

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

DAVE MOLLOY, derivatively on behalf of
RAYONIER INC.,

Plaintiff,

v.

PAUL G. BOYNTON, NANCY LYNN WILSON,
HANS VANDEN NOORT, C. DAVID BROWN,
II, MARK E. GAUMOND, JAMES H. MILLER,
THOMAS I. MORGAN, and RONALD
TOWNSEND,

Defendants,

and

RAYONIER INC., a North Carolina
Corporation,

Nominal Defendant.

Civil Action No.
3:17-cv-01157-TJC-MCR

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement dated April 16, 2018 (this “Stipulation”), is made and entered into by and among the Settling Parties,¹ each by and through their respective undersigned counsel. This Stipulation is intended by the Settling Parties to fully, finally and forever resolve, discharge, and settle the Released Claims, upon Court approval and subject to the terms and conditions hereof.

I. BACKGROUND AND PROCEDURAL HISTORY

Rayonier is a publicly traded forest products company incorporated in North Carolina and headquartered in Yulee, Florida. Between November 2014 and May 2015, the Stockholders each issued pre-suit litigation demands (the “Demands”) pursuant to North Carolina General Statute Section 55-7-42 on the Board of Directors of Rayonier (the “Board”). The Stockholders demanded that the Board investigate and take action against certain of the Company’s current and former directors and officers, including the Individual Defendants, for allegedly breaching their fiduciary duties owed to Rayonier and its stockholders and other alleged violations of law in connection with the claimed overstatement of the Company’s merchantable timber inventory and alleged overharvesting of the Company’s timberlands in the Pacific Northwest.

The Board formed a committee to investigate the allegations in the Demands. The Stockholders entered into a series of tolling agreements with Rayonier and the Board, which generally provided, *inter alia*: (i) the tolling of the 90-day period set forth in N.C. Gen. Stat. § 55-7-42; (ii) certain tolling of limitations periods; (iii) an agreement by Rayonier to produce to the Stockholders copies of certain documents and written discovery responses produced in a

¹ All terms with initial capitalization not otherwise defined in the paragraphs prior to Section IV(1) shall have the meanings ascribed to them set forth in Section IV(1), *infra*.

related Securities Action; and (iv) a requirement to invite the Stockholders to attend any mediation of the Securities Action.

Pursuant to the tolling agreements, on April 7, 2016, certain of the Settling Parties participated in a joint mediation of the Demands and the Securities Action with Jed D. Melnick of JAMS in New York, New York. In advance of the mediation, the Stockholders issued a comprehensive settlement demand to the Board on March 29, 2016 and submitted a detailed mediation statement to the mediator, dated March 31, 2016. Neither the Demands nor the Securities Action was resolved at the mediation.

On May 20, 2016, this Court, in the Securities Action, denied the defendants' motions to dismiss the Amended Consolidated Class Action Complaint For Violation of the Federal Securities Laws, and thereafter the parties to the Securities Action commenced discovery. Pursuant to the tolling agreements, Rayonier provided the Stockholders with over 1.5 million pages of documents that Rayonier produced in the Securities Action.

The last operative tolling agreement expired on March 1, 2017, and, therefore, the tolling agreements no longer prevented the Stockholders from filing derivative action(s) on behalf of Rayonier. Because they were scheduled to attend a mediation session the following week, however, the Company and the Stockholders did not believe it was necessary to enter into another tolling agreement at that time. On March 6, 2017, certain of the Settling Parties and certain of Rayonier's directors' and officers' liability insurers (the "D&O Insurers") participated in another mediation session simultaneously with a mediation of the Securities Action with the Honorable (Ret.) Layn R. Phillips ("Judge Phillips") of Phillips ADR in New York, New York. In advance of this second mediation, the Stockholders submitted a detailed mediation statement to Judge Phillips, citing certain of the non-public documents that had been produced by the Company.

Although progress was made at this second mediation session, neither the Demands nor the Securities Action was resolved on that date.

Shortly thereafter, on March 13, 2017, the Company publicly announced that an agreement-in-principle had been reached to settle the Securities Action. Between the March 6, 2017 mediation and November 27, 2017, the Settling Parties continued to engage in good faith, arm's-length negotiations regarding a potential resolution of the Demands.² Specifically, in late March 2017, Rayonier responded to the Stockholders' 2016 settlement demand, and the Stockholders requested, and Rayonier provided, a summary of the Company's then-current practices relating to inventory management. The Stockholders represent that they retained Donald Reimer, Ph.D. ("Dr. Reimer") and Kim Iles, Ph.D. ("Dr. Iles," and together with Dr. Reimer, the "Stockholders' Experts") of D.R. Systems NW, to assist in Stockholders' Counsel's analysis of information provided by Rayonier and to provide recommendations to improve Rayonier's timber inventory practices and policies in connection with the Settling Parties' negotiations. Based on discussions with the Stockholders' Experts, the Stockholders made additional requests for information to Rayonier and Rayonier responded to such requests. On June 7, 2017, the Stockholders made a counterproposal to Rayonier. Over the next several months, the Settling Parties continued their arm's-length negotiations and exchanged multiple drafts of the proposed settlement terms.

On October 13, 2017, Plaintiff commenced the above-captioned stockholder derivative action on behalf and for the benefit of nominal defendant Rayonier against the Individual Defendants relating to the alleged misconduct set forth in the Demands. Plaintiff's Verified

² Because progress was being made in these negotiations, the Stockholders and Rayonier did not enter into any further tolling agreements.

Stockholder Derivative Complaint and Demand for Jury Trial (the “Complaint”), which was in part based on and cited several of the non-public documents produced by Rayonier, was filed under seal per the agreement of Plaintiff and Rayonier and subsequent Order of the Court. The Complaint asserted counts against the Individual Defendants under North Carolina law for alleged breaches of their fiduciary duties in connection with the alleged (i) overstatement of Rayonier’s merchantable timber inventory and (ii) overharvesting of the Company’s timberlands in the Pacific Northwest, and against certain of the Individual Defendants for unjust enrichment in connection with compensation received based on the alleged misconduct.

Following the filing of the Action, the Settling Parties continued to engage in good faith, arm’s-length negotiations regarding a potential resolution of the Demands and the Action. On November 27, 2017, the Settling Parties executed a term sheet memorializing the terms of an agreement (the “Term Sheet”).

On November 30, 2017, certain of the Defendants filed an unopposed motion to stay the Action and all upcoming deadlines therein on account of the execution of the Term Sheet. On December 6, 2017, the Court granted the motion and administratively closed the Action. Subsequently, the Settling Parties negotiated the terms of this Stipulation.

On February 22, 2018, the Rayonier Board, in the exercise of its business judgment, approved a settlement consistent with the terms of the Term Sheet, with any fee award to be paid by the D&O Insurers, as in the best interests of Rayonier and its stockholders.

With the material terms of the Settlement agreed to, the Settling Parties began negotiations regarding the attorneys’ fees and expenses for the Stockholders’ Counsel. Unable to reach an agreement on their own, the Settling Parties and certain of the D&O Insurers attended a full day mediation on March 13, 2018 in New York City with mediator Michelle Yoshida of Phillips ADR.

At the conclusion of this mediation, the Settling Parties agreed on the amount of reasonable attorneys' fees and expenses to be paid by the D&O Insurers, subject to approval by the Court.

II. CLAIMS OF THE STOCKHOLDERS AND BENEFITS OF SETTLEMENT

The Stockholders contend, after an extensive investigation, which included, *inter alia*, (a) inspecting, reviewing and analyzing the Company's public filings with the SEC; (b) researching corporate governance issues; (c) researching the applicable law with respect to the claims asserted in the Litigation and the potential defenses thereto; (d) reviewing and analyzing over 1.5 million pages of documents produced by Rayonier; (e) reviewing and analyzing additional information provided by Rayonier relating to its inventory management practices and procedures; (f) consultation with Dr. Reimer and Dr. Iles; and (g) participation in two mediation sessions, that, while they believe the claims asserted in the Litigation on behalf of Rayonier have merit, (i) they recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation through trial and appeal; (ii) they have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation; and (iii) they are mindful of the inherent problems of proof and possible defenses to the claims asserted in the Litigation. The Stockholders and their Counsel contend that, based on the foregoing evaluation, they have determined that the Settlement set forth in this Stipulation is in the best interests of Rayonier and confers substantial benefits upon Rayonier and Current Rayonier Stockholders.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied, and continue to deny, each and all of the claims and contentions alleged by the Stockholders in the Litigation. Nonetheless, Defendants contend that (i) they have taken into account the uncertainty and risks inherent in any litigation; and (ii) they have therefore determined that it is desirable that the Litigation be fully and finally settled in the manner and upon

the terms and conditions set forth in this Stipulation. Rayonier states it has concluded that the Settlement set forth in this Stipulation confers a substantial benefit to Rayonier and is in the best interests of the Company and Current Rayonier Stockholders.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Stockholders (for themselves and derivatively on behalf of Rayonier), the Individual Defendants, and Rayonier, by and through their respective counsel or attorneys of record, that, in exchange for the consideration set forth in this Stipulation, the releases shall be given and the Action shall be dismissed with prejudice, as follows:

1. Definitions

As used in this Stipulation, the following terms have the meanings specified below. In the event of any inconsistency between any definition set forth below and any definition set forth in any document related to the Settlement described in this Stipulation, the definitions set forth below shall control.

1.1 “Action” means the stockholder derivative action captioned *Molloy v. Boynton, et al.*, No. 3:17-cv-01157-TJC-MCR, pending in the Court.

1.2 “Court” means the United States District Court for the Middle District of Florida.

1.3 “Current Rayonier Stockholders” means any and all persons and entities who hold stock of the Company as of the date of the Stipulation.

1.4 “Defendants” means the Individual Defendants and nominal defendant Rayonier.

1.5 “Demands” means the pre-suit litigation demands made to Rayonier’s Board by John G. Bradley, Asif Mehdi, Donald Blanchard, Dave Molloy and Samuel I. Koenig on November 26, 2014, December 29, 2014, January 26, 2015, February 13, 2015, and May 12, 2015, respectively.

1.6 “District Court Approval Order” means the order approving the Settlement and dismissal of the Action with prejudice. The Settling Parties agree to file a proposed District Court Approval Order substantially in the form attached hereto as Exhibit F.

1.7 “Effective Date” means the first date by which all of the events and conditions specified in ¶ 6.1 of this Stipulation have been met and have occurred.

1.8 “Final” means the time when the District Court Approval Order and the Judgment (i) has been entered; and (ii) is no longer subject to appellate review, either because of disposition on appeal and conclusion of the appellate process or because of passage, without action, of time for seeking appellate review. More specifically, it is that situation when: (1) either no appeal has been filed and the time has passed for any notice of appeal to be timely filed in the Action; (2) an appeal has been filed and the court of appeals has either affirmed the District Court Approval Order or the Judgment or dismissed that appeal and the time for any reconsideration or further appellate review has passed; or (3) a higher court has granted further appellate review and that court has either affirmed the District Court Approval Order or the Judgment or affirmed the court of appeals’ decision affirming the District Court Approval Order or the Judgment or dismissing the appeal.

1.9 “Individual Defendants” means defendants Paul G. Boynton, C. David Brown II, Mark E. Gaumont, James H. Miller, Thomas I. Morgan, Ronald Townsend, Hans Vanden Noort, and Nancy Lynn Wilson.

1.10 “Judgment” means the judgment to be entered by the Court upon the approval of the Settlement. The Settling Parties agree to file a proposed Judgment substantially in the form attached hereto as Exhibit G.

1.11 “Litigation” means, collectively, the Action and the Demands.

1.12 “Notice” means the Notice of Proposed Derivative Settlement to be provided by Rayonier, substantially in the form attached hereto as Exhibit D, or as otherwise approved by the Court.

1.13 “Person” means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity, as well as the spouses, heirs, predecessors, successors, representatives, or assignees of all of the above.

1.14 “Plaintiff” means Dave Molloy.

1.15 “Preliminary Approval Order” means the order to be entered by the Court preliminarily approving the Settlement. The Settling Parties agree to file a proposed Preliminary Approval Order substantially in the form of the attached Exhibit C.

1.16 “Rayonier” or the “Company” means Rayonier Inc., including, but not limited to, its predecessors, successors, controlling stockholders, partners, joint ventures, subsidiaries, affiliates, divisions, and assigns.

1.17 “Related Persons” means (i) a Person’s spouses, heirs, executors, estates, or administrators; (ii) a Person’s present and former attorneys, legal representatives, and assigns in connection with the Litigation; and (iii) a Person’s past and present directors, officers, agents, advisors, employees, affiliates, predecessors, successors, and parents.

1.18 “Released Claims” means all actions, suits, claims, demands, rights, sanctions, liabilities, damages, and causes of action of every nature and description whatsoever, including both known claims and Unknown Claims (as defined in ¶1.27), whether accrued or unaccrued, and whether arising under federal, state, common, or foreign law, (i) that were asserted in the Litigation

or (ii) that could have been asserted in any forum derivatively on behalf of Rayonier, or by Rayonier directly, arising out of or based upon the facts, allegations, transactions, occurrences, matters, or events described in the Action, including without limitation the alleged overstatement of Rayonier's merchantable timber inventory, the alleged overharvesting of the Company's timberlands, and the compensation received by certain of the Individual Defendants based on the alleged misconduct; *provided, however*, that the Released Claims shall not include any claims relating to the enforcement of this Stipulation, the Settlement, or the Judgment.

1.19 "Released Persons" means and includes (i) each of the Individual Defendants; (ii), John A. Blumberg, John E. Bush, Dod A. Fraser, Scott R. Jones, H. Edwin Kiker, Richard D. Kincaid, Blanche L. Lincoln, V. Larkin Martin, David L. Nunes, David W. Oskin, and Benson K. Woo; (iii) Rayonier; (iv) the members of the special litigation committee created by Rayonier's Board to investigate the Demands (Scott R. Jones, Andrew G. Wiltshire, and Bernard Lanigan, Jr.), – in their capacities as directors of Rayonier and as members of the special litigation committee – and the committee's counsel; (v) Rayonier's directors' and officers' insurers, including without limitation the D&O Insurers; (vi) Rayonier's auditors, including without limitation Ernst & Young LLP; and (vii) each and all of the foregoing persons' Related Persons.

1.20 "Releasing Persons" means the Stockholders, all Current Rayonier Stockholders, and each of the Stockholders' and Current Rayonier Stockholders' Related Persons.

1.21 "Securities Action" means the securities class action captioned *In re Rayonier Inc. Securities Litigation*, No. 3:14-cv-01395-TJC-JBT, previously pending in the Court.

1.22 "Settlement" means the settlement described and documented in this Stipulation.

1.23 “Settling Parties” means, collectively, each of (i) the Stockholders, on behalf of themselves and derivatively on behalf of Rayonier; (ii) the Individual Defendants; and (iii) Rayonier.

1.24 “Stockholders” means Plaintiff, John G. Bradley, Asif Mehdi, Donald Blanchard, and Samuel I. Koenig.

1.25 “Stockholders’ Counsel” means Kessler Topaz Meltzer & Check, LLP; Robbins Arroyo LLP; The Shuman Law Firm; Stull, Stull & Brody; The Weiser Law Firm, P.C.; and any other law firm that appeared for Plaintiff in the Action.

1.26 “Summary Notice” means the Summary Notice of Proposed Derivative Settlement to be provided by Rayonier, substantially in the form attached hereto as Exhibit E, or as otherwise approved by the Court.

1.27 “Unknown Claims” means any claim that a Releasing Person does not know or expect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Releasing Persons shall expressly waive, or shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Stockholders acknowledge that the Stockholders, Current Rayonier Stockholders, or both may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of the release, but that it is their intention, as Stockholders and derivatively on behalf of Rayonier, hereby to settle and release fully, finally, and forever any and all Released Claims, whether known or unknown, suspected or unsuspected, which now exist, or heretofore existed, without regard to the subsequent discovery or existence of such additional or different facts. The Stockholders acknowledge, and Current Rayonier Stockholders shall be deemed by operation of the entry of the Judgment approving the Settlement to have acknowledged, that the foregoing waiver was separately bargained for and is an integral element of the Settlement.

2. Settlement Consideration

Rayonier, through the Board and/or the Board's Audit Committee ("Audit Committee"), shall adopt and/or maintain the corporate governance reforms detailed below within sixty (60) days of entry of the Judgment approving the Settlement herein. The corporate governance reforms shall be maintained for a period of no less than three (3) years from the date of adoption, except for modifications required by applicable law, regulation, or technological advancements. Rayonier acknowledges that the Litigation is a material factor for the three (3) year requirement.

2.1 *Corporate Governance Reforms*

Rayonier acknowledges that the adoption of the corporate governance reforms confers a substantial benefit upon the Company and that the Litigation was a causal factor in the implementation and/or maintenance of the corporate governance reforms. The Board has, in the exercise of its business judgment, approved the Settlement as in the best interests of Rayonier and Current Rayonier Stockholders. The Stockholders and Rayonier stipulate that this Settlement is fair, reasonable, and adequate.

(a) Adoption of a Comprehensive Inventory Policy

The Board shall adopt the attached Exhibit A (the “Inventory Policy”), which is a single, unified written document that sets forth (as specified in Exhibit A) certain required policies and procedures with respect to (1) inventory monitoring and reporting; (2) the independent roll-forward of timber inventory; (3) calculation of depletion rate; (4) Audit Committee review of inventory, depletion and harvest schedules; (5) quarterly verification of depletion rates; and (6) controls. The Company shall distribute the Inventory Policy to all relevant departments and personnel. Rayonier acknowledges that the Litigation was a material causal factor for the changes to the Company’s inventory policy shown in the redline attached as Exhibit A-1.

(b) Disclosure Committee

As part of Rayonier’s review of the Company’s public disclosures, the Company’s Disclosure Committee will continue to review the Company’s reporting of merchantable timber inventory.

(c) Audit Committee Charter

The Audit Committee shall revise the Charter of the Audit Committee (“Audit Committee Charter”) as set forth in the attached Exhibit B. Rayonier acknowledges that the Litigation was a material causal factor for the changes to the Audit Committee Charter shown in the redline attached as Exhibit B.

(d) Whistleblower Hotline

The Company shall continue to engage an independent, third-party supplier to provide and monitor a whistleblower hotline for Rayonier employees and other stakeholders. On a monthly basis, the supplier will report in writing to the Chair of the Audit Committee any whistleblower complaint the supplier has received. The contact information for the whistleblower hotline will be conspicuously and widely posted by the Company on its website and elsewhere, so as to be

available not only to employees but also to customers, vendors, and other third parties. This whistleblower hotline shall provide an anonymous communication channel for employees and other stakeholders to report their concerns regarding, among other things, the integrity of Rayonier's public disclosures, internal controls, auditing, sustainable harvesting, and other matters. Employees may also use this communication channel to report concerns relating to ethical business or personal conduct, integrity, and professionalism. This reporting system, however, shall not replace the other methods employees or other stakeholders have traditionally used to communicate with Rayonier.

(e) Director Education

Continuing education for the members of the Board shall become mandatory. No less than two hours annually shall be required on topics that may include, among other things, compliance, recent developments relating to Rayonier's businesses or industry, and developments in the law regarding fiduciary duties. Rayonier acknowledges that the Litigation was a material causal factor for this requirement.

(f) Compliance Education

The Company's senior compliance officer shall annually attend a compliance and ethics seminar as the senior compliance officer and the Company's General Counsel deem appropriate. Rayonier acknowledges that the Litigation was a material causal factor for this requirement.

2.2 *Corporate Governance Reforms Adopted Since Litigation Was Commenced*

The Company acknowledges that the concerns raised in the Demands were a factor in the adoption of the following corporate governance reforms:

(a) Senior Manager of Internal Controls

In 2016, Rayonier management created a position (Senior Manager, Internal Controls) to provide additional oversight and ensure risks are appropriately evaluated and addressed by the

Company's internal controls. Rayonier management appointed an employee to this role who had been with Rayonier for 14 years and whose previous roles included management positions in the USFR Revenue, Internal Audit and General Ledger departments at the Company. The Senior Manager, Internal Controls began working with the Land Information Systems ("LIS") Department in 2016 to evaluate the processes and controls related to merchantable timber inventory as presented in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC").

(b) Review of Inventory, Depletion and Harvest Schedule

As of 2015, Rayonier instituted the following additional oversight:

(1) In February of each year, the Director, LIS and the Director, Accounting Operations (or persons with similar functions) meet with the Audit Committee to discuss the annual timber report and the calculation of the new depletion rates. Methods of inventory measurement and verification are discussed, and large edits to inventory not associated with timber sales, land sales, acquisitions, growth, or in-growth are highlighted and discussed.

(2) As of February, 2017, a report comparing harvest cutout to inventory is presented and discussed. If any trends or variances are noted, a discussion with external auditors is held to discuss if any adjustments to timber inventory are appropriate.

(3) An extended harvest schedule for the Southern and Pacific Northwest regions is presented to the Board.

(c) Changes to Compliance Procedures

The Company amended the Company's Code of Conduct to provide that the Ombudsman who serves as a confidential contact to provide guidance on issues relating to the Company's Code of Conduct and compliance obligations reports directly to the Audit Committee, instead of a management-led risk committee.

The Company amended the Audit Committee Charter to provide that the Chief Compliance Officer now has a direct reporting obligation to the Audit Committee, with the express authority to communicate personally to the Audit Committee promptly on any matter.

(d) Changes to Accounting and Audit Procedures

The Company amended the Audit Committee Charter to provide for additional specific duties regarding the Company's internal audit function, including the requirement that the Audit Committee review and approve (i) the purpose, authority, and organizational reporting lines; (ii) annual audit plan, budget and staffing; and (iii) concurrence in the appointment and compensation of the director of internal audit.

3. Procedure for Implementing the Settlement

3.1 After executing the Stipulation, Plaintiff shall file a motion and apply for entry of an order substantially in the form of Exhibit C hereto, requesting, *inter alia*, the preliminary approval of the Settlement set forth in the Stipulation, and approval of the dissemination of the Notice and Summary Notice to Current Rayonier Stockholders in the form attached as Exhibit D and Exhibit E hereto, which Plaintiff may file as an unopposed motion provided that it is consistent with the Stipulation. Not later than ten (10) calendar days following the entry of the Preliminary Approval Order, Rayonier shall cause a copy of the Notice to be filed with the SEC on a Current Report on Form 8-K. As soon thereafter as is practicable, Rayonier shall cause the Summary Notice to be published one time in the Investors' Business Daily. Rayonier shall also publish at that time this Stipulation, including the exhibits thereto, and the Notice on an Internet page that Rayonier shall create for this purpose, which shall be accessible via a link on the "Investor Relations" page of <https://www.Rayonier.com>, the address of which shall be contained in the Notice. Rayonier and/or its insurers shall be solely responsible for the costs of Notice set forth herein and/or any other reasonable notice as may be required by the Court.

3.2 Plaintiff shall request that, after the Notice is given, the Court hold a hearing (the “Settlement Hearing”) to consider and determine whether the District Court Approval Order and the Judgment, substantially in the form of Exhibits F and G, respectively, should be entered; to approve the terms of the Settlement as fair, reasonable, and adequate, including the payment of attorneys’ fees and expenses in the amount negotiated by the Settling Parties and as set forth in ¶ 5.1 below; and to dismiss the Action with prejudice.

4. Releases

4.1 The obligations incurred pursuant to this Stipulation are in consideration of the full and final disposition of the Litigation as against all Defendants and the releases provided for herein.

4.2 Upon the Effective Date, the Releasing Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Persons from the Released Claims and shall be forever barred and enjoined from initiating, instituting, commencing, maintaining, or prosecuting any of the Released Claims against any of the Released Persons. Upon final approval of the Settlement, the Releasing Persons shall be deemed to have waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of any state, federal, or foreign law, or principle of common law, which may have the effect of limiting the foregoing release. The foregoing release shall include a release of Unknown Claims (as defined herein).

4.3 Upon the Effective Date, Defendants and the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Stockholders and Stockholders’ Counsel from all claims, sanctions, actions, liabilities, or damages (including Unknown Claims) arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the

Litigation or the Released Claims; *provided, however*, that this release shall not include any claims relating to the enforcement of this Stipulation, the Settlement, or the Judgment.

4.4 Notwithstanding ¶¶ 4.2-4.3 above, nothing in the Judgment shall bar any action by any of the Settling Parties to enforce the terms of this Stipulation, the Settlement, or the Judgment.

5. Stockholders' Counsel's Attorneys' Fees and Reimbursement of Expenses

5.1 After negotiation of the principal terms of the Settlement, counsel for the Stockholders, Rayonier, and certain of the D&O Insurers, with the substantial assistance and oversight of the mediator Michelle Yoshida of Phillips ADR, separately negotiated at arm's-length the amount of attorneys' fees and reimbursement of expenses to be paid to Stockholders' Counsel. As a result of these negotiations, the D&O Insurers, on behalf of the Defendants, agreed to pay an award of attorneys' fees and reimbursement of expenses to Stockholders' Counsel in the total amount of One Million Nine Hundred Ninety-Five Thousand and 00/100 dollars (\$1,995,000.00) (the "Agreed-Upon Fees"), subject to approval of the Court. The Stockholders and Rayonier mutually agree that the Agreed-Upon Fees are fair and reasonable in light of the substantial benefits conferred upon Rayonier and Current Rayonier Stockholders. The Defendants shall cause the D&O Insurers to pay the amount of fees awarded by the Court (the "Fee Award") to Stockholders' Counsel (provided that the amount is less than or equal to the Agreed-Upon Fees) within twenty (20) calendar days after: (1) both the Fee Award and the District Court Approval Order have been entered, and (b) Rayonier has received the appropriate payment instructions and W-9. The Fee Award will be wired to The Shuman Law Firm as receiving agent for Stockholders' Counsel.

5.2 In the event that the Settlement is terminated, or if there is an appeal and the District Court Approval Order and the Judgment do not become Final, Stockholders' Counsel shall refund the Fee Award within ten (10) business days after (i) the date of termination or (ii) the date of any

order preventing the District Court Approval Order or the Judgment from becoming Final, respectively. Any order or proceeding relating to the Fee Award shall not operate to terminate the Settlement or affect the finality or binding nature of the Settlement. If the Court determines to approve the Settlement but reserves decision on the Fee Award, any Settling Party may request that the Court enter final judgment approving the Settlement pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

5.3 In light of the substantial benefits they have helped to create for Rayonier and Current Rayonier Stockholders, any or all of the Stockholders may apply for Court approved incentive awards in the amount of \$5,000 (the "Incentive Awards"). The Incentive Awards are to be paid out of the portion of the Fee Award received by that Stockholder's counsel, and neither the Company nor the Individual Defendants will oppose any such awards.

5.3 Except as expressly provided herein, the Stockholders and Stockholders' Counsel shall bear their own fees, costs, and expenses, and no Released Person shall assert any claim for expenses, costs, or fees against the Stockholders or Stockholders' Counsel in connection with the Litigation or the Settlement. Rayonier, the Individual Defendants, and the other Released Persons shall have no responsibility for, and no liability with respect to, the division or allocation of the Fee Award with respect to any person, entity, or law firm who or that may assert some claim thereto. The Defendants shall have no obligation to pay to the Stockholders, the Stockholders' Counsel, or the Releasing Persons any amount in excess of the Agreed-Upon Fees.

6. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination

6.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

- A. the entry by the Court of the District Court Approval Order and the Judgment;

- B. the payment of the Fee Award in accordance with ¶ 5.1 hereof; and
- C. the District Court Approval Order and the Judgment have become Final.

6.2 If any of the conditions specified in ¶ 6.1 are not met, then this Stipulation and the Settlement shall be canceled and terminated unless the Settling Parties mutually agree, in writing, by and through their respective counsel, to proceed with the Stipulation and the Settlement.

6.3 In the event that the Stipulation or Settlement is not approved by the Court, or the Settlement is terminated for any reason, the Settling Parties shall be restored to their respective positions in the Litigation as of the last date before the execution of this Stipulation, and all negotiations, proceedings, documents prepared, and statements made in connection herewith shall be without prejudice to the Settling Parties, shall not be deemed or construed to be an admission by any Settling Party of any act, matter, or proposition, and shall not be used in any manner for any purpose in any subsequent proceeding in the Action or in any other action or proceeding. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶ 1.1, 1.27, 5.2, 6.2-6.3, 7.6, 7.8, 7.9, 7.10, 7.11, 7.13, 7.15 and 7.16 herein, shall have no further force and effect with respect to the Settling Parties and shall not be used in the Action or in any other proceeding for any purpose, and any orders entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*.

7. Miscellaneous Provisions

7.1 The Settling Parties (a) acknowledge that it is their intent to consummate this Stipulation; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of this Stipulation.

7.2 The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between the Stockholders, the Individual Defendants, and Rayonier with respect to the

Action. The Settlement comprises claims that are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim, allegation, or defense. The Settling Parties further agree that the claims are being settled voluntarily after consultation with competent legal counsel. The Settling Parties shall request the Court to include in the Judgment a finding that, during the course of the litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11 and all other similar laws.

7.3 The Settling Parties agree to cooperate to stay all proceedings in the Action and all further activity among the Settling Parties regarding or directed toward the Litigation, save for those activities and proceedings relating to this Stipulation and the Settlement, pending final approval of the Settlement by the Court.

7.4 Pending the Effective Date of this Stipulation or the termination of the Stipulation according to its terms, the Stockholders and their Related Persons are barred and enjoined from initiating, instituting, commencing, maintaining, prosecuting, or in any way participating in any action or proceeding asserting any of the Released Claims against any of the Released Persons.

7.5 The provisions contained in this Stipulation (including any exhibits attached hereto) shall not be deemed a presumption, concession, or admission by any Settling Party of (i) any fault, liability, or wrongdoing, or (ii) lack of merit as to any facts or claims alleged or asserted in the Action or in any other action or proceeding. The provisions contained in this Stipulation shall not be interpreted, construed, deemed, invoked, offered, or received into evidence or otherwise used by any person in the Action or in any other action or proceeding, whether civil, criminal, or administrative, except in connection with any proceeding to enforce the terms of the Settlement. The Released Persons may file the Stipulation, the District Court Approval Order, and/or the Judgment in any action that may be brought against them in order to support a defense or

counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, breach of contract, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

7.6 The exhibits to this Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

7.7 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

7.8 This Stipulation and the exhibits attached hereto constitute the entire agreement among the Settling Parties. No representations, warranties, or inducements have been made to any Settling Party concerning the Stipulation or any of its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents. Except as otherwise provided herein, each Settling Party shall bear its own costs.

7.9 Each counsel or other Person executing this Stipulation or its exhibits on behalf of any Settling Party hereby warrants that such Person has the full authority to do so.

7.10 This Stipulation may be executed in one or more counterparts. A faxed or pdf signature shall be deemed an original signature for the purposes of this Stipulation. All executed counterparts, and each of them, shall be deemed to be one and the same instrument. A complete set of counterparts, either originally executed or copies thereof, shall be filed with the Court.

7.11 This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties and the Released Persons.

7.12 Without affecting the finality of the District Court Approval Order and Judgment, the Court shall retain jurisdiction with respect to the implementation and enforcement of the terms

of the Stipulation, and the Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

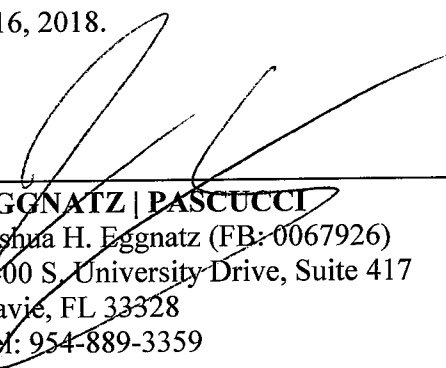
7.13 This Stipulation and the exhibits attached hereto shall be considered to have been negotiated, executed, and delivered, and to be wholly performed, in the State of North Carolina, and the rights and obligations of the parties to this Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of North Carolina without giving effect to that state's choice-of-law principles.

7.14 The Stockholders warrant that they have not assigned, encumbered, or in any manner transferred in whole or in part any of the Released Claims.

7.15 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Stipulation.

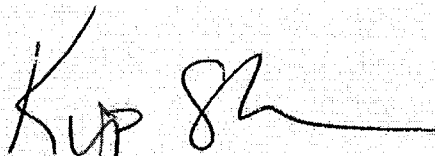
7.16 Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation. If any of the conditions specified in ¶ 6.1 are not met, then the Stipulation shall be canceled and terminated unless counsel for the Settling Parties mutually agree in writing to proceed with the Stipulation.

IN WITNESS WHEREOF, the Settling Parties have caused the Stipulation to be executed by their duly authorized attorneys and dated April 16, 2018.



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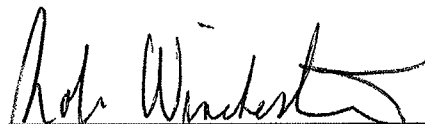
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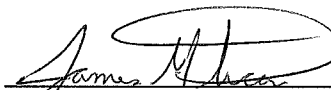
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EXHIBIT A

EXHIBIT A

CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY

Rayonier's Board of Directors shall adopt a written document substantially in the form that follows to be in effect for a period of three (3) years from adoption. Management shall distribute such documents either electronically or in hard copy to the relevant department heads, who shall distribute to the relevant personnel as appropriate.

I. Inventory Monitoring

- The primary method used to monitor Rayonier timber inventory is the use of timber cruises. A timber cruise is defined as a sample measurement of a stand of timber used to estimate the amount of standing timber that the timber stand contains. Rayonier shall cruise 95% of each commercial forest strata at least once every thirteen years in the Pacific Northwest Region and at least once every ten years in the Southern Region. To ensure the accuracy of the cruises, Rayonier:
 - shall utilize an independent third party to audit between 3% and 5% of all timber cruises.
 - shall hire sufficient forest technicians to conduct a portion of the timber cruises in house to ensure a consistent method for conducting timber cruises. All timber cruises are subject to third party audits.
- In between measurement dates, Rayonier shall utilize growth models to update the estimates of timber volume on projected stands. All of Rayonier's growth models will be reviewed and approved as suitable for use in forecasting stand volumes on Rayonier timberlands by third-party experts in forest biometrics and growth modeling.
- Field employees will continually improve Rayonier forest inventory data by submitting stand edits. Examples of stand edits include changing the footprint of a Streamside Management Zone. Employees have the ability to identify acreage as unharvestable or only partially harvestable in the system, thereby reducing merchantable timber inventory.
- All data entered into Rayonier's inventory system shall be reviewed by at least two people within the Land Information Systems ("LIS") department. Data includes, but is not limited to, results from inventory cruises, updates to yield data, and changes in land classification.
- Rayonier will, at least once every three years, require the LIS department to lead a project to review and document depletable land classifications. The review shall include members of the LIS department, representatives from the field, the Senior

Vice President of Forest Operations,¹ the Vice President of Portfolio Management, and the Director, Accounting Operations. The goal is to review the land class definitions and the percentage of timber that is depletable in each one of those land classes. After a material acquisition, the land classifications specifically for the acquisition footprint shall be reviewed.

The Board shall be provided at least annually with the following information concerning the reliability and validity of the Company’s timber inventory monitoring:

- a. Projections based on previous inventory measurements are compared to current standing inventory measurements and calculated volumes from recent field cruises for similar forest stand types, ages and management regimes.
 - Stand values, such as volume/acre from previous measurements, projected to current, shall be compared to standing volume today. The results of this comparison will be provided to the Board.
- b. Confirmation that cruise field work audits are in a form readily available for review by an additional qualified party, at the discretion of the Board.

Non-Merchantable Inventory

The Company will maintain procedures for the application of consistent, objective, and transparent standards across its operations in the United States in order to ensure accurate measurement and reporting of merchantable timber inventory that excludes parcels located in restricted, environmentally sensitive, or economically inaccessible areas.

II. Annual Inventory Report

- The LIS department shall, as soon as practicable, publish an Annual Inventory Report as of the end of the third quarter of each fiscal year.
- Inventory volumes shall be derived from various data sources, as listed in the following table.

Data Source	Used For
Stand-level measurements and growth and yield estimation applications for stands in the South (iSHARP, FORMIS)	Pine and hardwood in plantations and natural stands having stand-level measurement data.
Strata-level measurements and Annual Forest Inventory System (AFIS) inventory summaries	Pine in unmeasured natural stands and hardwood in natural stands and some pine plantations in the south.

¹ The job titles described in this document are subject to change. Rayonier reserves the right to substitute employees with similar job responsibilities.

Data Source	Used For
Inventory data obtained in recent land acquisitions	Primarily used for natural stands in recent acquisitions where no AFIS inventory or stand-level inventory is available.
Stand-level measurements and iSHARP application yield prediction system.	Softwood and hardwood for all commercial Washington stands

- To ensure an accurate snapshot of timber inventory, LIS personnel shall make stand edits and update timber sales throughout the year, and at the end of the third quarter of each fiscal year shall complete any stand edits and completed timber sales. A copy of the Land Management System (“LMS”) database shall be made on October 1 of each year and inventory reports organized by state and entity shall be generated. The inventory reports shall be reviewed by at least two personnel from the LIS department, including the Director, LIS department. The Director, LIS and a system specialist shall sign off on the report, after any problems with the report have been appropriately addressed and/or corrections made. The Senior Vice President, U.S. Forest Operations will also sign off on the inventory report after any problems with the report have been appropriately addressed and/or corrections made. An independent roll-forward of timber inventory is conducted by the Director, Accounting Operations.

III. Independent Roll-Forward of Timber Inventory

- To verify that LIS department’s estimated ending inventory volumes are reasonable, the Director, Accounting Operations shall perform an independent roll-forward of merchantable inventory, using the prior year’s ending inventory balance adjusted for timber harvests, acquisitions, land sales, and non-harvest adjustments that occurred in the twelve months ended September 30 of each year. The Director, Accounting Operations shall also calculate an estimated timber growth volume, based on growth data obtained from the Forest Inventory and Analysis (“FIA”) Program of the U.S. Forest Service (prior to 2015, the growth rate was based on prior year data from LMS). Rayonier will utilize the FIA growth data, taking into account the published error rate, to generate a minimum and maximum growth rate. The Director, Accounting Operations calculates an estimated volume of in-growth (volume of timber that is reaching merchantable age in the current year) using volume data obtained through physical counts (timber cruises) of Rayonier timber inventory and taking into account the variations among stands to obtain minimum and maximum tons per acre for timber entering the merchantable pool. The end result is a minimum and maximum ending inventory value per depletion pool that can be compared to the LIS annual inventory report.
- For each depletion pool, the following rules shall be followed when calculating timber inventory roll-forward:

- if the LIS inventory balance falls within the minimum and maximum inventory volume as calculated by accounting, the LIS inventory volume is deemed reasonable.
- if the LIS inventory balance falls outside minimum or maximum inventory volume, but is within 5% of both the minimum and maximum inventory, the LIS inventory volume is deemed reasonable.
- if the LIS inventory volume falls within 5% of either the minimum or maximum inventory volume as calculated by accounting and the effect on the following year's budgeted depletion expense is less than \$500,000, the LIS inventory volume is deemed reasonable.
- if the variance between LIS inventory and either the minimum or maximum inventory volume is greater than 5% and the effect on the following year's budgeted depletion expense is less than \$250,000, the LIS inventory is deemed reasonable.
- if none of the above is true, the inventory volume as calculated by LIS is reviewed by accounting for accuracy, and the reason for the material variance to the roll-forward is ascertained, approved and documented before the LIS inventory is deemed reasonable.

The Board shall be provided yearly with information concerning verification of the roll-forward of timber inventory, including:

1. External data used for growth rate estimates that have been properly filtered such that the growth data are from sample plots that are representative of comparable Rayonier timberland in terms of species, ages, site classes, stocking levels and silvicultural regimes.
2. Growth rates were checked by comparing the change in inventory against the external growth rates as well as other data.
3. In the event that there is a material variance to the roll-forward, the Director, LIS shall provide an explanation for the reasonableness determination.

IV. Calculation of Annual Depletion Rate

- Once the LIS inventory has been deemed accurate based on the comparison to the independent roll-forward as described above, the year-end inventory balance shall be calculated using the LIS September 30 balance adjusted for fourth quarter timber sales, land sales, and land acquisitions. The depletion rate shall be calculated at the end of January of the following year. The depletion rate is the cost of the merchantable timber divided by the number of tons of merchantable timber. The cost of merchantable timber is tracked in the general ledger, and includes the cost of the seedlings planted, any silviculture applied on the stand, and a portion of

property tax, lease costs, and overhead. Rayonier utilizes nine depletion pools, which are East Central Pine and Hardwood (includes Florida, Georgia, Alabama and Mississippi timber), Southwest Pine and Hardwood (Texas and Louisiana timber), Oklahoma Pine and Hardwood, Timber Deed Pine and Hardwood (includes Arkansas and Louisiana timber deeds, plus Rayonier's ownership in Tennessee), and the Pacific Northwest depletion pool (Washington and Oregon timber). Once the depletion rates are calculated, the Director, Accounting Operations compiles a depletion memorandum, outlining the steps taken to verify the inventory balance and calculate the depletion rate, and the memorandum is reviewed and approved by the Director, Accounting Operations; the Director Financial Services and Corporate Controller; Chief Financial Officer; and Senior Vice President, U.S. Forest Operations. The new rate is applied to all timber and land sales as of the first day of the new year.

V. Review of Inventory, Depletion and Harvest Schedule with the Audit Committee

- In February of each year, the Director, LIS and the Director, Accounting Operations shall meet with the Audit Committee to discuss the annual timber report and the calculation of the new depletion rates. Methods of inventory measurement and verification shall be discussed, and large edits to inventory not associated with timber sales, land sales, acquisitions, growth, or in-growth shall be highlighted and discussed.
- A report comparing harvest cutout to inventory shall be presented and discussed in connection with the February meeting referenced above. If any trends or variances are noted, a discussion with external auditors is held to discuss if any adjustments to timber inventory is appropriate.
- An extended harvest schedule (20 years or more) for the Southern and Pacific Northwest regions shall be presented to the Board at least annually.

The following policies shall be adopted relating to the Board's review of Inventory, Depletion and Harvest Schedule:

1. Harvest cutout volumes shall not be used to adjust an inventory.
 - Identifying trends and differences in timber inventory is appropriate, and, if significant differences in volumes or trends are found, it may be appropriate to make adjustments to cruising standards and inventory compilation standards which will in turn appropriately affect forecasts of merchantable volumes as the new standards are applied to new cruises.
2. The Board shall be presented annually with graphics for the United States South and Pacific Northwest timberlands similar to the graphics shown in Attachment 1 hereto, for not less than 30 years, and preferably for a period equal to 2 rotations for the average site class on each land base.

VI. Quarterly Verification/Re-Calculation of Depletion Rates

- Prior to the end of the first quarter each year, the Director, Accounting Operations shall verify that the ending inventory cost balance used for the depletion calculation is accurate. Often, the final cost of in-growth is not posted into the general ledger until February, and an estimate is used for the depletion calculation. By verifying the accuracy of the final timber cost prior to the end of the first quarter each year, any corrections can be made prior to filing the SEC Form 10-Q for that quarter.
- If a large timberland acquisition or sale occurs during the fiscal year, the effect of that transaction on the depletion calculation is determined as follows:
 - From the acquisition's valuation, or the land sale's inventory, determine the volume and value of merchantable timber.
 - Add (or subtract if the transaction was a land sale) those values to/from the year's beginning balance for merchantable timber volume and cost (ending balance in the current year's depletion calculation).
 - Recalculate the depletion rate by dividing the merchantable timber value by its volume.
- If the increase or decrease to the depletion rate is greater than 5% or \$200,000, then the depletion rate shall be recalculated effective the first day of the quarter following the land acquisition or sale.
- The depletion rate shall be recalculated for the affected timber pool(s) only, and takes into account all timberland acquisitions and sales that occurred in such pool(s) in the period prior to the material acquisition or sale. Timber growth and capital costs that occurred during the fiscal year should be disregarded until the annual update.
- The calculation of the depletion rates shall be completed by the Director Accounting Operations, and reviewed by the Director Financial Services and Corporate Controller; Chief Financial Officer; and Senior Vice President, U.S. Forest Operations. Quarterly adjustments to the depletion rate due to land acquisitions or sales shall be calculated by the Director, Accounting Operations, and reviewed and subject to the approval by Director, Financial Services and Corporate Controller.

VII. Controls

- Management shall (at least annually) re-evaluate its internal controls over timber inventory and depletion rates.

- The Director, Accounting Operations shall prepare a timberland roll-forward for each depletion pool to evaluate the reasonableness of the additions and deletions of merchantable timber volume and dollars. Growth rates in the roll-forwards are calculated using growth factors obtained from an independent source. In-growth volumes shall be calculated using acres from LMS and average tons per acre. The estimated timber volume calculated by the Director, Accounting Operations shall be compared to the timber volume provided by the LIS Department and variances are investigated by the Director, Accounting Operations. LIS management reviews the timber volume used in the roll-forwards for accuracy.
- The Director, Accounting Operations, using volumes reported by LIS, shall calculate pool depletion rates. The depletion rate calculations shall be reviewed by the Director, Accounting Operations; the Director, Financial Services and Corporate Controller; the Senior Vice President of US Forest Operations; and the CFO for validity, accuracy and completeness.
- The LIS Department shall prepare an annual report of its estimates of harvestable merchantable timber with explanations for significant changes. The report shall be reviewed by a broad group of operating managers for appropriateness and reasonableness, and by senior management, prior to finalization.
- Acquisition timber volumes updated in LMS shall be reviewed by LIS management and compared to acquisition source documentation and independent cruise data if applicable.
- Capitalized costs allocated to timber shall be reviewed for reasonableness and appropriateness of classification (capitalized vs. expense) by the Director, Accounting Operations and the Director, Financial Services and Corporate Controller and exceptions are investigated.
- USFR Accounting Managers shall perform a variance analysis between forecast and actual results, including depletion expense, and investigate exceptions.
- Periodic cruises of timberlands shall be performed to help validate inventory estimates. Upon completion of the cruise and audit program, results shall be reviewed for reasonableness and input into the LMS system. A separate individual shall compare the data within LMS to the original cruise data results for completeness and accuracy.
- Significant changes to growth and yield models shall be peer-reviewed.
- The LIS department shall manually recalculate volumes for selected timber stands using current cruise reports and compare to volumes recorded in LMS.

- User access to LMS shall be authorized by the system administrator through the user provisioning process.
- A user review shall be performed to identify unnecessary or excessive access in LMS.
- Changes to system objects in LMS shall be matched to a change management ticket on a monthly basis and exceptions are investigated.
- Program changes to LMS that directly impact inventory shall be monitored using change management software.
- Internal Audit shall test timber and depletion controls annually by performing the following steps:
 - Meet with the Director, LIS and Forest Management Systems Specialist to inquire about the process for preparing merchantable timberland volumes, any changes in the process from prior year, and any significant adjustments or variances from expected volume.
 - Review the timber inventory calculation by agreeing selected amounts in the calculation to supporting documentation.
 - Determine if there is a process for ensuring the completeness and accuracy of the reports used in the timber volume calculation.
 - Review the merchantable timber roll-forward prepared by the Director, Accounting Operations by agreeing selected amounts from the roll-forward to supporting documentation.
 - Reconcile calculated depletion rates to the rates recorded in the timber revenue system.
 - Meet with the Director, Accounting Operations and the Director, Financial Services and Corporate Controller to discuss their reviews of merchantable timber inventory and depletion rates.
- Internal Audit shall report significant control deficiencies to the Audit Committee of the Board of Directors and the Company's outside auditor. If a control deficiency is discovered prior to the close of year-end reporting, management is asked to take steps to remediate the deficiency.
- Annually, the outside auditor provides the Audit Committee with a report that summarizes audit procedures and findings. The outside auditor provides an evaluation of the quality and application of accounting policies including the "merchantable inventory and depletion costs as determined by forestry timber harvest models" as defined within Rayonier's Form 10-K.

- In February of each year, the Director, Accounting Operations and the Director, LIS attend the meeting of the Audit Committee of the Board of Directors to provide an overview of merchantable timber inventory and depletion rates. The presentation to the Committee includes a summary of the process for calculating merchantable inventory, detail of the inputs for depletion rate calculations, and any significant changes from prior year to either the process or merchantable inventory volumes. The Audit Committee makes specific inquires of management, Internal Audit, and the outside auditor to ensure there is adequate review over the process and assumptions used to estimate merchantable timber inventory.
- Rayonier shall ensure that the position, Senior Manager, Internal Controls, is appropriately staffed to provide additional oversight and ensure risks are appropriately evaluated and addressed by internal controls. The Senior Manager, Internal Controls shall work in consultation with the LIS department to evaluate the processes and controls related to merchantable timber inventory.

The following policies shall be adopted relating to the controls implemented by Rayonier:

1. Use of external, independent sources for timber growth rates to verify the above-described roll-forward rates must be carefully justified so that such use can be explained to the Board, the relevant Board committees, and the Company's external auditor.
2. Adjustments to growth rates on Rayonier's land bases must be based on appropriate measurement data from Rayonier's stands or similarly managed timber stands.
3. Adjustments to growth rates should be made based on measurement periods of 5 or more years.
 - Utilizing appropriately filtered third-party data for comparison of growth rate purposes is acceptable.
 - Adjustments to growth rates should be made based on longer-term measurement periods of 5 or more years. For some silvicultural treatment studies, such as for fertilization response studies, growth plot measurement periods are often shortened to 2 or 3-year intervals. However, for purposes of forecasting growth across most forest ownerships, monitoring of growth rates should be done on 5-year intervals.

If there are insufficient numbers of growth monitoring plots, the Company may compare stand inventory estimates from cruises conducted 5, 10 or even 20 years in the past with current cruise information on the same timber stands. However, if this method is utilized, there may need to be some adjustments for possible changes in merchantability limits over time, but these can be accounted for with appropriate taper equations.

ATTACHMENT 1

timber age classes and harvest schedule

Figure 4-2:

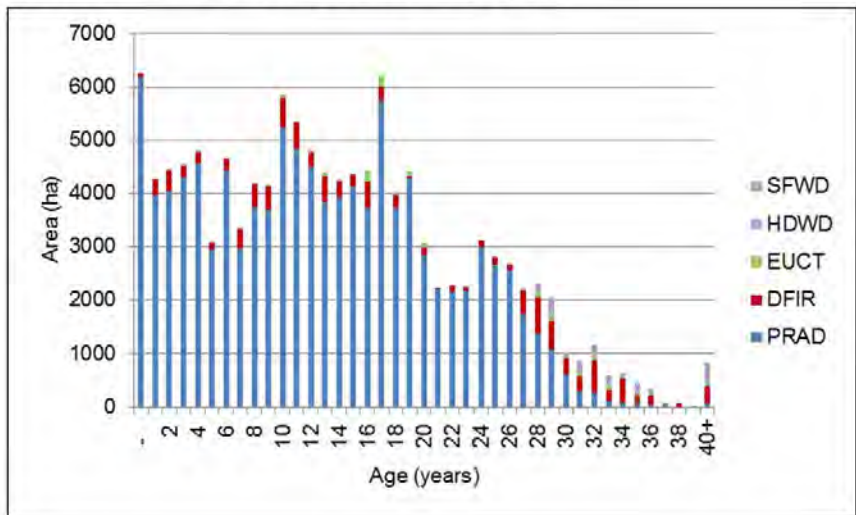


Figure 10-2:

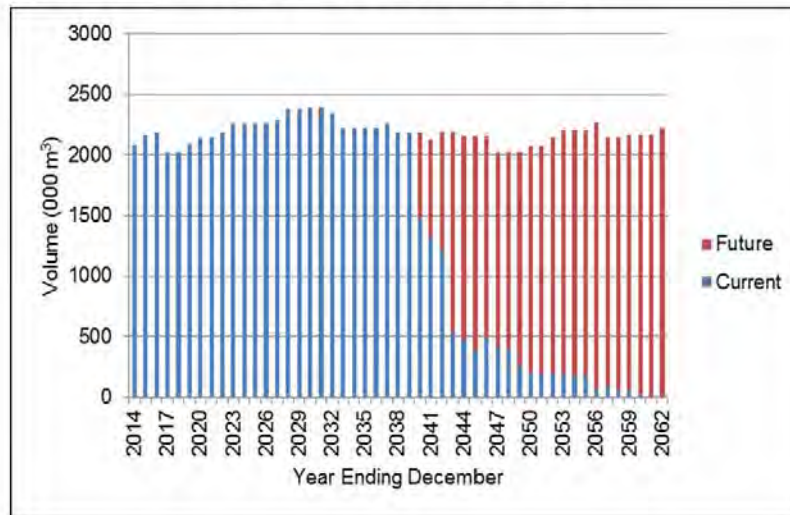


EXHIBIT A-1

EXHIBIT A

CONFIDENTIAL – FOR SETTLEMENT PURPOSES ONLY

Subject to Federal Rules of Evidence 408

Rayonier's Board of Directors shall adopt a written document substantially in the form that follows to be in effect for a period of three (3) years from adoption. Management shall distribute such documents either electronically or in hard copy to the relevant department heads, who shall distribute to the relevant personnel as appropriate.

• L **Inventory Monitoring**

- The primary method used to monitor Rayonier timber inventory is the use of timber cruises. A timber cruise is defined as a sample measurement of a stand of timber used to estimate the amount of standing timber that the ~~forest contains. Since 2012, Rayonier's goal has been to cruise a forest in the northern region~~ timber stand contains. Rayonier shall cruise 95% of each commercial forest strata at least once every thirteen years, ~~and~~ in the ~~south,~~ Pacific Northwest Region and at least once every ten years in the Southern Region. To ensure the accuracy of the cruises, Rayonier:
 - ~~since 2012, has utilized a~~ shall utilize an independent third party to audit between 3% and 5% of all timber cruises.
 - ~~in April 2016, started hiring additional Forest Technicians~~ shall hire sufficient forest technicians to conduct a portion of the timber cruises in house to ensure a consistent method for conducting timber cruises. ~~Timber~~ All timber cruises ~~completed by Rayonier Forest Technicians~~ are subject to third party audits.
- In between measurement dates, Rayonier ~~utilizes~~ shall utilize growth ~~factors~~ models to ~~estimate~~ update the ~~estimates of~~ timber volume on ~~a particular stand~~ projected stands. All of Rayonier's growth models ~~have been reviewed by third party experts from respected universities.~~ will be reviewed and approved as suitable for use in forecasting stand volumes on Rayonier timberlands by third-party experts in forest biometrics and growth modeling.
- Field employees ~~are~~ will continually ~~improving~~ improve Rayonier forest inventory data by submitting stand edits. Examples of stand edits include changing the footprint of ~~an SMZ~~ a Streamside Management Zone. Employees have the ability to identify acreage as unharvestable or only partially harvestable in the system, thereby reducing merchantable timber inventory.
- ~~As of June 2016, any~~ All data entered into Rayonier's inventory system ~~is~~ shall be reviewed by at least two people within the Land Information Systems ("LIS") department. Data includes, but is not limited to, results from inventory cruises, updates to yield data, and changes in land classification.
- ~~Starting in 2015, Rayonier added a procedure that~~ will, at least once every three years, require the LIS ~~leads~~ department to lead a project to review and document

depletable land classifications. The review ~~includes~~shall include members of the LIS department, representatives from the field, the Senior

[NAI-1503104613](#)

[NAI-1502599153](#)

Vice President of Forest Operations,¹ the Vice President of Portfolio Management, and the Director, Accounting Operations. The goal is to review the land class definitions and the percentage of timber that is depletable in each one of those land classes. After a material acquisition, the land ~~classification~~classifications specifically for the acquisition footprint ~~is~~shall be reviewed.

The Board shall be provided at least annually with the following information concerning the reliability and validity of the Company’s timber inventory monitoring:

- a. Projections based on previous inventory measurements are compared to current standing inventory measurements and calculated volumes from recent field cruises for similar forest stand types, ages and management regimes.
- Stand values, such as volume/acre from previous measurements, projected to current, shall be compared to standing volume today. The results of this comparison will be provided to the Board.
- b. Confirmation that cruise field work audits are in a form readily available for review by an additional qualified party, at the discretion of the Board.

Non-Merchantable Inventory

The Company will maintain procedures for the application of consistent, objective, and transparent standards across its operations in the United States in order to ensure accurate measurement and reporting of merchantable timber inventory that excludes parcels located in restricted, environmentally sensitive, or economically inaccessible areas.

•II. Annual Inventory Report

- The LIS department ~~publishes~~shall, as soon as practicable, publish an Annual Inventory Report as of the end of the third quarter of each fiscal year.
- Inventory volumes ~~are~~shall be derived from various data sources, as listed in the following table.

Data Source	Used For
Stand-level measurements and growth and yield estimation applications for stands in the South (iSHARP, FORMIS)	Pine and hardwood in plantations and natural stands having stand-level measurement data.
Strata-level measurements and Annual Forest Inventory System (AFIS) inventory summaries	Pine in unmeasured natural stands and hardwood in natural stands and some pine plantations in the south.

¹The job titles described in this document are subject to change. Rayonier reserves the right to substitute employees with similar job responsibilities.

<u>Data Source</u>	<u>Used For</u>
Inventory acquisitions -data obtained in recent land <u>acquisitions</u>	Primarily used for natural stands in recent acquisitions where no AFIS inventory or stand-level inventory is available.
Stand-level measurements and iSHARP application yield prediction system.	Softwood and hardwood for all commercial Washington stands

- To ensure an accurate snapshot of timber inventory, LIS personnel shall make stand edits and update timber sales throughout the year, and at the end of the third quarter, ~~field operations personnel are asked to~~ of each fiscal year shall complete any stand edits and ~~update~~-completed timber sales ~~prior to the end of the third quarter~~. A copy of the Land Management System (“LMS”) database ~~is~~shall be made on October 1 of each year and inventory reports organized by state and entity ~~are~~shall be generated. The inventory ~~report~~ reports shall be reviewed by at least two personnel from the LIS department, including the ~~Senior Manager of the~~Director, LIS department. ~~As of 2015, the Senior Manager of~~The Director, LIS and a system specialist shall sign off on the report; ~~moreover, starting in 2017, the,~~ after any problems with the report have been appropriately addressed and/or corrections made. The Senior Vice President, U.S. Forest Operations will also sign off on the inventory report. ~~Further, as of 2015, an~~ after any problems with the report have been appropriately addressed and/or corrections made. An independent roll-forward of timber inventory is conducted by the Director, Accounting Operations. ~~(Prior to 2015, a staff accountant conducted the independent roll forward.)~~

•III. Independent ~~Roll-forward~~Roll-Forward of Timber Inventory

- To verify that LIS department’s estimated ending inventory volumes are reasonable, the Director, Accounting Operations ~~performs~~shall perform an independent roll-forward of merchantable inventory, using the prior year’s ending inventory balance adjusted for timber harvests, acquisitions, land sales, and non-harvest adjustments that occurred in the twelve months ended September 30 of ~~the current~~each year. ~~As of 2015, the~~The Director, Accounting Operations shall also ~~calculates~~calculate an estimated timber growth volume, based on growth data obtained from the Forest Inventory and Analysis (“FIA”) Program of the U.S. Forest Service (prior to 2015, the growth rate was based on prior year data from LMS). Rayonier ~~utilizes~~ will utilize the FIA growth data, taking into account the published error rate, to generate a minimum and maximum growth rate. ~~In addition, as of 2015, the~~The Director, Accounting Operations calculates an estimated volume of ~~in-growth~~in-growth (volume of timber that is reaching merchantable age in the current year) using volume data obtained through physical counts (timber cruises) of Rayonier timber inventory and taking into account the variations among stands to obtain minimum and maximum tons per acre for timber entering the merchantable pool. ~~(Prior to 2015, in-growth rates were provided by the LIS department.)~~ The end result is a minimum and

maximum ending inventory value per depletion pool that can be compared to the LIS annual inventory report.

- ~~As of 2015, for~~ For each depletion pool, the following rules shall be followed when calculating timber inventory roll-forward:

- if the LIS inventory balance falls within the minimum and maximum inventory volume as calculated by accounting, the LIS inventory volume is deemed reasonable.
- if the LIS inventory balance falls outside minimum or maximum inventory volume, but is within 5% of both the minimum and maximum inventory, the LIS inventory volume is deemed reasonable.
- if the LIS inventory volume falls within 5% of either the minimum or maximum inventory volume as calculated by accounting and the effect on the following year's budgeted depletion expense is less than \$500,000, the LIS inventory volume is deemed reasonable.
- if the variance between LIS inventory and either the minimum or maximum inventory volume is greater than 5% and the effect on the following year's budgeted depletion expense is less than \$250,000, the LIS inventory is deemed reasonable.
- if none of the above is true, the inventory volume as calculated by LIS is reviewed by accounting for accuracy, and the reason for the material variance to the roll-forward is ascertained, approved and documented before the LIS inventory is deemed reasonable.

The Board shall be provided yearly with information concerning verification of the roll-forward of timber inventory, including:

- ~~Prior to 2015, a variance of + 3% needed to be explained.~~
 1. External data used for growth rate estimates that have been properly filtered such that the growth data are from sample plots that are representative of comparable Rayonier timberland in terms of species, ages, site classes, stocking levels and silvicultural regimes.
 2. Growth rates were checked by comparing the change in inventory against the external growth rates as well as other data.
 3. In the event that there is a material variance to the roll-forward, the Director, LIS shall provide an explanation for the reasonableness determination.

• IV. **Calculation of ~~the~~ Annual Depletion Rate**

- Once the LIS inventory has been deemed accurate based on the comparison to the independent roll-forward as described above, the year-end inventory balance ~~is~~ shall be calculated using the LIS September 30 balance adjusted for fourth quarter timber sales, land sales, and land acquisitions. The depletion rate ~~is typically~~ shall be calculated at the end of January of the following year. The depletion rate is the cost of the merchantable timber divided by the number of tons of merchantable timber. The cost of merchantable timber is tracked in the general ledger, and includes the cost

of the seedlings planted, any ~~silvaculture~~silviculture applied on the stand, and a portion of

property tax, lease costs, and overhead. Rayonier utilizes nine depletion pools, which are East Central Pine and Hardwood (includes Florida, Georgia, Alabama and Mississippi timber), Southwest Pine and Hardwood (Texas and Louisiana timber), Oklahoma Pine and Hardwood, Timber Deed Pine and Hardwood (includes Arkansas and Louisiana timber deeds, plus Rayonier's ownership in Tennessee), and the Pacific Northwest depletion pool (Washington and Oregon timber). Once the depletion rates are calculated, the Director, Accounting Operations compiles a depletion memorandum, outlining the steps taken to verify the inventory balance and calculate the depletion rate, and, ~~as of 2015~~, the memorandum is reviewed and approved by the Director, Accounting Operations; the Director Financial Services and Corporate Controller; Chief Financial Officer; and Senior Vice President, U.S. Forest Operations. The new rate is applied to all timber and land sales as of the first day of the new year.

• **V.** **Review of Inventory, Depletion, and Harvest Schedule with the Audit Committee**

- ~~As of 2015, in~~ In February of each year, the ~~Senior Manager of~~ Director, LIS and the Director, Accounting Operations, ~~meets~~ shall meet with the Audit ~~committee~~ Committee to discuss the annual timber report and the calculation of the new depletion rates. Methods of inventory measurement and verification ~~are~~ shall be discussed, and large edits to inventory not associated with timber sales, land sales, acquisitions, growth, or in-growth ~~are~~ shall be highlighted and discussed.
- ~~In addition, as of February 2017, a~~ A report comparing harvest cutout to inventory ~~is~~ shall be presented and discussed in connection with the February meeting referenced above. If any trends or variances are noted, a discussion with external auditors is held to discuss if any adjustments to timber inventory is appropriate.
- ~~As of 2015, an~~ An extended harvest schedule (20 years or more) for the Southern and Pacific Northwest regions ~~is~~ shall be presented to the Board at least annually.

The following policies shall be adopted relating to the Board's review of Inventory, Depletion and Harvest Schedule:

1. Harvest cutout volumes shall not be used to adjust an inventory.
 - Identifying trends and differences in timber inventory is appropriate, and, if significant differences in volumes or trends are found, it may be appropriate to make adjustments to cruising standards and inventory compilation standards which will in turn appropriately affect forecasts of merchantable volumes as the new standards are applied to new cruises.
2. The Board shall be presented annually with graphics for the United States South and Pacific Northwest timberlands similar to the graphics shown in Attachment 1 hereto, for not less than 30 years, and preferably for a period equal to 2 rotations for the average site class on each land base.

•VI. Quarterly Verification/~~Re-calculation~~Re-Calculation of Depletion Rates

- ~~As of 2017, prior~~Prior to the end of the first quarter each year, the Director, Accounting Operations ~~will~~shall verify that the ending inventory cost balance used for the depletion calculation is accurate. Often, the final cost of in-growth is not posted into the general ledger until February, and an estimate is used for the depletion calculation. By verifying the accuracy of the final timber cost prior to the end of the first quarter each year, any corrections can be made prior to filing the SEC Form 10-Q for that quarter.
- If a large timberland acquisition or sale occurs during the fiscal year, the effect of that transaction on the depletion calculation is determined: as follows:
 - From the acquisition's valuation, or the land sale's inventory, determine the volume and value of merchantable timber.

- Add (or subtract if the transaction was a land sale) those values to/from the year's beginning balance for merchantable timber volume and cost (ending balance in the current year's depletion calculation).
- Recalculate the depletion rate by dividing the merchantable timber value by its volume.
- If the increase or decrease to the depletion rate is greater than 5% or \$200,000, then the depletion rate ~~is to~~shall be recalculated effective the first day of the quarter following the land acquisition or sale. ~~(The policy of recalculating the depletion rate after a large acquisition has always been in place, however, the materiality threshold was only defined in 2015).~~
- The depletion rate ~~is~~shall be recalculated for the affected timber ~~pool~~pool(s) only, and takes into account all timberland acquisitions and sales that occurred in ~~that pool~~ such pool(s) in the period prior to the material acquisition or sale. Timber growth and capital costs that occurred during the fiscal year ~~are~~should be disregarded until the annual update.
- ~~As of 2015, the~~The calculation of the depletion rates ~~is~~shall be completed by the Director Accounting Operations, and reviewed by the Director Financial Services and Corporate Controller; Chief Financial Officer; and Senior Vice President, U.S. Forest Operations. ~~Also as of 2015, quarterly~~Quarterly adjustments to the depletion rate due to land acquisitions or sales ~~are~~shall be calculated by the Director, Accounting Operations, and reviewed and ~~approved~~subject to the approval by Director, Financial Services and Corporate Controller.

•VII. Controls

- ~~During 2014, management evaluated~~Management shall (at least annually) re-evaluate its internal controls over timber inventory and depletion rates ~~and concluded that the only key control was as follows:~~

- ~~• The US Forest Resources (“USFR”) Controller’s Department prepares a timberland roll forward for each depletion pool to evaluate the reasonableness of the additions and depletions of merchantable timber volume and dollars. The estimated timber volume calculated by the USFR Controller’s Department is compared to the timber volume provided by the LIS department and variances are investigated by the USFR Controller. The USFR Controller’s Department, using volumes reported by LIS, calculates pool depletion rates.~~
- ~~• In 2014, Rayonier concluded the timberland roll forward prepared by the USFR Controllers’ Department was not appropriately designed as some of the inputs were derived from Rayonier’s timber inventory system (i.e., growth rates and in-growth) rather than independent sources. After evaluating internal controls, management revised the control to include an independent source for growth rates, an independent calculation of in-growth, and review from senior management. The revised control was implemented in the fourth quarter of 2014 and is as follows:~~

 - The Director, Accounting Operations ~~prepares~~shall prepare a timberland ~~roll forward~~roll- forward for each depletion pool to evaluate the reasonableness of the additions and ~~depletions~~deletions of merchantable timber volume and dollars. Growth rates in the roll-forwards are calculated using growth factors obtained from an independent source. In-growth volumes ~~are~~shall be calculated using acres from ~~the~~-LMS and average tons per acre. The estimated timber volume calculated by the Director, Accounting Operations ~~is~~shall be compared to the timber volume provided by the LIS Department and variances are investigated by the Director, Accounting Operations. LIS management reviews the timber volume used in the roll-forwards for accuracy.
 - The Director, Accounting Operations, using volumes reported by LIS, ~~calculates~~shall calculate pool depletion rates. The depletion rate calculations ~~are~~shall be reviewed by the Director, Accounting Operations; the Director, Financial Services and Corporate Controller; the Senior Vice President of US Forest Operations; and the CFO for validity, accuracy and completeness.
- ~~• In the fourth quarter of 2014, in addition to revising the current control, management added the following additional controls related to timber inventory and depletion, which were tested by Internal Audit in 2014, and each subsequent year.~~

 - The LIS Department ~~prepares~~shall prepare an annual report of ~~their~~its estimates of harvestable merchantable timber with explanations for significant changes. The report ~~is~~shall be reviewed by a broad group of operating managers for appropriateness and reasonableness, and by senior management, prior to finalization.
 - Acquisition timber volumes updated in LMS ~~are~~shall be reviewed by LIS management and compared to acquisition source documentation and independent cruise data if applicable.
 - Capitalized costs allocated to timber ~~are~~shall be reviewed for reasonableness

and appropriateness of classification (capitalized vs. expense) by the Director, Accounting Operations and the Director, Financial Services and Corporate Controller and exceptions are investigated.

- USFR Accounting Managers shall perform a variance analysis between forecast and actual results, including depletion expense, and investigate exceptions.
- Periodic cruises of timberlands ~~are~~shall be performed to help validate inventory estimates. Upon completion of the cruise and audit program, results ~~are~~shall be reviewed for reasonableness and input into the LMS system. A separate individual ~~compares~~shall compare the data within LMS to the original cruise data results for completeness and accuracy.
- Significant changes to growth and yield models ~~are peer reviewed. Peer reviews occur infrequently and are triggered by significant changes to the architecture or functions of the models.~~shall be peer-reviewed.
- The LIS department shall manually ~~recalculates~~recalculate volumes for selected timber stands using current cruise reports and ~~compares~~compare to volumes recorded in LMS.

- User access to LMS ~~is~~shall be authorized by the system administrator through the user provisioning process.
- A user review ~~is~~shall be performed to identify unnecessary or excessive access in LMS.
- Changes to system objects in LMS ~~are~~shall be matched to a change management ticket on a monthly basis and exceptions are investigated.
- Program changes to LMS that directly ~~impacts~~impact inventory ~~are~~shall be monitored using change management software.
- Internal Audit ~~tests~~shall test timber and depletion controls annually by performing the following steps:
 - Meet with the ~~Senior Manager~~Director, LIS and Forest Management Systems Specialist to inquire about the process for preparing merchantable timberland volumes, any changes in the process from prior year, and any significant adjustments or variances from expected volume.
 - Review the timber inventory calculation by agreeing selected amounts in the calculation to supporting documentation.
 - Determine if there is a process for ensuring the completeness and accuracy of the reports used in the timber volume calculation.
 - Review the merchantable timber roll-forward prepared by the Director, Accounting Operations by agreeing selected amounts from the ~~roll-forward~~roll-forward to supporting documentation.
 - ~~Agree~~Reconcile calculated depletion rates to the rates recorded in the timber revenue system.
 - Meet with the Director, Accounting Operations and the Director, Financial Services and Corporate Controller to discuss their reviews of merchantable timber inventory and depletion rates.

- Internal Audit ~~reports~~shall report significant control deficiencies to the Audit Committee of the Board of Directors and ~~Ernst & Young (“EY”)~~the Company’s outside auditor. If a control deficiency is discovered prior to the close of year-end reporting, management is asked to take steps to remediate the deficiency.
- Annually, ~~EY~~the outside auditor provides the Audit Committee with a report that summarizes audit procedures and findings. ~~EY~~The outside auditor provides an evaluation of the quality and application of accounting policies including the ~~reasonableness of estimate for all critical accounting policies and use of estimates, amongst other required communications, which includes~~ “merchantable inventory and depletion costs as determined by forestry timber harvest models” as defined within Rayonier’s Form 10-K.

- ~~EY has issued an unqualified opinion on the Company's financial statements and internal control over financial reporting as of, and for, the year ended December 31, 2016.~~
- In February of each year, the Director, Accounting Operations and the ~~Senior Manager~~Director, LIS attend the meeting of the Audit Committee of the Board of Directors to provide an overview of merchantable timber inventory and depletion rates. The presentation to the Committee includes a summary of the process for calculating merchantable inventory, detail of the inputs for depletion rate calculations, and any significant changes from prior year to either the process or merchantable inventory volumes. The Audit Committee makes specific inquiries of management, Internal Audit, and ~~EY~~the outside auditor to ensure there is adequate review over the process and assumptions used to estimate merchantable timber inventory.
- ~~In 2016, management created a~~Rayonier shall ensure that the position ~~(, Senior Manager, Internal Controls), is appropriately staffed~~ to provide additional oversight and ensure risks are appropriately evaluated and addressed by internal controls. ~~Management appointed an employee to this role who has been with Rayonier for fourteen years and whose previous roles included management positions in the USFR Revenue, Internal Audit and General Ledger departments.~~ The Senior Manager, Internal Controls ~~began working~~shall work in consultation with the LIS department ~~in 2016~~ to evaluate the processes and controls related to merchantable timber inventory.

The following policies shall be adopted relating to the controls implemented by Rayonier:

1. Use of external, independent sources for timber growth rates to verify the above-described roll-forward rates must be carefully justified so that such use can be explained to the Board, the relevant Board committees, and the Company's external auditor.
2. Adjustments to growth rates on Rayonier's land bases must be based on appropriate measurement data from Rayonier's stands or similarly managed timber stands.
3. Adjustments to growth rates should be made based on measurement periods of 5 or more years.
 - Utilizing appropriately filtered third-party data for comparison of growth rate purposes is acceptable.
 - Adjustments to growth rates should be made based on longer-term measurement periods of 5 or more years. For some silvicultural treatment studies, such as for fertilization response studies, growth plot measurement periods are often shortened to 2 or 3-year intervals. However, for purposes of forecasting growth across most forest ownerships, monitoring of growth rates should be done on 5-year intervals.

If there are insufficient numbers of growth monitoring plots, the Company may compare stand

inventory estimates from cruises conducted 5, 10 or even 20 years in the past with current cruise information on the same timber stands. However, if this method is utilized, there may need to be some adjustments for possible changes in merchantability limits over time, but these can be accounted for with appropriate taper equations.

Summary report:	
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Style name: JD Color	
Intelligent Table Comparison: Inactive	
Original filename: Timber Inventory Procedures.docx	
Modified filename: 1503104613_2 Exhibit A - Inventory Procedures.docx	
Changes:	
<u>Add</u>	176
Delete	143
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	1
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	320

EXHIBIT B

RAYONIER INC.

CHARTER OF THE AUDIT COMMITTEE

As Amended ~~February 23~~ , 2017

I. PURPOSE

The Audit Committee (the “Committee”) of Rayonier Inc. (the “Company”) is responsible for assisting the Board in its oversight of: (i) the integrity of the Company’s financial statements and accounting and financial reporting processes, including disclosure controls and procedures and internal controls over financial reporting; (ii) the independent auditor’s qualifications, independence, compensation, performance and selection; (iii) the performance of the Company’s internal auditor and internal audit function; (iv) the Company’s compliance with legal, tax and regulatory requirements, as well as compliance with the Company’s ethical standards; (v) the Company’s enterprise risk management (“ERM”) program; and (vi) the administration and investment performance of the Company’s pension and savings plans.

Management is responsible for determining that the Company’s financial statements are complete and presented fairly and prepared in accordance with generally accepted accounting principles; the independent auditor is responsible for auditing the financial statements. The independent auditors and the internal auditors report directly to the Committee.

II. MEMBERSHIP

The Committee shall consist of not less than three directors. The Committee members shall meet the experience and independence requirements of the New York Stock Exchange and the Securities Exchange Act of 1934, as amended. At least one member of the Committee shall be an “audit committee financial expert” (as defined by the Securities and Exchange Commission). No member of the Committee may serve simultaneously on the audit committee of more than two other public companies.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee shall meet periodically in separate executive sessions with management (including the chief financial officer and chief accounting officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem necessary or appropriate. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

IV. AUTHORITY AND RESPONSIBILITIES

In furtherance of its purpose, the Committee shall have the following authority and responsibilities. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the

independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may carry out additional duties and responsibilities as may be appropriate and such other duties and responsibilities delegated to it from time to time by the Board:

A. Financial Reporting

1. Discuss the audited annual financial statements and quarterly financial statements of the Company with management and the independent auditors, including the Company's related disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Form 10-K and

Form 10-Qs. Make a recommendation to the Board of Directors regarding whether the annual audited financial statements should be included in the annual Form 10-K.

2. Review with the independent auditors the results of their annual audit of the Company's financial statements and audit of internal control over financial reporting, and the required communications under (i) Auditing Standards No. 1301, including a discussion of events, transactions, and changes in accounting principles or estimates or financial statement presentation that may affect the quality of the Company's financial reporting, any significant audit issues and management response, and their view on the adequacy of internal controls, and (ii) Public Company Accounting Oversight Board rules regarding the independence of the independent auditors.
3. Review with management and the independent auditor (i) all significant issues, deficiencies and material weaknesses in the design or operation of internal controls, and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
4. Review with the independent auditor any audit problems or difficulties and management's response. Resolve any disagreements between management and the independent auditor regarding financial reporting.
5. Review with management and the independent auditors (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles, (ii) all critical accounting policies and practices and all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, (iii) alternative treatments within generally accepted accounting principles that have been discussed with management, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent auditors, (iv) the effect of regulatory and accounting initiatives, as well as any significant off-balance sheet structures, on the Company's financial statements, and (v) other material written communications between the independent auditors and management.
6. Review press releases, guidance, rating agency and investor presentations and other public disclosures of financial information, with particular attention to any use of "pro forma" or "adjusted" non-GAAP information.

B. Independent Auditor

1. Pre-approve all audit and allowable non-audit services by the independent auditor and review at least annually a report from the independent

auditor on any relationships with the Company or others that might affect independence.

2. At least annually review a report from the independent auditors describing the firm's internal quality control procedures, any material issues raised by the most recent Public Company Accounting Oversight Board inspections and internal quality control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the past five years, with respect to one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and all relationships between the independent auditor and the Company.
3. Establish hiring policies for employees or former employees of the independent auditor.
4. Review the annual audit plan with the independent auditors, including scope, timing, budget and coordination with the internal audit function, [as well as any developments in accounting principles and auditing standards that may affect either the financial statements or the audit.](#)
5. Directly appoint, retain, compensate, oversee and evaluate the qualifications, independence and performance of and, if necessary, terminate and replace the Company's independent auditor.

C. Internal Audit

1. Review and approve the internal audit function, including: (i) purpose, authority and organizational reporting lines; (ii) annual audit plan, budget and staffing and (iii) concurrence in the appointment and compensation of the director of internal audit.

D. Legal, Tax and Regulatory Compliance

1. Meet annually, or more frequently as appropriate, with management, including the General Counsel, Chief Risk Officer and the Chief Compliance Officer, for purposes of evaluating the adequacy and efficacy of the Company's legal compliance and ethics programs. The Chief Compliance Officer shall have a direct reporting obligation to the Committee, with the express authority to communicate personally to the Committee promptly on any matter.
2. Review periodically the Company's Standard of Ethics and Code of Corporate Conduct.
3. Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

4. Review at least annually material claims and litigation, and legal, regulatory and related government policy matters affecting the Company and its subsidiaries.
5. Oversee the Company's ongoing compliance with the tax rules under applicable Internal Revenue Code provisions and related regulations in order for the Company to qualify as a real estate investment trust.
6. Review and recommend to the Board proposed actions on environmental, health and safety compliance and regulatory matters which could have a significant impact on the business and strategic operating objectives of the Company and its subsidiaries.

E. Enterprise Risk Management

1. Oversee the Company's ERM process, including an annual review of the identification, assessment and management of material financial and other risks facing the Company, and assisting the Board in its risk management oversight responsibilities.
2. Discuss the Company's guidelines and policies with respect to risk assessment and risk management, with particular focus on risks related to financial statements and information issued.

F. Pension and Savings Plans

1. Oversee the policies, objectives, administration and investment performance of the Company's ERISA-qualified pension and savings plan assets and liabilities, including oversight of the Company's ERISA plan committees and others acting as fiduciaries and/or administrators of such pension and savings plans.

G. Other

1. Periodically meet privately with management, the internal and independent auditors, and the Company's Chief Compliance Officer and Ombudsman when the Committee or any of such persons deems necessary or appropriate.
2. Issue an annual report, for inclusion in the Company's proxy statement, as required by regulations of the Securities and Exchange Commission.
3. Determine appropriate funding for the Committee, including compensation for special legal, accounting or other experts or consultants the Committee may deem necessary or appropriate.

4. Conduct or authorize investigations into any matters within the scope of the powers and responsibilities delegated to the Committee.

The Committee shall report its actions and recommendations to the Board after each committee meeting and shall review and reassess annually the performance of the Committee and the adequacy of this charter and recommend any changes to the Nominating and Corporate Governance Committee for approval.

Limitation of Committee's Role

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP, applicable rules and regulations. These are the responsibilities of management and the independent auditor.

;

EXHIBIT C

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

DAVE MOLLOY, derivatively on behalf of
RAYONIER INC.,

Plaintiff,

v.

PAUL G. BOYNTON, NANCY LYNN WILSON,
HANS VANDEN NOORT, C. DAVID BROWN, II,
MARK E. GAUMOND, JAMES H. MILLER,
THOMAS I. MORGAN and RONALD
TOWNSEND,

Defendants,

and

RAYONIER INC., a North Carolina
Corporation,

Nominal Defendant.

Civil Action No.
3:17-cv-01157-TJC-MCR

[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT

WHEREAS, plaintiff Dave Malloy (“Plaintiff”) has made an unopposed motion (Doc. ____), pursuant to Federal Rule of Civil Procedure 23.1(c), for an order: (i) preliminarily approving the proposed settlement (the “Settlement”) of the above-captioned stockholder derivative action (the “Action”) in accordance with the Stipulation and Agreement of Settlement dated April 16, 2018 (the “Stipulation”), which, together with the exhibits annexed thereto, sets forth the terms and conditions of the proposed Settlement and for dismissal of the Action with prejudice upon the terms and conditions set forth therein; and (ii) approving distribution of the Notice of Proposed Derivative Settlement (the “Notice”) and Summary Notice of Proposed Derivative Settlement (“Summary Notice”) attached to the Stipulation as Exhibits D and E, respectively;

WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth in the Stipulation (in addition to those capitalized terms defined herein); and

WHEREAS, this Court, having considered the Stipulation and the exhibits annexed thereto and having heard the arguments of the parties;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court GRANTS Plaintiff’s unopposed motion for preliminary approval of the Settlement (Doc. ____).

2. This Court does hereby preliminarily approve, subject to further consideration at the Settlement Hearing described below, the Stipulation and the Settlement set forth therein, including the terms and conditions for: (i) a proposed Settlement and dismissal of the Action with prejudice as to the Released Persons; and (ii) an award of attorneys’ fees and reimbursement of expenses to the Stockholders’ Counsel.

3. A hearing (the “Settlement Hearing”) shall be held before this Court on _____, 2018, at _____.m. at the Bryan Simpson U.S. Courthouse, 300 North Hogan Street, Jacksonville, Florida 32202, to determine: (i) whether the proposed Settlement of the Litigation on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate, in the best interests of Rayonier and its stockholders, and should be approved by the Court; (ii) whether to approve the Agreed-Upon Fees; (iii) whether to approve Incentive Awards to any of the Stockholders; and (iv) whether the District Court Approval Order and Judgment attached to the Stipulation as Exhibits F and G, respectively, should be entered herein.

4. The Court approves, as to form and content, the Notice and Summary Notice (attached to the Stipulation as Exhibits D and E, respectively) and finds that the distribution of the Notice and Summary Notice substantially in the manner and form set forth in ¶ 3.1 of the Stipulation meets the requirements of Federal Rule of Civil Procedure 23.1 and due process, is the best notice practicable under the circumstances, and shall constitute due and sufficient notice of the matters set forth therein for all purposes to all Persons entitled to such notice.

5. Not later than ten (10) calendar days following entry of this Order, Rayonier shall cause a copy of the Notice to be filed with the Securities and Exchange Commission on a Form 8-K. As soon thereafter as is practicable, Rayonier shall cause the Summary Notice to be published one time in the Investors’ Business Daily. Rayonier shall also publish at that time the Stipulation, including the exhibits thereto, and the Notice on an Internet page that Rayonier shall create for this purpose, which shall be accessible via a link on the “Investor Relations” page of <https://www.Rayonier.com>, the address of which shall be contained in the Notice. Rayonier and/or its insurers shall be solely responsible for the costs of disseminating the Notice and Summary Notice.

6. At least twenty-one (21) calendar days prior to the Settlement Hearing, Rayonier's counsel shall serve on Stockholders' Counsel and file with the Court proof, by affidavit or declaration, of such publication of the Notice and Summary Notice.

7. All Current Rayonier Stockholders shall be bound by all orders, determinations, and judgments in the Action concerning the Settlement, whether favorable or unfavorable to Current Rayonier Stockholders.

8. Pending final determination of whether the Settlement should be approved, no Current Rayonier Stockholder, either directly, representatively, or in any other capacity, shall commence or prosecute against any of the Released Persons any action or proceeding in any court or tribunal asserting any of the Released Claims.

9. All papers in support of the Settlement and the Agreed-Upon Fees shall be filed with the Court and served at least thirty-five (35) calendar days prior to the Settlement Hearing. Any objection to Stockholders' Counsel's application for attorneys' fees and expenses shall be filed and served no later than twenty-one (21) calendar days before the Settlement Hearing. Any replies to any objections shall be filed with the Court and served at least seven (7) calendar days prior to the Settlement Hearing.

10. Any Current Rayonier Stockholder may appear and show cause if he, she, or it has any reason why the terms and conditions of the proposed Settlement should not be approved as fair, reasonable, and adequate; why the District Court Approval Order and a Judgment should not be entered thereon; or why the Agreed-Upon Fees should not be approved; provided, however, that unless otherwise ordered by the Court, no Current Rayonier Stockholder shall be heard or entitled to contest the approval of all or any of the terms and conditions of the proposed Settlement, the Agreed-Upon Fees to be awarded to the Stockholders' Counsel, or, if approved,

the District Court Approval Order and the Judgment to be entered thereon, unless that Current Rayonier Stockholder has, at least twenty-one (21) calendar days prior to the Settlement Hearing, filed with the Clerk of the Court and delivered to the following counsel (by hand or overnight courier or sent by first class mail): (1) a written objection to the Settlement setting forth: (a) the stockholder's name, address, and telephone number; (b) the nature of the objection; (c) proof of current ownership of Rayonier stock, including the number of shares of Rayonier stock and the date of purchase; and (d) any documentation in support of such objection; and (2) if a Current Rayonier Stockholder intends to appear in person, or through counsel, and requests to be heard at the Settlement Hearing, such stockholder must have provided, in addition to the requirements of (1) above, (a) a written notice of such stockholder's intention to appear; and (b) the identities of any witnesses the stockholder intends to call at the Settlement Hearing and a statement as to the subjects of their testimony, signed as authorized by the objecting stockholder, and served copies of any papers and briefs in support thereof to:

Kip B. Shuman
THE SHUMAN LAW FIRM
One Montgomery Street, Ste. 2800
San Francisco, CA 94104

Counsel for Plaintiff

Janine Cone Metcalf
JONES DAY
1420 Peachtree Street, N.E., Suite 800
Atlanta, GA 30309

Counsel for Nominal Defendant Rayonier Inc.

The written objections and copies of any papers and briefs in support thereof to be filed in Court shall be delivered by hand, overnight courier, or sent by first class mail to:

CLERK OF THE COURT
Bryan Simpson U.S. Courthouse

300 North Hogan Street
Jacksonville, FL 32202

Any Current Rayonier Stockholder who does not make his, her, or its objection substantially in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement as incorporated in the Stipulation and to the Agreed-Upon Fees, unless otherwise ordered by the Court, but shall otherwise be bound by the District Court Approval Order and Judgment to be entered and the releases to be given.

11. The provisions contained in the Stipulation (including any exhibits attached thereto) shall not be deemed a presumption, concession, or admission by any Settling Party of (i) any fault, liability, or wrongdoing, or (ii) lack of merit as to any facts or claims alleged or asserted in the Action or in any other action or proceeding. The provisions contained in the Stipulation shall not be interpreted, construed, deemed, invoked, offered, or received into evidence or otherwise used by any person in the Action or in any other action or proceeding, whether civil, criminal, or administrative, except in connection with any proceeding to enforce the terms of the Settlement. The Released Persons may file the Stipulation, District Court Approval Order, and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, breach of contract, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. All proceedings in the Action, other than as may be necessary to carry out the terms and conditions of the Settlement, are hereby stayed and suspended pending final determination of whether the Settlement provided for in the Stipulation shall be approved.

13. Pending the Effective Date of the Stipulation or the termination of the Stipulation according to its terms, the Stockholders and their Related Persons are barred and enjoined from initiating, instituting, commencing, maintaining, prosecuting, or in any way participating in any action or proceeding asserting any of the Released Claims against any of the Released Persons.

14. The Court reserves the right to adjourn the date of the Settlement Hearing or modify any other dates set forth herein without further notice to Rayonier stockholders, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement.

15. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to Rayonier stockholders.

IT IS SO ORDERED.

DATED: _____

The Honorable Timothy J. Corrigan
United States District Judge

EXHIBIT D

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

DAVE MOLLOY, derivatively on behalf of
RAYONIER INC.,

Plaintiff,

v.

PAUL G. BOYNTON, NANCY LYNN WILSON,
HANS VANDEN NOORT, C. DAVID BROWN, II,
MARK E. GAUMOND, JAMES H. MILLER,
THOMAS I. MORGAN, and RONALD
TOWNSEND,

Defendants,

and

RAYONIER INC., a North Carolina
Corporation,

Nominal Defendant.

Civil Action No.
3:17-cv-01157-TJC-MCR

NOTICE OF PROPOSED SETTLEMENT

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF STOCK OF RAYONIER INC. (“RAYONIER” OR THE “COMPANY”) AS OF APRIL 16, 2018 (“CURRENT RAYONIER STOCKHOLDERS”).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF STOCKHOLDER DERIVATIVE LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY THESE LEGAL PROCEEDINGS. IF THE COURT APPROVES THE SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE RELEASED CLAIMS.

IF YOU HOLD RAYONIER STOCK FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.

THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS CONCERNING THE MERITS OF THE ACTION. THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY COUNSEL FOR THE PARTIES.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Middle District of Florida (the “Court”), that a proposed settlement has been reached among the parties to the following derivative action brought on behalf of Rayonier, captioned *Molloy v. Boynton, et al.*, Case No. 3:17-cv-01157-TJC-MCR (the “Action”), pursuant to a stipulation of settlement filed with the Court (the “Settlement” or the “Stipulation”).

As explained below, on _____, 2018, at _____.m., the Court will hold a hearing (the “Settlement Hearing”) to determine: (i) whether to enter an order approving the terms of the Settlement as fair, reasonable, and adequate; (ii) whether a final judgment should be entered (the “Judgment”); (iii) whether the Court should award the requested attorneys’ fees and reimbursement of expenses for Stockholders’ Counsel and incentive awards to Stockholders (as those terms are defined below); and (iv) such other matters as may be necessary or proper under the circumstances.

The terms of the Settlement are set forth in the Stipulation dated April 16, 2018. The Settlement provides for corporate governance reforms that are designed to strengthen the Company's internal controls and protect the Company going forward. If approved by the Court, the Settlement will fully resolve the Action on the terms set forth in the Stipulation and summarized in this Notice, including the dismissal of the Action **WITH PREJUDICE**. For a more detailed statement of the matters involved in the Action, the Settlement, and the terms discussed in this Notice, the Stipulation may be inspected at the Clerk of Court's office at the Bryan Simpson U.S. Courthouse, 300 North Hogan Street, Jacksonville, Florida 32202. The Stipulation is also available for viewing via a link on the "Investor Relations" page of Rayonier's website at <https://www.Rayonier.com>.

This Notice is not intended to be an expression of any opinion by the Court with respect to the merits of the claims made in the Action, but is merely to advise you of the pendency and settlement of the Action.

There is No Claims Procedure. This case was brought to protect the interests of Rayonier and its stockholders. The Settlement will result in changes to the Company's corporate governance, not in payment to individuals, and, accordingly, there will be no claims procedure.

I. THE ACTION

The Action is brought by Plaintiff solely on behalf of and for the benefit of Rayonier and against the individual defendants named in the Action (the "Individual Defendants"), who are former directors and officers of Rayonier. (The Individual Defendants and Rayonier are together referred to as the "Defendants.") Plaintiff generally alleges, among other things, that the Individual Defendants breached their fiduciary duties in connection with the claimed overstatement of the Company's merchantable timber inventory and purported overharvesting of the Company's

timberlands in the Pacific Northwest. Plaintiff also alleges that certain Individual Defendants were unjustly enriched in connection with compensation received based on the alleged misconduct.

Rayonier is a publicly traded forest products company incorporated in North Carolina and headquartered in Yulee, Florida. Between November 2014 and May 2015, the Plaintiff and other shareholders of Rayonier (collectively, the “Stockholders”) each issued pre-suit litigation demands (the “Demands”) pursuant to North Carolina General Statute Section 55-7-42 on the Board of Directors of Rayonier (the “Board”). The Stockholders demanded that the Board investigate and take action against certain of the Company’s current and former directors and officers, including the Individual Defendants, for allegedly breaching their fiduciary duties owed to Rayonier and its stockholders and other alleged violations of law in connection with the claimed overstatement of the Company’s merchantable timber inventory and alleged overharvesting of the Company’s timberlands in the Pacific Northwest. The Board formed a committee to investigate the allegations in the Demands.

Pursuant to a series of tolling agreements entered into by the Stockholders, Rayonier, and the Board (the “Tolling Agreements”), on April 7, 2016, certain of the Settling Parties (defined below) participated in a joint mediation of the Demands and a related federal securities class action also filed with the Court, captioned *In re Rayonier Inc. Securities Litigation*, Case No. 3:14-cv-01395-TJC-JBT (the “Securities Action”) with Jed D. Melnick of JAMS in New York, New York. In advance of the mediation, the Stockholders issued a comprehensive settlement demand to the Board and submitted a detailed mediation statement to the mediator. Neither the Demands nor the Securities Action was resolved at the mediation.

On May 20, 2016, the Court denied the defendants’ motions to dismiss the operative complaint in the Securities Action. Pursuant to the Tolling Agreements, Rayonier provided the

Stockholders with over 1.5 million pages of documents that Rayonier produced in the Securities Action for counsel for the Stockholders (“Stockholders’ Counsel”) to review and analyze.

On March 6, 2017, certain of the Settling Parties and certain of Rayonier’s directors’ and officers’ liability insurers (the “D&O Insurers”) participated in another mediation session simultaneously with a mediation of the Securities Action with the Honorable (Ret.) Layn R. Phillips (“Judge Phillips”) of Phillips ADR in New York, New York. In advance of this second mediation, the Stockholders submitted a detailed mediation statement to Judge Phillips, citing certain of the non-public documents that had been produced by the Company. Although progress was made at this second mediation session, neither the Demands nor the Securities Action was resolved on that date.

Between the March 6, 2017 mediation and November 27, 2017, the Stockholders, on behalf of themselves and derivatively on behalf of Rayonier, Rayonier, and the Individual Defendants (the “Settling Parties”) continued to engage in good faith, arm’s-length negotiations regarding a potential resolution of the Demands. Specifically, in late March 2017, Rayonier responded to the Stockholders’ 2016 settlement demand, and the Stockholders requested, and Rayonier provided, a summary of the Company’s then-current practices relating to inventory management. The Stockholders retained Donald Reimer, Ph.D. (“Dr. Reimer”) and Kim Iles, Ph.D. (“Dr. Iles,” and together with Dr. Reimer, the “Stockholders’ Experts”) of D.R. Systems NW, to assist in Stockholders’ Counsel’s analysis of information provided by Rayonier and to provide recommendations to improve Rayonier’s timber inventory practices and policies in connection with the Settling Parties’ negotiations. Based on discussions with the Stockholders’ Experts, the Stockholders made additional requests for information to Rayonier and Rayonier responded to such requests. On June 7, 2017, the Stockholders made a counterproposal to Rayonier. Over the

next several months, the Settling Parties continued their arm's-length negotiations and exchanged multiple drafts of the proposed settlement terms.

On October 13, 2017, Plaintiff commenced the above-captioned stockholder derivative action on behalf and for the benefit of nominal defendant Rayonier against the Individual Defendants relating to the alleged misconduct set forth in the Demands. Plaintiff's Verified Stockholder Derivative Complaint and Demand for Jury Trial (the "Complaint"), which was in part based on and cited several of the non-public documents produced by Rayonier, was filed under seal per the agreement of Plaintiff and Rayonier and subsequent Order of the Court. The Complaint asserted counts against the Individual Defendants under North Carolina law for alleged breaches of their fiduciary duties in connection with the alleged (i) overstatement of Rayonier's merchantable timber inventory and (ii) overharvesting of the Company's timberlands in the Pacific Northwest, and against certain of the Individual Defendants for unjust enrichment in connection with compensation received based on the alleged misconduct.

Following the filing of the Action, the Settling Parties continued to engage in good faith, arm's-length negotiations regarding a potential resolution of the Demands and the Action. On November 27, 2017, the Settling Parties executed a term sheet memorializing the terms of an agreement (the "Term Sheet").

On November 30, 2017, certain of the Defendants filed an unopposed motion to stay the Action and all upcoming deadlines therein on account of the execution of the Term Sheet. On December 6, 2017, the Court granted the motion and administratively closed the Action. Subsequently, the Settling Parties negotiated the terms of the Stipulation.

On February 22, 2018, the Rayonier Board, in the exercise of its business judgment, approved a settlement consistent with the terms of the Term Sheet, with any fee award to be paid by the D&O Insurers, as in the best interests of Rayonier and its stockholders.

With the material terms of the Settlement agreed to, the Settling Parties began negotiations regarding the attorneys' fees and expenses for the Stockholders' Counsel. Unable to reach an agreement on their own, the Settling Parties and certain of the D&O Insurers attended a full day mediation on March 13, 2018 in New York City with mediator Michelle Yoshida of Phillips ADR. At the conclusion of this mediation, the Settling Parties agreed on the amount of reasonable attorneys' fees and expenses to be paid by the D&O Insurers, subject to approval by the Court.

II. TERMS OF THE PROPOSED DERIVATIVE SETTLEMENT

The principal terms, conditions, and other matters that are part of the Settlement, which is subject to approval by the Court, are summarized below. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation.

A. Rayonier Agrees to Adopt the Following Corporate Governance Reforms

Rayonier, through the Board and/or the Board's Audit Committee ("Audit Committee"), shall adopt and/or maintain the corporate governance reforms detailed below within sixty (60) days of entry of the Judgment following approval of the Settlement. The corporate governance reforms shall be maintained for a period of no less than three (3) years from the date of adoption, except for modifications required by applicable law, regulation, or technological advancements. Rayonier acknowledges that the Demands and the Action (together, the "Litigation") are a material factor for the three (3) year requirement.

Rayonier acknowledges that the adoption of the corporate governance reforms confers a substantial benefit upon the Company and that the Litigation was a causal factor in the implementation and/or maintenance of the corporate governance reforms.

(a) Adoption of a Comprehensive Inventory Policy

The Board will adopt an Inventory Policy (attached as Exhibit A to the Stipulation), which is a single, unified written document that sets forth (as specified in that Exhibit A) the policies and procedures with respect to (1) inventory monitoring and reporting; (2) the independent roll-forward of timber inventory; (3) calculation of depletion rates; (4) Audit Committee review of inventory, depletion, and harvest schedules; (5) quarterly verification of depletion rates; and (6) controls. The Company shall distribute the Inventory Policy to all relevant departments and personnel. Rayonier acknowledges that the Litigation was a material causal factor for the changes to the Company's inventory policy shown in the redline attached to the Stipulation as Exhibit A-1.

(b) Disclosure Committee

As part of Rayonier's review of the Company's public disclosures, the Company's Disclosure Committee will continue to review the Company's reporting of merchantable timber inventory.

(c) Audit Committee Charter

The Audit Committee Charter will be revised, as set forth in Exhibit B to the Stipulation. Rayonier acknowledges that the Litigation was a material causal factor for the changes to the Audit Committee Charter shown in the redline attached as Exhibit B to the Stipulation.

(d) Whistleblower Hotline

The Company will continue to engage an independent, third-party supplier to provide and monitor a whistleblower hotline for Rayonier employees and other stakeholders. On a monthly basis, the supplier will report in writing to the Chair of the Audit Committee any whistleblower complaint the supplier has received. The contact information for the whistleblower hotline will be conspicuously and widely posted by the Company on its website and elsewhere, so as to be available to not only employees but also to customers, vendors, and other third parties. This

whistleblower hotline shall provide an anonymous communication channel for employees and other stakeholders to report their concerns regarding, among other things, the integrity of Rayonier's public disclosures, internal controls, auditing, sustainable harvesting, and other matters. Employees may also use this communication channel to report concerns relating to ethical business or personal conduct, integrity, and professionalism. This reporting system, however, shall not replace the other methods employees or other stakeholders have traditionally used to communicate with Rayonier.

(e) Director Education

Continuing education for the members of the Board shall become mandatory. No less than two hours annually shall be required on topics that may include, among other things, compliance, recent developments relating to Rayonier's businesses or industry, and developments in the law regarding fiduciary duties. Rayonier acknowledges that the Litigation was a material causal factor for this requirement.

(f) Compliance Education

The Company's senior compliance officer shall annually attend a compliance and ethics seminar as the senior compliance officer and the Company's General Counsel deem appropriate. Rayonier acknowledges that the Litigation was a material causal factor for this requirement.

B. Corporate Governance Reforms Adopted After the Demands

In addition to the Company's agreement to adopt the above-referenced reforms, the Company acknowledges that the concerns raised in the Demands were a factor in the Company's adoption of the following corporate governance reforms:

(a) Senior Manager of Internal Controls

In 2016, Rayonier management created a position (Senior Manager, Internal Controls) to provide additional oversight and ensure risks are appropriately evaluated and addressed by the

Company's internal controls. Rayonier management appointed an employee to this role who had been with Rayonier for 14 years and whose previous roles included management positions in the USFR Revenue, Internal Audit and General Ledger departments at the Company. The Senior Manager, Internal Controls began working with the Land Information Systems ("LIS") Department in 2016 to evaluate the processes and controls related to merchantable timber inventory as presented in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC").

(b) Review of Inventory, Depletion and Harvest Schedule

As of 2015, Rayonier instituted the following additional oversight:

(1) In February of each year, the Director, LIS and the Director, Accounting Operations (or persons with similar functions) meet with the Audit Committee to discuss the annual timber report and the calculation of the new depletion rates. Methods of inventory measurement and verification are discussed, and large edits to inventory not associated with timber sales, land sales, acquisitions, growth, or in-growth are highlighted and discussed.

(2) As of February 2017, a report comparing harvest cutout to inventory is presented and discussed. If any trends or variances are noted, a discussion with external auditors is held to discuss if any adjustments to timber inventory are appropriate.

(3) An extended harvest schedule for the Southern and Pacific Northwest regions is presented to the Board.

(c) Changes to Compliance Procedures

The Company amended the Company's Code of Conduct to provide that the Ombudsman who serves as a confidential contact to provide guidance on issues relating to the Company's Code of Conduct and compliance obligations reports directly to the Audit Committee, instead of a management-led risk committee.

The Company amended the Audit Committee Charter to provide that the Chief Compliance Officer now has a direct reporting obligation to the Audit Committee, with the express authority to communicate personally to the Audit Committee promptly on any matter.

(d) Changes to Accounting and Audit Procedures

The Company amended the Audit Committee Charter to provide for additional specific duties regarding the Company's internal audit function, including the requirement that the Audit Committee review and approve (i) the purpose, authority, and organizational reporting lines; (ii) annual audit plan, budget, and staffing; and (iii) concurrence in the appointment and compensation of the director of internal audit.

This Notice provides a summary of the corporate governance reforms that Rayonier has agreed to adopt, or has otherwise already adopted, as consideration for the Settlement. For a complete description of all of the corporate governance reforms, please see the Stipulation.

III. DISMISSAL AND RELEASES

The Settlement is conditioned, among other things, upon entry of an order by the Court approving the Settlement and dismissing the Action **WITH PREJUDICE**. The Settlement will not become effective until such dismissals have been entered and have become final and non-appealable (the "Effective Date").

1. Upon the Effective Date, Stockholders, all Current Rayonier Stockholders, and each of the Stockholders' and Current Rayonier Stockholders' Related Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Persons from the Released Claims and shall be forever barred and enjoined from initiating, instituting, commencing, maintaining, or prosecuting any of the Released Claims against any of the Released Persons. Upon final approval of the Settlement, the Releasing Persons shall be deemed to have waived and relinquished, to the fullest extent

permitted by law, the provisions, rights, and benefits of any state, federal, or foreign law, or principle of common law, which may have the effect of limiting the foregoing release. The foregoing release shall include a release of Unknown Claims.

A. Definitions

As used in this Notice:

(1) “Related Persons” means (i) a Person’s spouses, heirs, executors, estates, or administrators; (ii) a Person’s present and former attorneys, legal representatives, and assigns in connection with the Litigation; and (iii) a Person’s past and present directors, officers, agents, advisors, employees, affiliates, predecessors, successors, and parents.

(2) “Released Claims” means all actions, suits, claims, demands, rights, sanctions, liabilities, damages, and causes of action of every nature and description whatsoever, including both known claims and Unknown Claims, whether accrued or unaccrued, and whether arising under federal, state, common, or foreign law, (i) that were asserted in the Litigation or (ii) that could have been asserted in any forum derivatively on behalf of Rayonier, or by Rayonier directly, arising out of or based upon the facts, allegations, transactions, occurrences, matters, or events described in the Action, including without limitation the alleged overstatement of Rayonier’s merchantable timber inventory, the alleged overharvesting of the Company’s timberlands, and the compensation received by certain of the Individual Defendants based on the alleged misconduct; *provided, however*, that the Released Claims shall not include any claims relating to the enforcement of the Stipulation, the Settlement, or the Judgment.

(3) “Released Persons” means and includes (i) each of the Individual Defendants; (ii), John A. Blumberg, John E. Bush, Dod A. Fraser, Scott R. Jones, H. Edwin Kiker, Richard D. Kincaid, Blanche L. Lincoln, V. Larkin Martin, David L. Nunes, David W. Oskin, and Benson K.

Woo; (iii) Rayonier; (iv) the members of the special litigation committee created by Rayonier's Board to investigate the Demands (Scott R. Jones, Andrew G. Wiltshire, and Bernard Lanigan, Jr.), – in their capacities as directors of Rayonier and as members of the special litigation committee – and the committee's counsel; (v) Rayonier's directors' and officers' insurers, including without limitation the D&O Insurers; (vi) Rayonier's auditors, including without limitation Ernst & Young LLP; and (vii) each and all of the foregoing persons' Related Persons.

(4) “Unknown Claims” means any claim that a Releasing Person does not know or expect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Releasing Persons shall expressly waive, or shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Stockholders acknowledge that the Stockholders, Current Rayonier Stockholders, or both may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of the release, but that it is their intention, as Stockholders and derivatively on behalf of Rayonier, hereby to settle and release fully, finally, and forever any and all Released Claims, whether known or unknown, suspected or unsuspected, which now exist, or heretofore existed, without regard to the subsequent discovery or existence of such additional or

different facts. The Stockholders acknowledge, and Current Rayonier Stockholders shall be deemed by operation of the entry of the Judgment approving the Settlement to have acknowledged, that the foregoing waiver was separately bargained for and is an integral element of the Settlement.

2. Further, upon the Effective Date, Defendants and the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Stockholders and Stockholders' Counsel from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Litigation or the Released Claims; *provided, however,* that this release shall not include any claims relating to the enforcement of the Stipulation, the Settlement, or the Judgment.

These releases, however, shall not in any way impair or restrict the rights of any Settling Party to enforce the terms of the Stipulation or the Judgment. In addition, nothing in the Stipulation constitutes or reflects a waiver or release of any rights or claims of Defendants against their insurers, or their insurers' subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any rights or claims of Defendants under any directors' and officers' liability insurance policy or other applicable insurance coverage maintained by the Company. Likewise, nothing in the Stipulation constitutes or reflects a waiver or release of any rights or claims of the Individual Defendants relating in any way to indemnification, whether under any written indemnification or advancement agreement, or under the Company's charter, by-laws, or under applicable law.

IV. ATTORNEYS' FEES AND EXPENSES

After negotiation of the principal terms of the Settlement, counsel for the Stockholders, Rayonier, and certain of the D&O Insurers, with the substantial assistance and oversight of the

mediator Michelle Yoshida of Phillips ADR, separately negotiated at arm's-length the amount of attorneys' fees and reimbursement of expenses to be paid to Stockholders' Counsel. As a result of these negotiations, the D&O Insurers, on behalf of the Defendants, agreed to pay an award of attorneys' fees and reimbursement of expenses to Stockholders' Counsel in the total amount of One Million Nine Hundred Ninety-Five Thousand and 00/100 dollars (\$1,995,000) (the "Agreed-Upon Fees"), subject to approval of the Court. To date, Stockholders' Counsel have not received any payments for their efforts on behalf of Rayonier. The Stockholders and Rayonier mutually agree that the Agreed-Upon Fees are fair and reasonable in light of the substantial benefits conferred upon Rayonier and Current Rayonier Stockholders.

Stockholders may also apply for Court approval of incentive awards in the amount of \$5,000 for each Stockholder (the "Incentive Awards"), in light of the benefits they have helped to create for Rayonier and Current Rayonier Stockholders. The Incentive Awards, to the extent that they are applied for and approved by the Court in whole or in part, shall be funded solely from the attorneys' fees and expenses awarded by the Court (as described in the preceding paragraph) and any application for the Incentive Awards shall not increase the amount of such attorneys' fees and expenses to be paid on behalf of Defendants.

V. REASONS FOR THE SETTLEMENT

Counsel for the Stockholders and Rayonier believe that the Settlement is in the best interests of the Stockholders, Rayonier, and Current Rayonier Stockholders.

A. Why Did The Plaintiff Agree to Settle?

The Stockholders contend, after an extensive investigation, which included, *inter alia*, (a) inspecting, reviewing, and analyzing the Company's public filings with the SEC; (b) researching corporate governance issues; (c) researching the applicable law with respect to the claims asserted in the Litigation and the potential defenses thereto; (d) reviewing and analyzing

over 1.5 million pages of documents produced by Rayonier; (e) reviewing and analyzing additional information provided by Rayonier relating to its inventory management practices and procedures; (f) consultation with Dr. Reimer and Dr. Iles; and (g) participation in two mediation sessions, that, while they believe the claims asserted in the Litigation on behalf of Rayonier have merit, (i) they recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation through trial and appeal; (ii) they have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation; and (iii) they are mindful of the inherent problems of proof and possible defenses to the claims asserted in the Litigation. The Stockholders' Counsel believe that the Settlement will result in significant corporate governance enhancements that will directly address issues Rayonier had that previously led to what the Stockholders believe was an overstatement of the Company's merchantable timber inventory and overharvesting of the Company's timberlands in the Pacific Northwest. The Stockholders and their Counsel contend that, based on the foregoing evaluation, they have determined that the Settlement set forth in the Stipulation is in the best interests of Rayonier and confers substantial benefits upon Rayonier and Current Rayonier Stockholders.

B. Why Did the Defendants Agree to Settle?

Defendants have denied, and continue to deny, each and all of the claims and contentions alleged by the Stockholders in the Litigation. Nonetheless, Defendants contend that (i) they have taken into account the uncertainty and risks inherent in any litigation; and (ii) they have therefore determined that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Rayonier states it has concluded that the

Settlement set forth in the Stipulation confers a substantial benefit to Rayonier and is in the best interests of the Company and Current Rayonier Stockholders.

VI. THE SETTLEMENT HEARING AND YOUR RIGHT TO OBJECT, BE HEARD, AND ATTEND

On _____, 2018, at _____ .m., the Court will hold the Settlement Hearing before the Hon. Timothy J. Corrigan in Courtroom 10-D, the United States District Court for the Middle District of Florida, 300 North Hogan Street, Jacksonville, Florida, 32202. The Settlement Hearing may be continued by the Court without further notice.

At the Settlement Hearing, the Court will consider (i) whether to enter an order approving the terms of the Settlement (including the dismissal of the Action and the release of claims against Rayonier and the Individual Defendants) as fair, reasonable and adequate; (ii) whether a final judgment should be entered dismissing the Action **WITH PREJUDICE**; (iii) whether the Court should award the requested attorneys' fees and reimbursement of expenses for Stockholders' Counsel and Incentive Awards to Stockholders; and (iv) such other matters as may be necessary or proper under the circumstances.

You have the right to object to the proposed Settlement and you may, but are not required, to appear in person or through counsel at the Settlement Hearing to present such objections to the Settlement or Stockholders' Counsel's application for an award of attorneys' fees and expenses. However, no Current Rayonier Stockholder shall be permitted to object or be heard to present such objection to the approval of the proposed Settlement and award of attorneys' fees and expenses, unless that Current Rayonier Stockholder has, *at least twenty-one (21) calendar days prior to the Settlement Hearing*, filed with the Clerk of the Court (1) a written objection to the Settlement setting forth: (a) the stockholder's name, address, and telephone number; (b) the nature of the objection; (c) proof of current ownership of Rayonier stock, including the number of shares of

Rayonier stock and the date of purchase; and (d) any documentation in support of such objection; and (2) if a Current Rayonier Stockholder intends to appear in person, or through counsel, and requests to be heard at the Settlement Hearing, such stockholder must have provided, in addition to the requirements of (1) above, (a) a written notice of such stockholder's intention to appear; and (b) the identities of any witnesses the stockholder intends to call at the Settlement Hearing and a statement as to the subjects of their testimony, signed as authorized by the objecting stockholder.

YOUR WRITTEN OBJECTIONS MUST BE ON FILE WITH THE CLERK OF THE COURT NO LATER THAN _____, 2018. The Court Clerk's address is:

Clerk of the Court
Bryan Simpson U.S. Courthouse
300 North Hogan Street
Jacksonville, Florida 32202

YOU ALSO MUST DELIVER COPIES OF THE MATERIALS TO STOCKHOLDERS' COUNSEL AND COUNSEL FOR RAYONIER (BY HAND, OVERNIGHT COURIER, OR FIRST CLASS MAIL) SO THEY ARE RECEIVED NO LATER THAN _____, 2018.

Counsel's addresses are:

Counsel for Plaintiff

Kip B. Shuman
THE SHUMAN LAW FIRM
One Montgomery Street, Ste. 2800
San Francisco, CA 94104

Counsel for Nominal Defendant Rayonier

Janine Cone Metcalf
JONES DAY
1420 Peachtree Street N.E., Suite 800
Atlanta, GA 30309-3053

Unless the Court orders otherwise, your objection will not be considered unless it is timely filed with the Court and delivered to Plaintiff's counsel and counsel for Rayonier.

Any Person or entity who fails to object or otherwise request to be heard in the manner prescribed above will be deemed to have waived the right to object to any aspect of the Settlement or otherwise request to be heard (including the right to appeal) and will be forever barred from raising such objection or request to be heard in this or any other action or proceeding.

VII. HOW TO OBTAIN ADDITIONAL INFORMATION

This Notice summarizes the Stipulation. It is not a complete statement of the events of the Action or the Stipulation. There is additional information concerning the Settlement available in the Stipulation. The Stipulation may be viewed via a link on the “Investor Relations” page of Rayonier’s website at <https://www.Rayonier.com>. You may also inspect the Stipulation during business hours at the office of the Clerk of the Court, Bryan Simpson U.S. Courthouse 300 North Hogan Street, Jacksonville, Florida 32202. However, you must appear in person to inspect these documents. The Clerk’s office will not mail copies to you.

For more information concerning the Litigation and Settlement, you may also call or write to: The Shuman Law Firm, c/o Kip B. Shuman, One Montgomery Street, Ste. 2800, San Francisco, CA 94104, Telephone: (303) 861-3003.

PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO EITHER THE COURT OR THE CLERK'S OFFICE.

DATED _____, 2018

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

EXHIBIT E

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

DAVE MOLLOY, derivatively on behalf of
RAYONIER INC.,

Plaintiff,

v.

PAUL G. BOYNTON, NANCY LYNN WILSON,
HANS VANDEN NOORT, C. DAVID BROWN, II,
MARK E. GAUMOND, JAMES H. MILLER,
THOMAS I. MORGAN, and RONALD
TOWNSEND,

Defendants,

and

RAYONIER INC., a North Carolina
Corporation,

Nominal Defendant.

Civil Action No.
3:17-cv-01157-TJC-MCR

SUMMARY NOTICE OF PROPOSED SETTLEMENT

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF STOCK OF RAYONIER INC. (“RAYONIER” OR THE “COMPANY”) AS OF APRIL 16, 2018 (“CURRENT RAYONIER STOCKHOLDERS”).

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Middle District of Florida (the “Court”), that a proposed Settlement has been reached among the parties to the stockholder derivative action brought on behalf of Rayonier, captioned *Molloy v. Boynton, et al.*, Case No. 3:17-cv-01157-TJC-MCR (the “Action”), pursuant to a stipulation of settlement filed with the Court (the “Settlement” or the “Stipulation”).

The Action is brought by Plaintiff solely on behalf of and for the benefit of Rayonier and against the named individual defendants. Plaintiff generally alleges, among other things, that the individual defendants breached their fiduciary duties in connection with the claimed overstatement of the Company’s merchantable timber inventory and purported overharvesting of the Company’s timberlands in the Pacific Northwest. Plaintiff also alleges certain individual defendants were unjustly enriched in connection with compensation received based on the alleged misconduct.

Under the terms of the Settlement, Rayonier shall adopt certain corporate governance reforms described in the Stipulation, including reforms to inventory policies. In addition, Rayonier agreed that an award of attorneys’ fees and reimbursement of expenses to Plaintiff’s counsel in the total amount of One Million Nine Hundred Ninety-Five Thousand and 00/100 dollars (\$1,995,000.00), subject to approval of the Court, is fair and reasonable in light of the substantial benefits conferred upon Rayonier and Current Rayonier Stockholders. Rayonier states that the Settlement is in the best interests of the Company and Current Rayonier Stockholders.

On _____, 2018, at _____ .m., the Court will hold the Settlement Hearing before the Hon. Timothy J. Corrigan in Courtroom 10D, the United States District Court for the Middle District of Florida, 300 North Hogan Street, Jacksonville, Florida, 32202, to determine: (i) whether to enter an order approving the terms of the Settlement (including the

dismissal of the Action and the release of claims against Rayonier and the individual defendants) as fair, reasonable, and adequate; (ii) whether a final judgment should be entered dismissing the Action **WITH PREJUDICE**; (iii) whether the Court should award the requested attorneys' fees and reimbursement of expenses for Stockholders' Counsel and incentive awards to Stockholders; and (iv) such other matters as may be necessary or proper under the circumstances. The Court may adjourn the Settlement Hearing without further notice to Rayonier stockholders.

PLEASE READ THIS SUMMARY NOTICE CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A CURRENT RAYONIER STOCKHOLDER, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THE ACTION.

This is a summary notice only. For additional information about the claims asserted in the Action and the terms of the proposed Settlement, please refer to the documents filed in the respective Action, the Stipulation, and the full-length Notice of Proposed Settlement (the "Notice"). The Stipulation and Notice may be viewed via a link on the "Investor Relations" page of Rayonier's website at <https://www.Rayonier.com>.

You have the right to object to the proposed Settlement and you may, but are not required, to appear in person or through counsel at the Settlement Hearing to present such objections to the Settlement or the award of attorneys' fees and expenses. However, no Current Rayonier Stockholder shall be permitted to object or be heard to present such objection to the approval of the proposed Settlement and award of attorneys' fees and expenses, unless that Current Rayonier Stockholder has, *at least twenty-one (21) calendar days prior to the Settlement Hearing*, filed with the Clerk of the Court (1) a written objection to the Settlement setting forth: (a) the stockholder's name, address, and telephone number; (b) the nature of the objection; (c) proof of current ownership of Rayonier stock, including the number of shares of Rayonier stock and the date of purchase; and (d) any documentation in support of such objection; and (2) if a Current

Rayonier Stockholder intends to appear in person, or through counsel, and requests to be heard at the Settlement Hearing, such stockholder must have provided, in addition to the requirements of (1) above, (a) a written notice of such stockholder's intention to appear; and (b) the identities of any witnesses the stockholder intends to call at the Settlement Hearing and a statement as to the subjects of their testimony, signed as authorized by the objecting stockholder.

YOUR WRITTEN OBJECTIONS MUST BE ON FILE WITH THE CLERK OF THE COURT NO LATER THAN _____, 2018. The Court Clerk's address is:

Clerk of the Court
Bryan Simpson U.S. Courthouse
300 North Hogan Street
Jacksonville, Florida 32202

YOU ALSO MUST DELIVER COPIES OF THE MATERIALS TO STOCKHOLDERS' COUNSEL AND COUNSEL FOR RAYONIER (BY HAND, OVERNIGHT COURIER, OR FIRST CLASS MAIL) SO THEY ARE RECEIVED NO LATER THAN _____, 2018.

Counsel's addresses are:

Counsel for Plaintiff

Kip B. Shuman
THE SHUMAN LAW FIRM
One Montgomery Street, Ste. 2800
San Francisco, CA 94104

Counsel for Nominal Defendant Rayonier

Janine Cone Metcalf
JONES DAY
1420 Peachtree Street N.E., Suite 800
Atlanta, GA 30309-3053

Unless the Court orders otherwise, your objection will not be considered unless it is timely filed with the Court and delivered to Plaintiff's counsel and counsel for Rayonier. Any Person or entity who fails to object or otherwise request to be heard in the manner prescribed above will be

deemed to have waived the right to object to any aspect of the Settlement or otherwise request to be heard (including the right to appeal) and will be forever barred from raising such objection or request to be heard in this or any other action or proceeding.

**PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS
NOTICE**

EXHIBIT F

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

DAVE MOLLOY, derivatively on behalf of)
RAYONIER INC.,)

Plaintiff,)

v.)

PAUL G. BOYNTON, NANCY LYNN)
WILSON, HANS VANDEN NOORT, C.)
DAVID BROWN, II, MARK E.)
GAUMOND, JAMES H. MILLER,)
THOMAS I. MORGAN, and RONALD)
TOWNSEND,)

CASE NO. 3:17-CV-01157-TJC-MCR

Defendants,)

and)

RAYONIER INC., a North Carolina)
Corporation,)

Nominal Defendant.)

_____)

**[PROPOSED] ORDER APPROVING DERIVATIVE SETTLEMENT
AND ORDER OF DISMISSAL WITH PREJUDICE**

This matter came before the Court for hearing pursuant to the Order of this Court, dated _____, 2018 (“Order”), on Plaintiff’s Motion for Final Approval of Derivative Settlement (“Settlement”) set forth in the Stipulation and Agreement of Settlement, dated April 16, 2018 (the “Stipulation”) (Doc. ____). Due and adequate notice having been given of the Settlement, and the Court having considered all papers filed and proceedings had herein, and otherwise being fully informed in the premises and good cause appearing therefor, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. The Court GRANTS Plaintiff's Motion for Final Approval of Derivative Settlement (Doc. ____).

2. This Order Approving Derivative Settlement and Order of Dismissal With Prejudice ("District Court Approval Order") incorporates by reference the definitions in the Stipulation, and all capitalized terms used herein shall have the same meanings as set forth in the Stipulation (in addition to those capitalized terms defined herein).

3. The Court finds that the notice provided to Current Rayonier Stockholders was the best notice practicable under the circumstances of these proceedings and of the matters set forth therein, including the Settlement set forth in the Stipulation, to all Persons entitled to such notice. The notice fully satisfied the requirements of Federal Rule of Civil Procedure 23.1 and the requirements of due process.

4. The Court finds that the terms of the Stipulation and Settlement are fair, reasonable, and adequate as to each of the Settling Parties, and hereby finally approves the Stipulation and Settlement in all respects, and orders the Settling Parties to implement and consummate its terms to the extent the Settling Parties have not already done so. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

5. The Action and all claims contained therein, as well as all of the Released Claims, are dismissed **WITH PREJUDICE**. As among the Settling Parties, the parties are to bear their own costs, except as otherwise provided in the Stipulation or below.

6. Upon the Effective Date, the Releasing Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Persons from the Released Claims and shall be forever barred and

enjoined from initiating, instituting, commencing, maintaining, or prosecuting any of the Released Claims against any of the Released Persons. The Releasing Persons shall be deemed to have waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of any state, federal, or foreign law, or principle of common law, which may have the effect of limiting the foregoing release. The foregoing release shall include a release of Unknown Claims (as defined in the Stipulation).

7. Upon the Effective Date, Defendants and the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Stockholders and Stockholders' Counsel from all claims, sanctions, actions, liabilities, or damages (including Unknown Claims) arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Litigation or the Released Claims; *provided, however*, that this release shall not include any claims relating to the enforcement of the Stipulation, the Settlement, or the Judgment.

8. Upon the Effective Date, Defendants, the Stockholders (acting on their own behalf and derivatively on behalf of Rayonier), and Current Rayonier Stockholders, shall be forever barred and enjoined from commencing, instituting or prosecuting any of the Released Claims against any of the Released Persons; *provided, however*, that nothing herein shall in any way release, waive, impair, or restrict the rights of any Settling Party to enforce the terms of the Stipulation.

9. The Court hereby approves an award of attorneys' fees and expenses in the amount of \$ _____ as fair and reasonable, which amount shall be paid to Stockholders' Counsel in accordance with the terms set forth in the Stipulation.

10. The Court hereby approves the incentive awards for which certain of the Stockholders have applied, in the amount of \$_____, to be paid in accordance with the terms set forth in the Stipulation.

11. The provisions contained in the Stipulation (including any exhibits attached thereto) shall not be deemed a presumption, concession, or admission by any Settling Party of (i) any fault, liability, or wrongdoing, or (ii) lack of merit as to any facts or claims alleged or asserted in the Action or in any other action or proceeding. The provisions contained in the Stipulation shall not be interpreted, construed, deemed, invoked, offered, or received into evidence or otherwise used by any person in the Action or in any other action or proceeding, whether civil, criminal, or administrative, except in connection with any proceeding to enforce the terms of the Settlement. The Released Persons may file the Stipulation, this District Court Approval Order, and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, breach of contract, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. During the course of the Action, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

13. Without affecting the finality of this District Court Approval Order and the Judgment in any way, this Court hereby retains continuing jurisdiction over the Action to enter any further orders as may be necessary to effectuate, implement and enforce the Stipulation and the Settlement provided for therein and the provisions of this District Court Approval Order. The Settling Parties and each Current Rayonier Stockholder are hereby deemed to have irrevocably submitted to the exclusive jurisdiction of this Court for the purpose of any suit, action, proceeding

or dispute arising out of or relating to the Settlement or the Stipulation, including the exhibits thereto, and only for such purposes. Without limiting the generality of the foregoing, and without affecting the finality of this Judgment, the Court retains exclusive jurisdiction over any such suit, action or proceeding. Solely for purposes of such suit, action or proceeding, to the fullest extent they may effectively do so under applicable law, the Settling Parties and Current Rayonier Stockholders are hereby deemed to have irrevocably waived and agreed not to assert, by way of motion, as a defense or otherwise, any claim or objection that they are not subject to the jurisdiction of this Court, or that this Court is, in any way, an improper venue or an inconvenient forum.

14. In the event that the Settlement does not become effective in accordance with the terms of the Stipulation, the parties shall move the Court to vacate this District Court Approval Order and the Judgment, so that all Orders entered and releases delivered in connection with the Stipulation, District Court Approval Order, and Judgment shall be null and void, except as otherwise provided for in the Stipulation.

15. This District Court Approval Order and the Judgment is a final and appealable resolution in the Action as to all claims and the Court directs immediate entry of the Judgment forthwith by the Clerk in accordance with Rule 58, Federal Rules of Civil Procedure, dismissing the Action with prejudice.

IT IS SO ORDERED.

DATED: _____

THE HONORABLE TIMOTHY J. CORRIGAN
UNITED STATES DISTRICT JUDGE

EXHIBIT G

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

DAVE MOLLOY, derivatively on behalf of)
RAYONIER INC.,)

Plaintiff,)

v.)

PAUL G. BOYNTON, NANCY LYNN)
WILSON, HANS VANDEN NOORT, C.)
DAVID BROWN, II, MARK E.)
GAUMOND, JAMES H. MILLER,)
THOMAS I. MORGAN, and RONALD)
TOWNSEND,)

CASE NO. 3:17-CV-01157-TJC-MCR

Defendants,)

and)

RAYONIER INC., a North Carolina)
Corporation,)

Nominal Defendant.)

[PROPOSED] JUDGMENT

Plaintiff Dave Malloy, having moved for final approval of the derivative settlement set forth in the Stipulation and Agreement of Settlement, dated April 16, 2018, and the matter having come before the Honorable Timothy J. Corrigan, United States District Judge, and the Court, on _____, 2018, having issued its Order Approving Derivative Settlement and Order of

Dismissal with Prejudice, and having directed the Clerk of the Court to enter judgment, it is hereby

ORDERED, ADJUDGED AND DECREED:

1. This Judgment incorporates by reference the Court’s Order Approving Derivative Settlement and Order of Dismissal with Prejudice dated _____, 2018; and

2. That for the reasons stated in, and pursuant to the terms set forth in, the Court's Order Approving Derivative Settlement and Order of Dismissal with Prejudice dated _____, 2018, Plaintiff's Motion for Final Approval of Derivative Settlement is granted; accordingly, this case is closed.

DATED: _____

THE HONORABLE TIMOTHY J. CORRIGAN
UNITED STATES DISTRICT JUDGE

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION**

DAVE MOLLOY, derivatively on behalf of
RAYONIER INC.,

Plaintiff,

v.

PAUL G. BOYNTON, NANCY LYNN WILSON,
HANS VANDEN NOORT, C. DAVID BROWN, II,
MARK E. GAUMOND, JAMES H. MILLER,
THOMAS I. MORGAN and RONALD
TOWNSEND,

Defendants,

and

RAYONIER INC., a North Carolina
Corporation,

Nominal Defendant.

Civil Action No.
3:17-cv-01157-TJC-MCR

[PROPOSED] ORDER PRELIMINARILY APPROVING SETTLEMENT

WHEREAS, plaintiff Dave Malloy (“Plaintiff”) has made an unopposed motion (Doc. ____), pursuant to Federal Rule of Civil Procedure 23.1(c), for an order: (i) preliminarily approving the proposed settlement (the “Settlement”) of the above-captioned stockholder derivative action (the “Action”) in accordance with the Stipulation and Agreement of Settlement dated April 16, 2018 (the “Stipulation”), which, together with the exhibits annexed thereto, sets forth the terms and conditions of the proposed Settlement and for dismissal of the Action with prejudice upon the terms and conditions set forth therein; and (ii) approving distribution of the Notice of Proposed Derivative Settlement (the “Notice”) and Summary Notice of Proposed Derivative Settlement (“Summary Notice”) attached to the Stipulation as Exhibits D and E, respectively;

WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth in the Stipulation (in addition to those capitalized terms defined herein); and

WHEREAS, this Court, having considered the Stipulation and the exhibits annexed thereto and having heard the arguments of the parties;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court GRANTS Plaintiff’s unopposed motion for preliminary approval of the Settlement (Doc. ____).

2. This Court does hereby preliminarily approve, subject to further consideration at the Settlement Hearing described below, the Stipulation and the Settlement set forth therein, including the terms and conditions for: (i) a proposed Settlement and dismissal of the Action with prejudice as to the Released Persons; and (ii) an award of attorneys’ fees and reimbursement of expenses to the Stockholders’ Counsel.

3. A hearing (the “Settlement Hearing”) shall be held before this Court on _____, 2018, at _____.m. at the Bryan Simpson U.S. Courthouse, 300 North Hogan Street, Jacksonville, Florida 32202, to determine: (i) whether the proposed Settlement of the Litigation on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate, in the best interests of Rayonier and its stockholders, and should be approved by the Court; (ii) whether to approve the Agreed-Upon Fees; (iii) whether to approve Incentive Awards to any of the Stockholders; and (iv) whether the District Court Approval Order and Judgment attached to the Stipulation as Exhibits F and G, respectively, should be entered herein.

4. The Court approves, as to form and content, the Notice and Summary Notice (attached to the Stipulation as Exhibits D and E, respectively) and finds that the distribution of the Notice and Summary Notice substantially in the manner and form set forth in ¶ 3.1 of the Stipulation meets the requirements of Federal Rule of Civil Procedure 23.1 and due process, is the best notice practicable under the circumstances, and shall constitute due and sufficient notice of the matters set forth therein for all purposes to all Persons entitled to such notice.

5. Not later than ten (10) calendar days following entry of this Order, Rayonier shall cause a copy of the Notice to be filed with the Securities and Exchange Commission on a Form 8-K. As soon thereafter as is practicable, Rayonier shall cause the Summary Notice to be published one time in the Investors’ Business Daily. Rayonier shall also publish at that time the Stipulation, including the exhibits thereto, and the Notice on an Internet page that Rayonier shall create for this purpose, which shall be accessible via a link on the “Investor Relations” page of <https://www.Rayonier.com>, the address of which shall be contained in the Notice. Rayonier and/or its insurers shall be solely responsible for the costs of disseminating the Notice and Summary Notice.

6. At least twenty-one (21) calendar days prior to the Settlement Hearing, Rayonier's counsel shall serve on Stockholders' Counsel and file with the Court proof, by affidavit or declaration, of such publication of the Notice and Summary Notice.

7. All Current Rayonier Stockholders shall be bound by all orders, determinations, and judgments in the Action concerning the Settlement, whether favorable or unfavorable to Current Rayonier Stockholders.

8. Pending final determination of whether the Settlement should be approved, no Current Rayonier Stockholder, either directly, representatively, or in any other capacity, shall commence or prosecute against any of the Released Persons any action or proceeding in any court or tribunal asserting any of the Released Claims.

9. All papers in support of the Settlement and the Agreed-Upon Fees shall be filed with the Court and served at least thirty-five (35) calendar days prior to the Settlement Hearing. Any objection to Stockholders' Counsel's application for attorneys' fees and expenses shall be filed and served no later than twenty-one (21) calendar days before the Settlement Hearing. Any replies to any objections shall be filed with the Court and served at least seven (7) calendar days prior to the Settlement Hearing.

10. Any Current Rayonier Stockholder may appear and show cause if he, she, or it has any reason why the terms and conditions of the proposed Settlement should not be approved as fair, reasonable, and adequate; why the District Court Approval Order and a Judgment should not be entered thereon; or why the Agreed-Upon Fees should not be approved; provided, however, that unless otherwise ordered by the Court, no Current Rayonier Stockholder shall be heard or entitled to contest the approval of all or any of the terms and conditions of the proposed Settlement, the Agreed-Upon Fees to be awarded to the Stockholders' Counsel, or, if approved,

the District Court Approval Order and the Judgment to be entered thereon, unless that Current Rayonier Stockholder has, at least twenty-one (21) calendar days prior to the Settlement Hearing, filed with the Clerk of the Court and delivered to the following counsel (by hand or overnight courier or sent by first class mail): (1) a written objection to the Settlement setting forth: (a) the stockholder's name, address, and telephone number; (b) the nature of the objection; (c) proof of current ownership of Rayonier stock, including the number of shares of Rayonier stock and the date of purchase; and (d) any documentation in support of such objection; and (2) if a Current Rayonier Stockholder intends to appear in person, or through counsel, and requests to be heard at the Settlement Hearing, such stockholder must have provided, in addition to the requirements of (1) above, (a) a written notice of such stockholder's intention to appear; and (b) the identities of any witnesses the stockholder intends to call at the Settlement Hearing and a statement as to the subjects of their testimony, signed as authorized by the objecting stockholder, and served copies of any papers and briefs in support thereof to:

Kip B. Shuman
THE SHUMAN LAW FIRM
One Montgomery Street, Ste. 2800
San Francisco, CA 94104

Counsel for Plaintiff

Janine Cone Metcalf
JONES DAY
1420 Peachtree Street, N.E., Suite 800
Atlanta, GA 30309

Counsel for Nominal Defendant Rayonier Inc.

The written objections and copies of any papers and briefs in support thereof to be filed in Court shall be delivered by hand, overnight courier, or sent by first class mail to:

CLERK OF THE COURT
Bryan Simpson U.S. Courthouse

300 North Hogan Street
Jacksonville, FL 32202

Any Current Rayonier Stockholder who does not make his, her, or its objection substantially in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement as incorporated in the Stipulation and to the Agreed-Upon Fees, unless otherwise ordered by the Court, but shall otherwise be bound by the District Court Approval Order and Judgment to be entered and the releases to be given.

11. The provisions contained in the Stipulation (including any exhibits attached thereto) shall not be deemed a presumption, concession, or admission by any Settling Party of (i) any fault, liability, or wrongdoing, or (ii) lack of merit as to any facts or claims alleged or asserted in the Action or in any other action or proceeding. The provisions contained in the Stipulation shall not be interpreted, construed, deemed, invoked, offered, or received into evidence or otherwise used by any person in the Action or in any other action or proceeding, whether civil, criminal, or administrative, except in connection with any proceeding to enforce the terms of the Settlement. The Released Persons may file the Stipulation, District Court Approval Order, and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, breach of contract, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. All proceedings in the Action, other than as may be necessary to carry out the terms and conditions of the Settlement, are hereby stayed and suspended pending final determination of whether the Settlement provided for in the Stipulation shall be approved.

13. Pending the Effective Date of the Stipulation or the termination of the Stipulation according to its terms, the Stockholders and their Related Persons are barred and enjoined from initiating, instituting, commencing, maintaining, prosecuting, or in any way participating in any action or proceeding asserting any of the Released Claims against any of the Released Persons.

14. The Court reserves the right to adjourn the date of the Settlement Hearing or modify any other dates set forth herein without further notice to Rayonier stockholders, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement.

15. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to Rayonier stockholders.

IT IS SO ORDERED.

DATED: _____

The Honorable Timothy J. Corrigan
United States District Judge