume	38,595	31,165	43,572	36,808	150,140	38,978	—	—	—	38,978
<b>Northwest Sales Mix</b>										
% Delivered Sales	79%	100%	80%	97%	88%	87%	—	—	—	87%
% Sawtimber Sales	83%	75%	72%	71%	75%	73%	—	—	—	73%
<b>Delivered Log Pricing</b>										
Pulpwood (\$ per ton)	\$43.19	\$43.37	\$45.88	\$44.93	\$44.61	\$44.84	—	—	—	\$44.84
Sawtimber (\$ per ton)	72.03	76.80	74.33	66.27	72.13	67.95	—	—	—	67.95
Weighted Average Log Price (\$ per ton)	\$66.91	\$68.36	\$65.05	\$60.03	\$64.83	\$61.22	—	—	—	\$61.22
<b>Summary Financial Data (\$ in MMs)</b>										
Sales	\$19.2	\$17.1	\$21.6	\$18.7	\$76.5	\$19.3	—	—	—	\$19.3
(-) Cut & Haul	(8.1)	(8.6)	(9.4)	(9.4)	(35.4)	(8.7)	—	—	—	(8.7)
Net Stumpage Sales	\$11.1	\$8.5	\$12.2	\$9.3	\$41.1	\$10.6	—	—	—	\$10.6
Operating Income	\$2.6	\$1.7	\$3.1	(\$0.4)	\$6.9	\$1.4	—	—	—	\$1.4
(+) DD&A	3.8	2.9	4.2	3.9	14.8	4.6	—	—	—	4.6
Adjusted EBITDA <sup>(1)</sup>	\$6.4	\$4.6	\$7.3	\$3.5	\$21.7	\$6.0	—	—	—	\$6.0
<b>Other Data</b>										
Non-timber Income (\$ in MMs) <sup>(2)</sup>	\$0.9	\$1.2	\$0.6	\$0.9	\$3.5	\$0.8	—	—	—	\$0.8
Period-End Acres (in 000s)	368	373	373	373	373	373	—	—	—	373
Northwest Sawtimber (\$ per MBF)	\$604	\$571	\$541	\$539	\$565	\$548	—	—	—	\$548
Estimated Percentage of Export Volume	19%	26%	20%	23%	22%	26%	—	—	—	26%

(1) Non-GAAP measure (see page 15 for definition and page 17 for reconciliation).

(2) Previously presented values have been restated to exclude allocated overhead.

# New Zealand Timber Overview

(\$ in millions)

	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	—	—	—	186
Domestic Pulpwood (Delivered)	100	110	118	106	434	94	—	—	—	94
Export Sawtimber (Delivered)	201	248	279	254	982	186	—	—	—	186
Export Pulpwood (Delivered)	11	20	19	32	83	19	—	—	—	19
Stumpage	76	35	116	1	228	—	—	—	—	—
Total Volume	538	582	721	568	2,412	485	—	—	—	485
% Delivered Sales	86%	94%	84%	100%	91%	100%	—	—	—	100%
% Stumpage Sales	14%	6%	16%	—	9%	—	—	—	—	—
<b>Delivered Log Pricing</b>										
Domestic Sawtimber (\$ / ton)	\$70.77	\$66.96	\$60.12	\$59.71	\$64.05	\$66.64	—	—	—	\$66.64
Domestic Pulpwood (\$ / ton)	35.38	33.59	29.03	30.43	32.00	29.49	—	—	—	29.49
Export Sawtimber ( \$ / ton)	102.60	85.42	82.42	87.35	88.59	94.34	—	—	—	94.34
<b>Summary Financial Data (\$ in MM\$)</b>										
Sales	\$37.8	\$38.4	\$41.1	\$38.4	\$155.7	\$34.2	—	—	—	\$34.2
(-) Cut & Haul	(16.0)	(19.2)	(18.7)	(17.6)	(71.5)	(14.6)	—	—	—	(14.6)
(-) Port / Freight Costs	(6.6)	(8.1)	(8.9)	(8.4)	(32.0)	(5.3)	—	—	—	(5.3)
Net Stumpage Sales	\$15.2	\$11.1	\$13.5	\$12.4	\$52.2	\$14.3	—	—	—	\$14.3
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	—	—	—	\$36.0
Operating Income (Loss)	\$5.7	(\$0.9)	(\$0.9)	(\$1.1)	\$2.8	\$4.7	—	—	—	\$4.7
(+) DD&A <sup>(1)</sup>	8.0	7.1	7.0	7.5	29.7	4.9	—	—	—	4.9
(+) Non-cash cost of land and improved development	—	—	—	0.5	0.5	1.8	—	—	—	1.8
Adjusted EBITDA <sup>(2)</sup>	\$13.7	\$6.2	\$6.1	\$6.9	\$33.0	\$11.4	—	—	—	\$11.4
<b>Other Data</b>										
NZ\$/US\$ Exchange Rate (Average period rate)	0.7556	0.7398	0.6601	0.6570	0.7031	0.6646	—	—	—	0.6646
Net plantable Period-End Acres (in 000s)	303	303	302	299	299	299	—	—	—	299
Export Sawtimber ( \$ / JAS m3)	\$119.04	\$99.97	\$96.45	\$102.23	\$103.49	\$109.65	—	—	—	\$109.65
Domestic Sawtimber (NZ\$ / tonne)	\$102.43	\$99.53	\$100.20	\$99.99	\$100.47	\$110.31	—	—	—	\$110.31

(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 15 for definition and page 17 for reconciliation).

# Real Estate Overview

(\$ in millions)

	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	—	—	—	0.9
Rural	6.8	3.3	9.8	2.7	22.7	3.7	—	—	—	3.7
Non-strategic / Timberlands	12.2	2.0	25.3	15.3	54.8	7.1	—	—	—	7.1
Large Dispositions	—	—	—	—	—	—	—	—	—	—
Total Sales	\$23.8	\$6.9	\$35.2	\$20.5	\$86.5	\$13.4	—	—	—	\$13.4
<b>Acres Sold</b>										
Improved Development <sup>(1)</sup>	—	19	—	55	74	47	—	—	—	47
Unimproved Development	409	86	20	185	699	48	—	—	—	48
Rural	2,877	1,393	3,503	981	8,754	1,444	—	—	—	1,444
Non-strategic / Timberlands	4,111	839	10,681	7,972	23,602	6,130	—	—	—	6,130
Large Dispositions	—	—	—	—	—	—	—	—	—	—
Total Acres Sold	7,397	2,337	14,204	9,193	33,130	7,669	—	—	—	7,669
<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	—	—	—	18,000
Rural	2,368	2,377	2,796	2,786	2,588	2,548	—	—	—	2,548
Non-strategic / Timberlands	2,957	2,440	2,373	1,918	2,324	1,155	—	—	—	1,155
Large Dispositions	—	—	—	—	—	—	—	—	—	—
Weighted Avg. (Total)	\$3,216	\$2,971	\$2,480	\$2,233	\$2,611	\$1,743	—	—	—	\$1,743
Weighted Avg. (Adjusted) <sup>(2)</sup>	\$3,216	\$2,642	\$2,480	\$2,051	\$2,538	\$1,525	—	—	—	\$1,525
Total Sales (Excluding Large Dispositions)	\$23.8	\$6.9	\$35.2	\$20.5	\$86.5	\$13.4	—	—	—	\$13.4
Adjusted EBITDA	20.1	3.6	30.9	16.2	70.8	9.7	—	—	—	9.7
(-) Depreciation, depletion and amortization	(3.8)	(1.0)	(6.3)	(3.4)	(14.5)	(3.2)	—	—	—	(3.2)
(-) Non-cash cost of land and improved development	(3.7)	(1.2)	(4.6)	(2.5)	(12.0)	(2.3)	—	—	—	(2.3)
Operating Income	\$12.6	\$1.4	\$20.0	\$10.3	\$44.3	\$4.2	—	—	—	\$4.2

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

(2) Excludes Improved Development and Large Dispositions.

# Capital Expenditures By Segment

(\$ in millions)

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>Southern Timber</b>			
Reforestation, Silviculture & Other Capital Expenditures	\$3.1	\$8.5	\$2.1
Property taxes	1.9	0.5	1.8
Lease payments	2.0	2.0	2.2
Allocated overhead	1.0	1.2	0.9
<b>Subtotal Southern Timber</b>	<b>\$8.0</b>	<b>\$12.2</b>	<b>\$7.0</b>
<b>Pacific Northwest Timber</b>			
Reforestation, Silviculture & Other Capital Expenditures	2.3	1.8	2.7
Property taxes	0.1	0.1	0.1
Lease payments	—	—	—
Allocated overhead	0.4	0.5	0.5
<b>Subtotal Pacific Timber</b>	<b>\$2.8</b>	<b>\$2.4</b>	<b>\$3.3</b>
<b>New Zealand Timber</b>			
Reforestation, Silviculture & Other Capital Expenditures	1.3	2.4	1.5
Property taxes	0.1	0.2	0.1
Lease payments	0.4	1.7	0.4
Allocated overhead	0.6	0.9	0.7
<b>Subtotal New Zealand Timber</b>	<b>2.4</b>	<b>5.2</b>	<b>2.7</b>
<b>Total Timber Segments Capital Expenditures</b>	<b>\$13.2</b>	<b>\$19.8</b>	<b>\$13.0</b>
<b>Real Estate</b>	0.1	0.2	0.2
<b>Corporate</b>	—	—	—
<b>Total Capital Expenditures</b>	<b>\$13.3</b>	<b>\$20.0</b>	<b>\$13.2</b>
<b>Timberland Acquisitions</b>			
Southern Timber	14.3	—	23.1
Pacific Northwest Timber	—	—	—
New Zealand Timber	—	9.9	—
<b>Subtotal Timberland Acquisitions</b>	<b>\$14.3</b>	<b>\$9.9</b>	<b>\$23.1</b>
<b>Real Estate Development Investments</b>	<b>\$1.7</b>	<b>\$0.6</b>	<b>\$0.3</b>

## Section 2



## Supplemental Information

# Definitions of Non-GAAP Measures and Pro Forma Items

**Pro Forma Operating Income** is defined as operating income adjusted for costs related to shareholder litigation and the gain on foreign currency derivatives.

**Pro Forma Net Income** is defined as net income attributable to Rayonier Inc. adjusted for costs related to shareholder litigation and the gain on foreign currency derivatives.

**Adjusted EBITDA** is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and real estate sold, costs related to shareholder litigation and the gain on foreign currency derivatives. Adjusted 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 (excluding timberland acquisitions) and working capital and other balance sheet changes. 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.

**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 used by the Company to mitigate the risk of fluctuations in foreign exchange rates while awaiting the planned capital contribution to the New Zealand JV.

# Reconciliation of Reported to Pro Forma Earnings

(\$ in millions, except per share amounts)

Three Months Ended	March 31, 2016		December 31, 2015		March 31, 2015	
	\$	EPS	\$	EPS	\$	EPS
Operating income	\$23.0		\$15.7		\$27.7	
Costs related to shareholder litigation <sup>(1)</sup>	0.4		1.0		0.1	
Gain on foreign currency derivatives <sup>(1)</sup>	(1.2)		—		—	
Pro Forma Operating Income	\$22.2		\$16.7		\$27.8	
Net Income attributable to Rayonier Inc.	\$14.5	\$0.12	\$10.3	\$0.08	\$17.7	\$0.14
Costs related to shareholder litigation <sup>(1)</sup>	0.4	—	1.0	0.01	0.1	—
Gain on foreign currency derivatives <sup>(1)</sup>	(1.2)	(0.01)	—	—	—	—
Pro Forma Net Income	\$13.7	\$0.11	\$11.3	\$0.09	\$17.8	\$0.14

(1) Pro forma item (see page 15 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>March 31, 2016</b>							
Operating Income (Loss)	\$15.8	\$1.4	\$4.7	\$4.2	\$0.4	(\$3.5)	\$23.0
Depreciation, depletion & amortization	16.6	4.6	4.9	3.2	—	—	29.3
Non-cash cost of land and improved development	—	—	1.8	2.3	—	—	4.1
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	0.4	0.4
Gain on foreign currency derivatives <sup>(1)</sup>	—	—	—	—	—	(1.2)	(1.2)
Adjusted EBITDA	\$32.4	\$6.0	\$11.4	\$9.7	\$0.4	(\$4.3)	\$55.6
<b>December 31, 2015</b>							
Operating Income (Loss)	\$12.0	(\$0.4)	(\$1.1)	\$10.3	\$0.6	(\$5.7)	\$15.7
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
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	1.0	1.0
Adjusted EBITDA	\$24.9	\$3.5	\$6.9	\$16.2	\$0.6	(\$4.5)	\$47.6
<b>March 31, 2015</b>							
Operating Income (Loss)	\$12.4	\$2.6	\$5.7	\$12.6	\$0.3	(\$5.9)	\$27.7
Depreciation, depletion & amortization	14.3	3.8	8.0	3.8	—	0.1	30.0
Non-cash cost of land and improved development	—	—	—	3.7	—	—	3.7
Costs related to shareholder litigation <sup>(1)</sup>	—	—	—	—	—	0.1	0.1
Adjusted EBITDA	\$26.7	\$6.4	\$13.7	\$20.1	\$0.3	(\$5.7)	\$61.5

(1) Pro forma item (see page 15 for definition).