



# Rayonier Investor Presentation

June 2015



# Safe Harbor Statement

Certain statements in this presentation regarding anticipated financial outcomes including Rayonier's earnings guidance, if any, business and market conditions, outlook, expected dividend rate, Rayonier's business strategies, including expected harvest schedules, timberland acquisitions and sales of non-strategic timberlands, the anticipated benefits of Rayonier's business strategies, and other similar statements relating to Rayonier's future events, developments or financial or operational performance or results, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "project," "anticipate" and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While management believes that these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements.

The following important factors, among others, could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events, including political changes in particular regions or countries; fluctuations in demand for our products in Asia, and especially China; various lawsuits relating to matters arising out of our previously announced internal review and the restatement of our consolidated financial statements; the uncertainties of potential impacts of climate-related initiatives; the cost and availability of third party logging and trucking services; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations, timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; changes in key management and personnel; our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust ("REIT") and changes in tax laws that could adversely affect tax treatment of our specific businesses or reduce the benefits associated with REIT status.

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

For additional factors that could impact future results, please see Item 1A – Risk Factors in the company's most recent Annual Report on Form 10-K and similar discussions included other reports that we subsequently file with the Securities and Exchange Commission (the "SEC").

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our subsequent reports filed with the SEC.

# Rayonier Highlights

# Rayonier – Best-in-Class, Pure-Play Timber REIT

## Leading Pure-Play Timberland REIT

- Third-largest timber REIT with 2.7 million acres of high-quality timberland
- Geographic diversity – U.S. South, Pacific Northwest, New Zealand
- Timberlands strategically positioned in competitive fiber baskets
- Focus on recurring cash flow generation from timber harvest operations

## Growing Timberland Base

- Profitably growing timberland base through disciplined acquisition process
- Over \$800 million invested in high-quality timberlands since January 2011
- Investing in advanced genetics to yield long-term volume growth

## Attractive Real Estate Platform

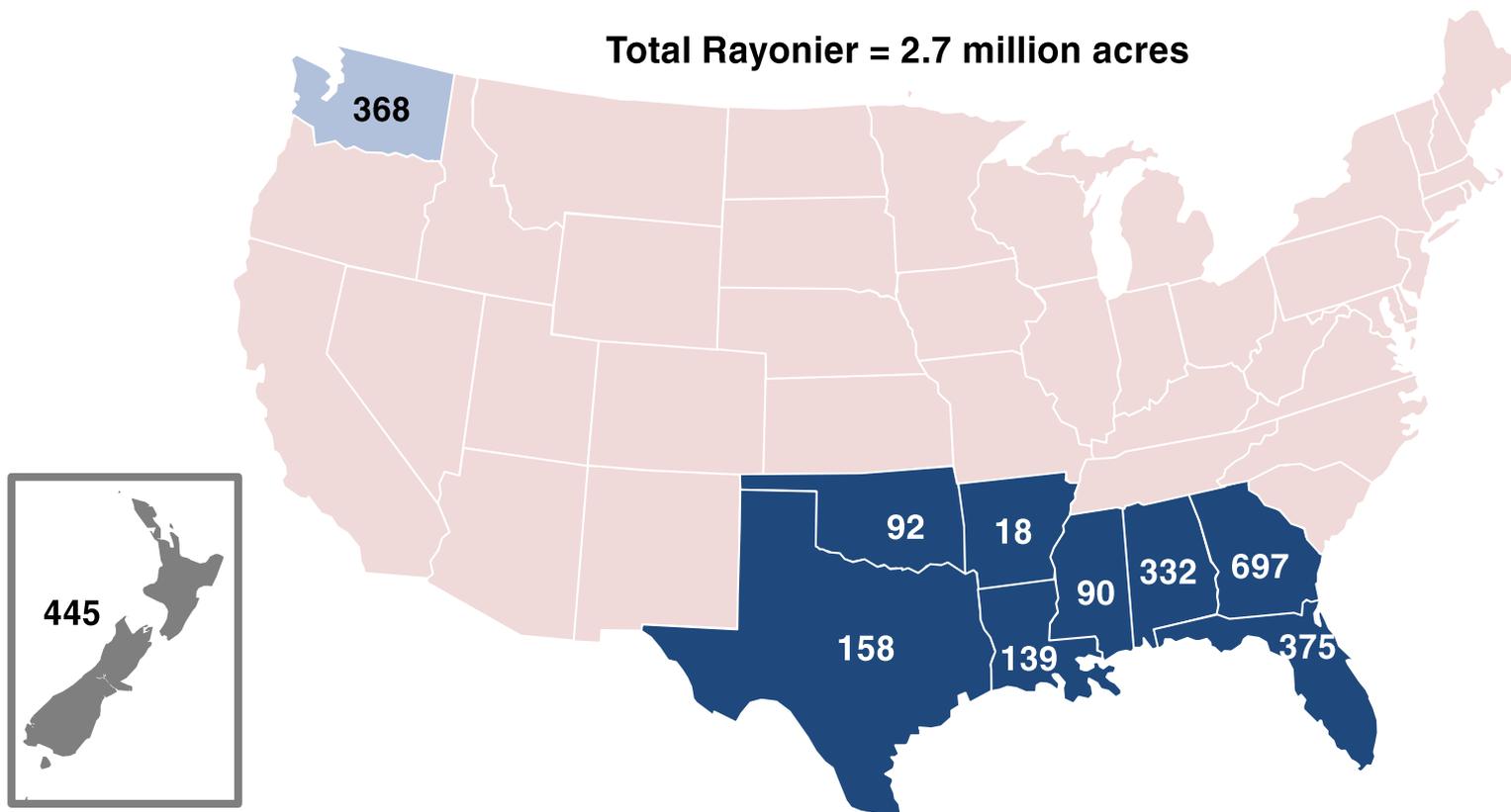
- Attractive HBU opportunities across U.S. South, including Florida and Georgia coastal corridor
- Stable and recurring base of annual rural land sales
- Land-use entitlements on over 39,000 acres with near-term development projects underway

## Strong Capital Structure

- Net debt to enterprise value of 15% at end of Q1 2015
- Favorable financing facilities and access to capital
- Substantial capacity to pursue timberland acquisitions

# Highly Productive, Geographically Diversified Timberlands

Total Rayonier = 2.7 million acres



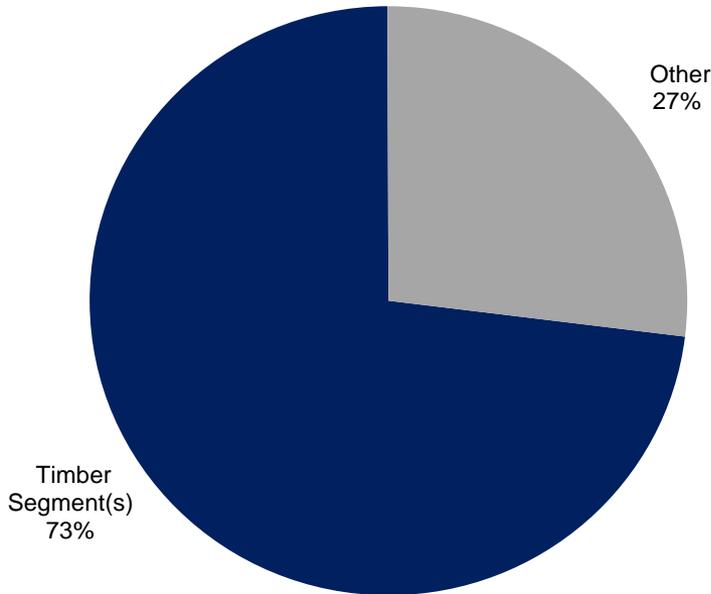
**Pacific Northwest** Washington – 368,000 acres, access to export markets

**U.S. South** 1.9 million acres – sawlog and pulpwood; Florida & Georgia coastal corridor HBU

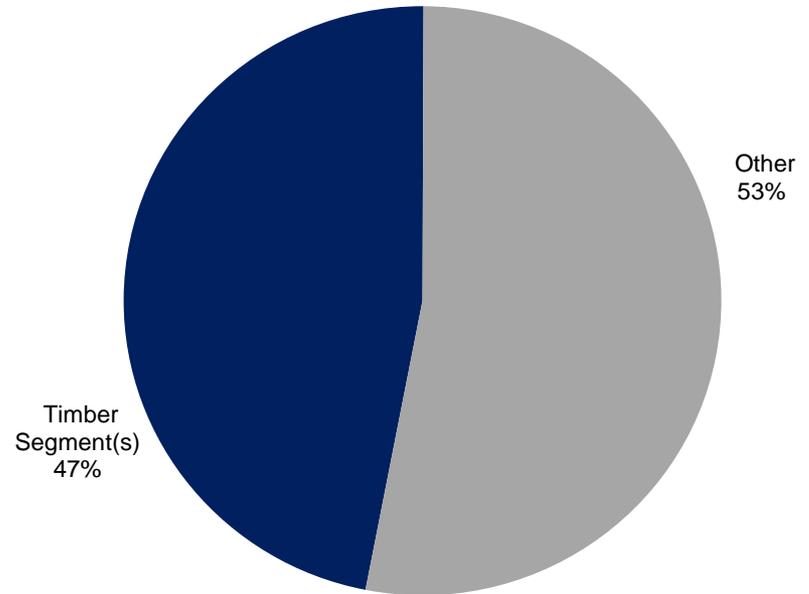
**New Zealand** 445,000 acres – manage and own 65% of joint venture

# Leading “Pure-Play” Timberland REIT

2014 Adjusted EBITDA – Rayonier



2014 Adjusted EBITDA – Peer Group

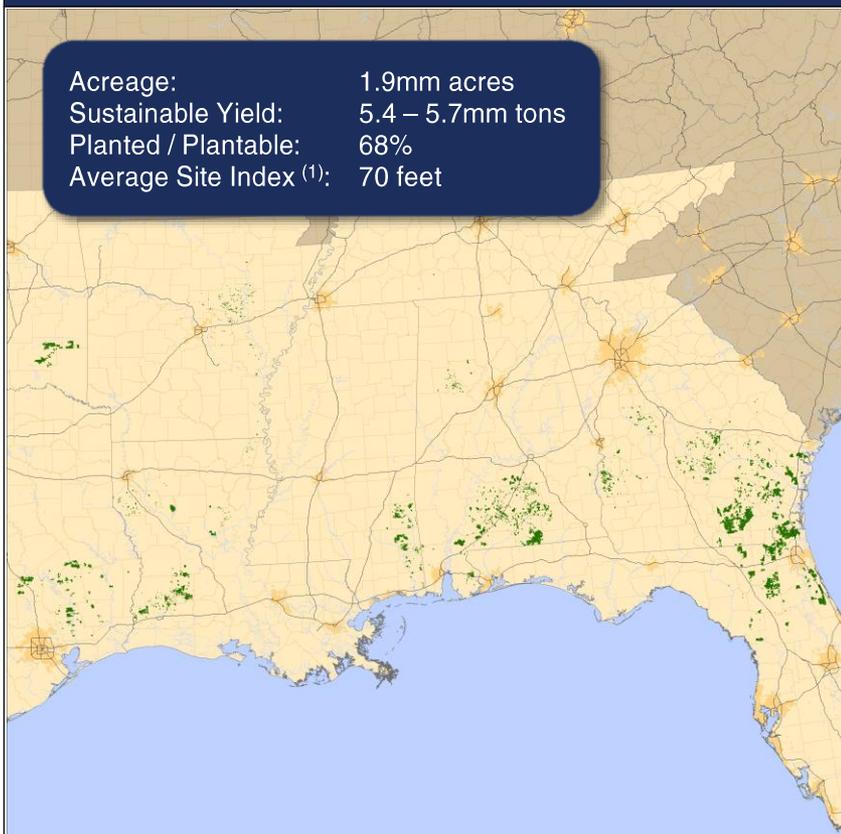


Note: Timberland REIT Peer Group comprised of WY, PCL, PCH and CTT. Figures reflect aggregate Timberland REIT Peer Group Adjusted EBITDA excluding corporate expenses. Other includes real estate, manufacturing and other reported segments.

**Rayonier is a leading “pure-play” timberland REIT that generates the significant majority of its Adjusted EBITDA from recurring timber harvest operations.**

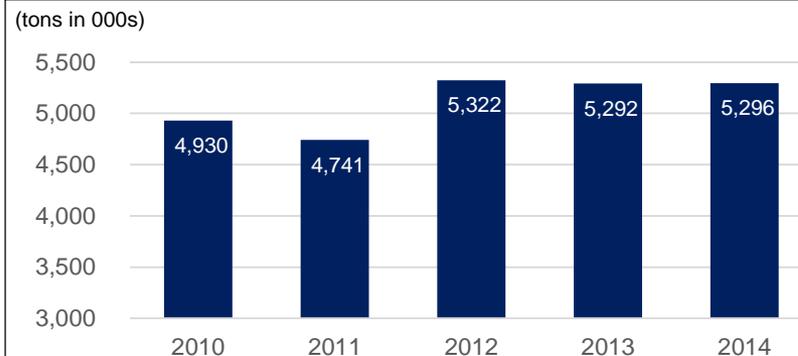
# Southern Timber – Segment Overview

## Map of Properties

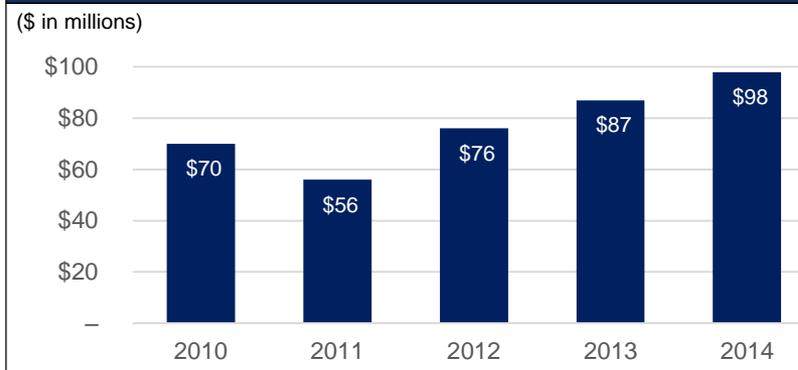


(1) Site index reflects the average height of the dominant and codominant trees at a base age of 25 (U.S. South).

## Historical Harvest Volume



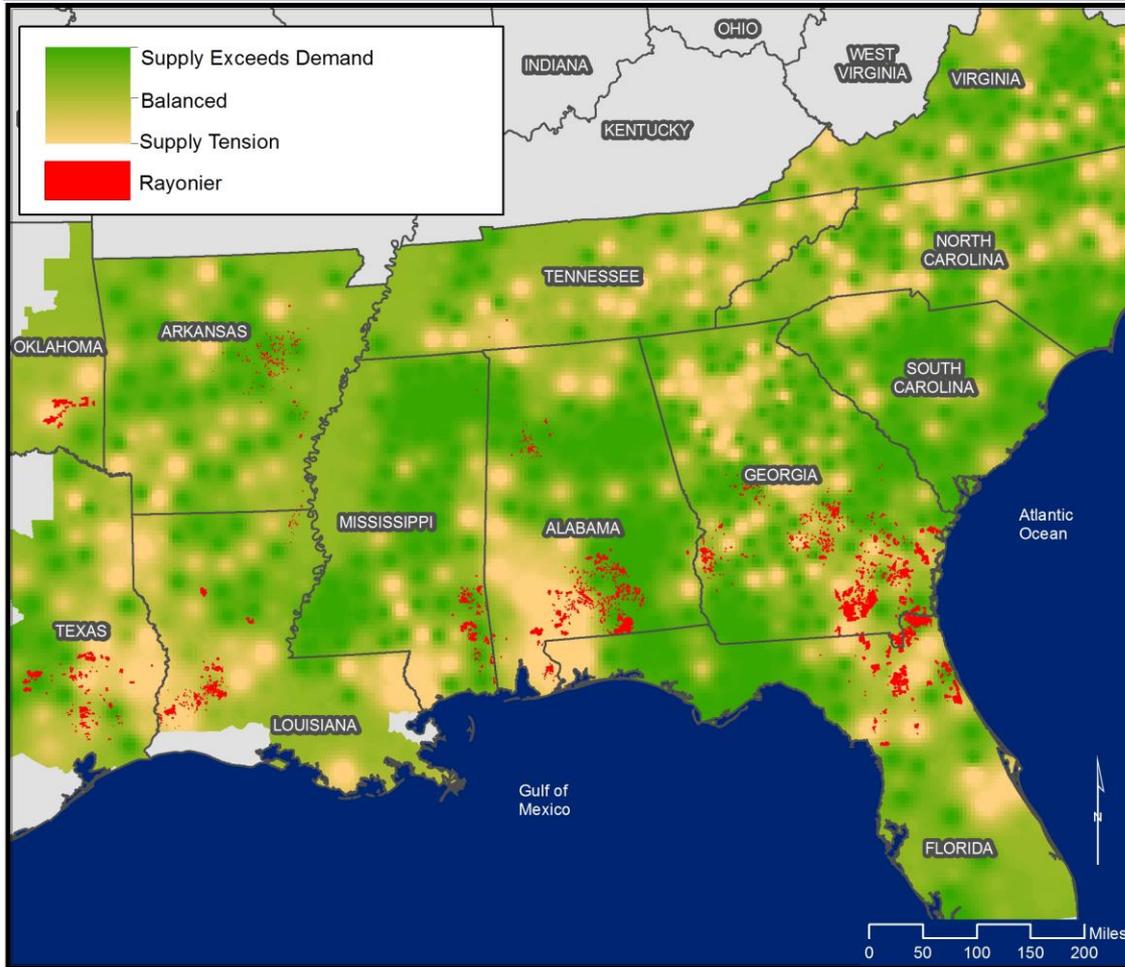
## Historical Adjusted EBITDA\*



**Rayonier's Southern Timber segment has nearly doubled its EBITDA since 2011, largely driven by acquisitions and significant price gains in key markets.**

# Favorable Supply / Demand Dynamics in RYN Markets

## U.S. South Growth-Drain “Heat Map”



Source: USDA FIA; Rayonier research.

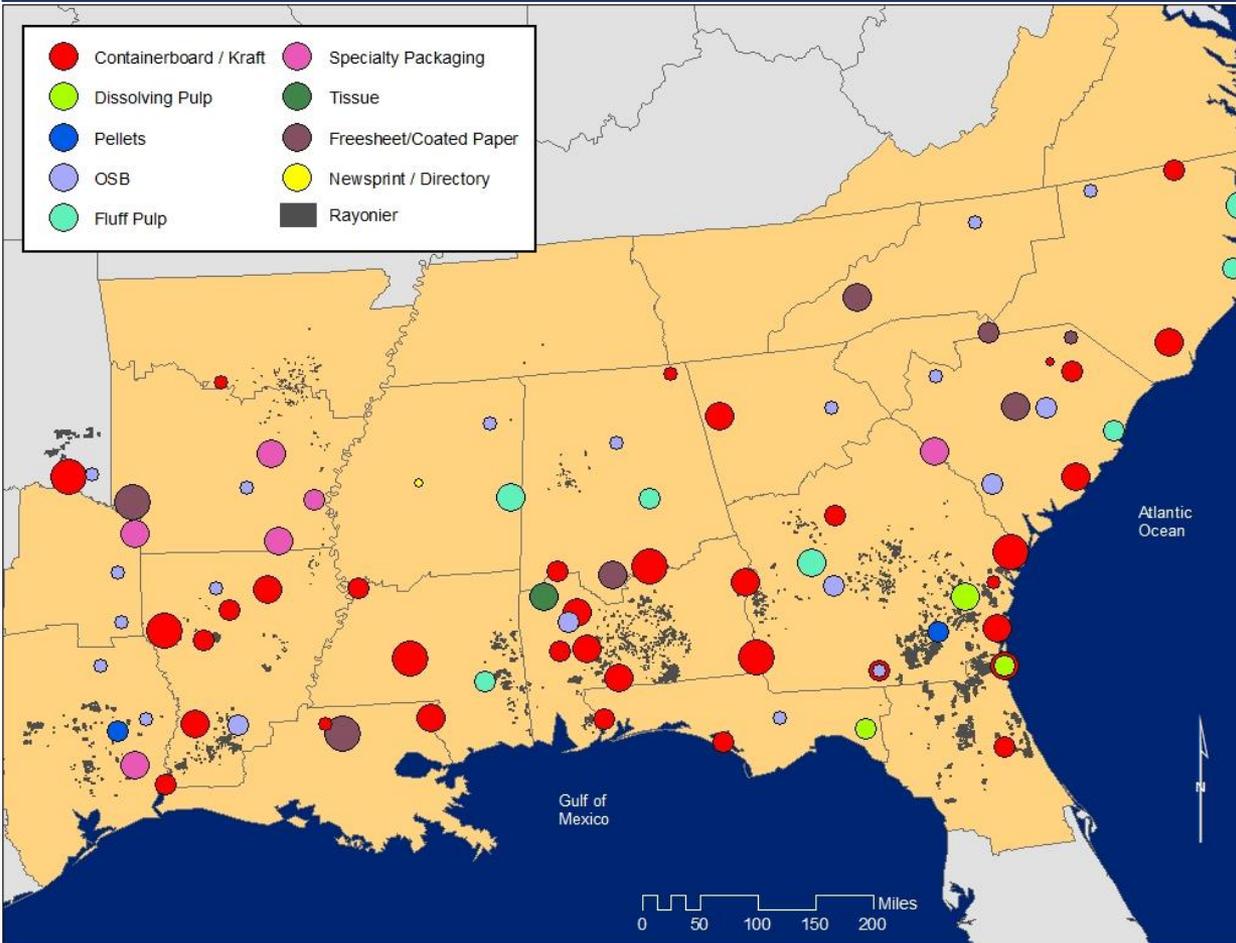
Note: Most current FIA cycle data by state (vintage years vary by state).

## Key Observations

- Local market supply / demand dynamics determine price
- Logs typically travel less than 100 miles
- Supply / demand conditions vary widely across the region
- Tensioned markets yield better timber pricing

# RYN Markets Benefit from Strong and Stable Pulpwood Demand

## Major Pulpwood Consuming Mills Proximate to RYN Lands



## Overview of Rayonier Pulpwood Consumers

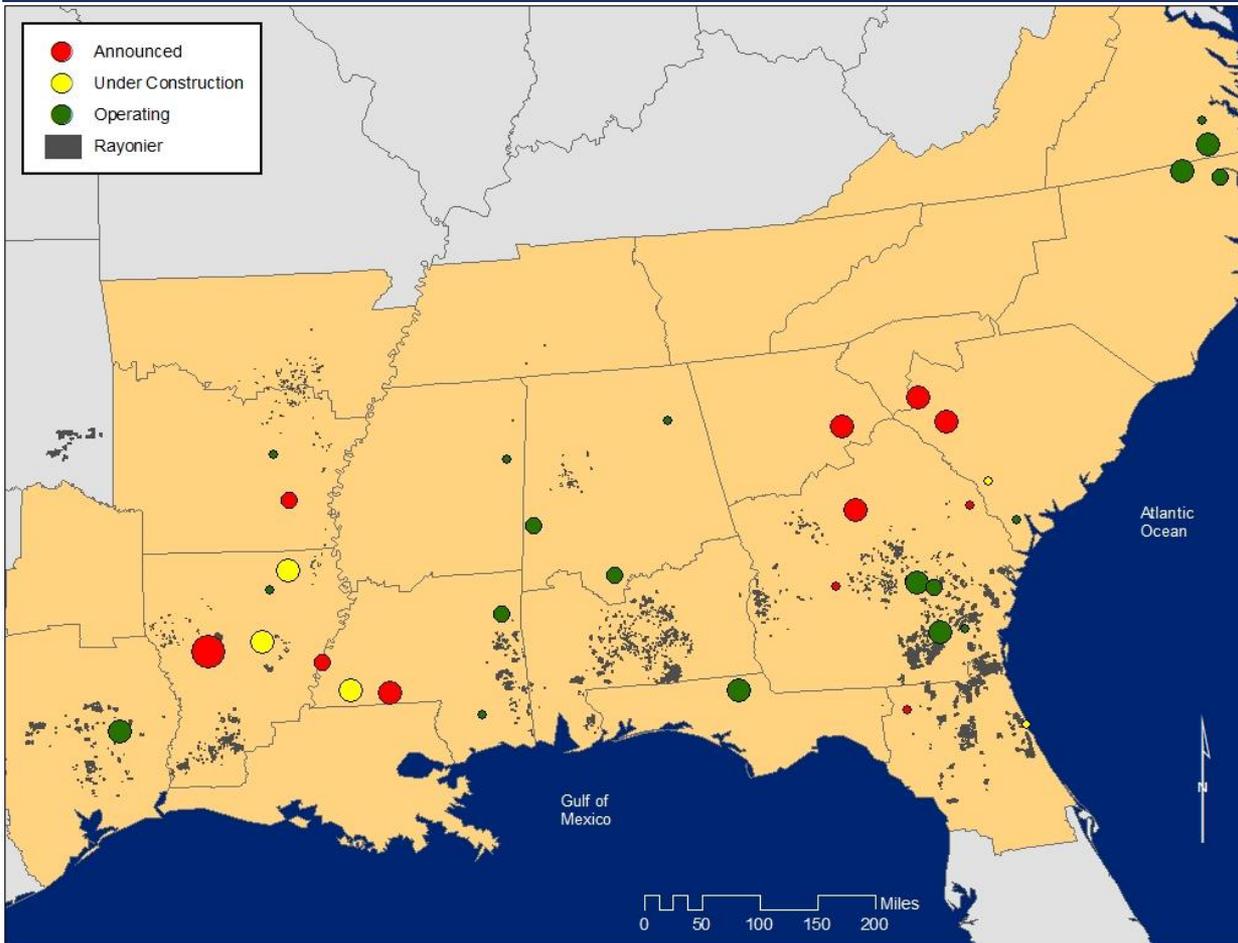
Facility Key End Product	% of 2014 Harvest	Long-Term Demand Trend
Containerboard / Kraft	64%	+
Dissolving Pulp	9%	+
Pellets	9%	+
OSB	7%	+
Fluff Pulp	5%	+
Specialty Packaging	3%	+
Other	3%	+
Tissue	–	+
Freesheet / Coated Paper	–	–
Newsprint / Directory	–	–
<b>Total</b>	<b>100%</b>	<b>NA</b>

Note: Estimated based on 2014 harvest.

Rayonier's timberlands are strategically positioned near a variety of major pulpwood consumers that are manufacturing products for stable and/or growing end-markets.

# Growth of Pellet Mills Has Further Buoyed Demand

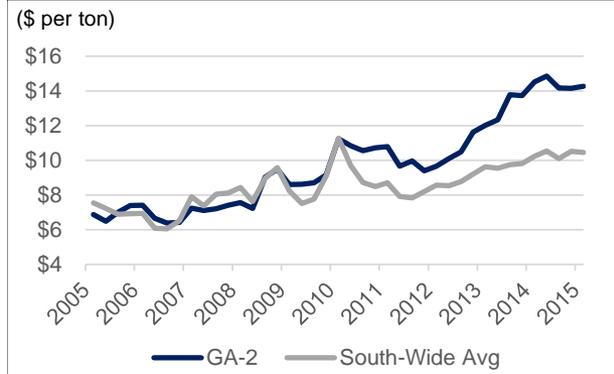
## Announced & Operating Pellet Mills



## Key Observations

- Majority of operating facilities are located in RYN markets, with a particular focus in Coastal GA
- Currently monitoring three key facilities under construction in Louisiana and Mississippi
- Several announced facilities planning to locate near RYN properties

## Change in GA-2 Price vs. South Average

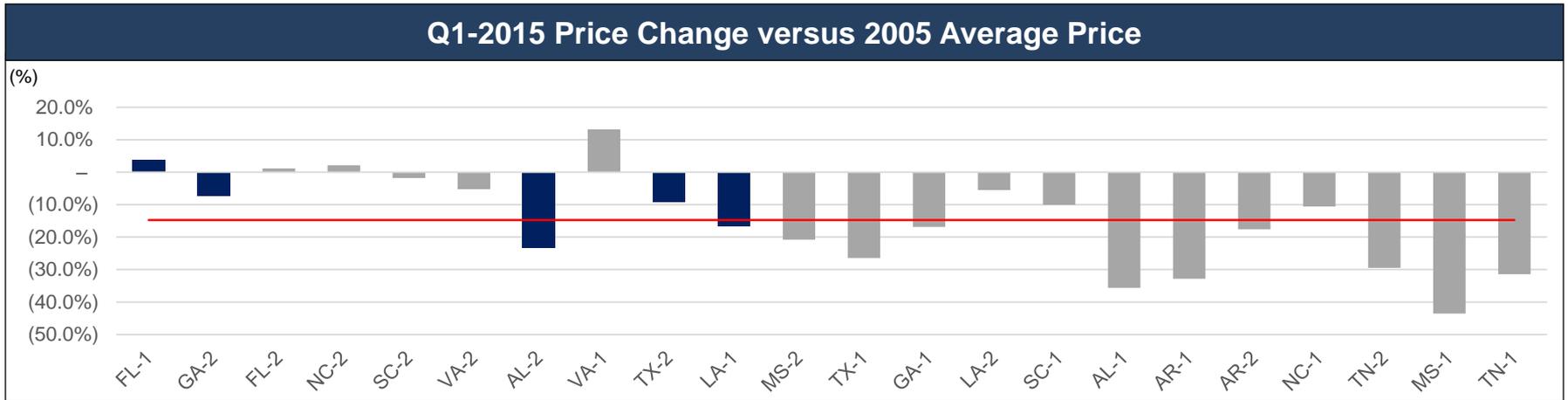
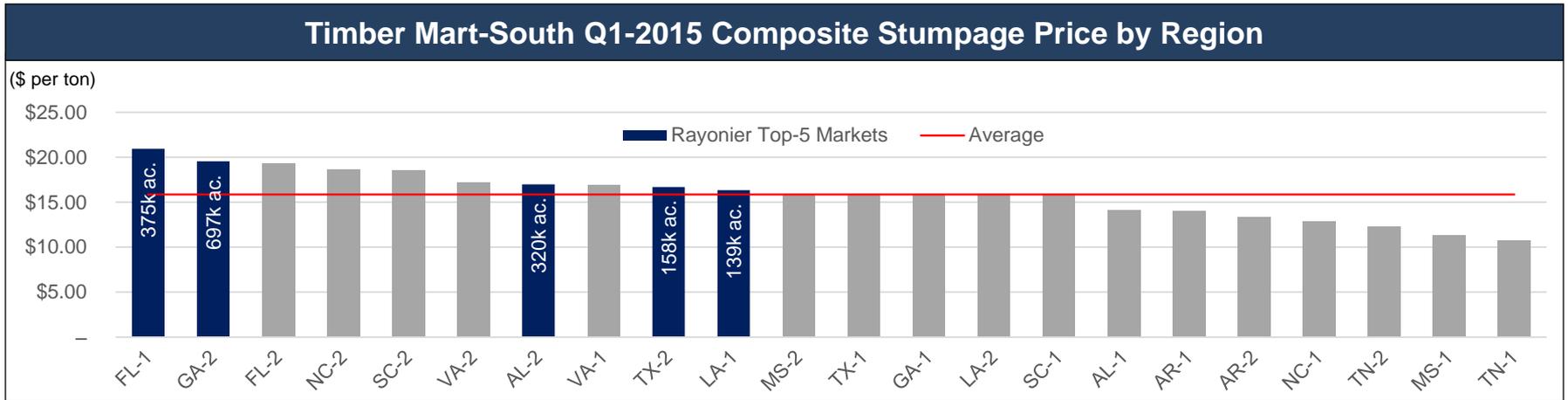


Source: Timber Mart-South.  
Note: GA-2 represents South GA, including coastal area.

**Rayonier's markets have benefited from increased demand from pellet manufacturing facilities, particularly in Georgia and Texas.**



# Favorable Supply-Demand Dynamics = Better Pricing

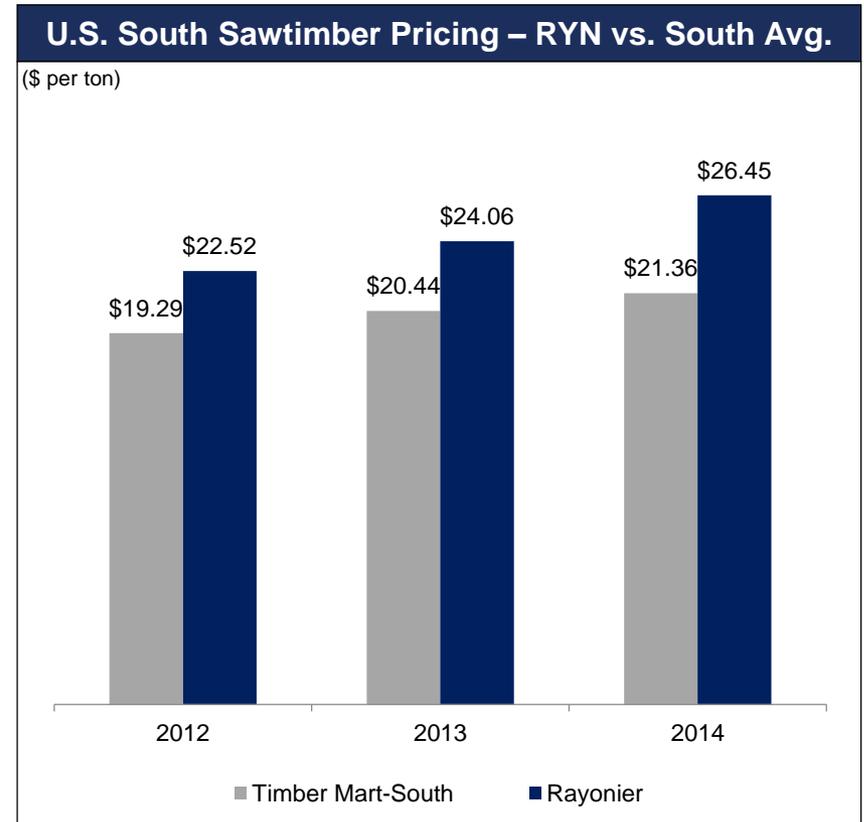
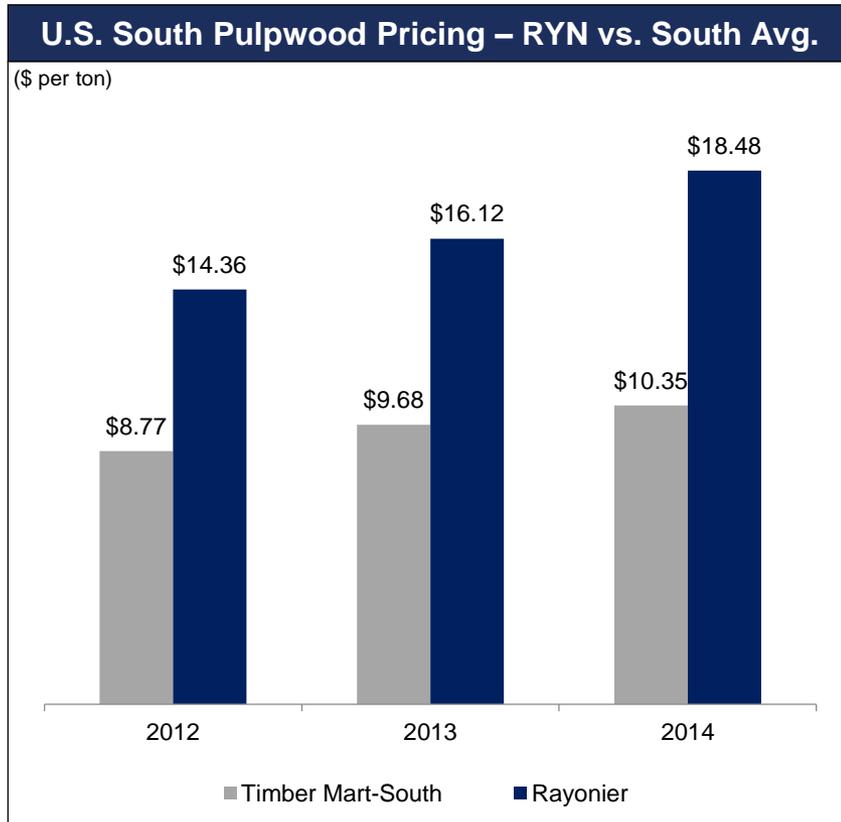


Source: Timber Mart-South.

Note: Composite price by region calculated based on assumed mix of 50% pulpwood, 30% chip-n-saw and 20% sawtimber.

**Rayonier's U.S. South timberlands are located in some of the strongest markets, with a significant concentration (~56%) in the Coastal FL/GA region.**

# RYN Pricing Materially Better Than Market Averages

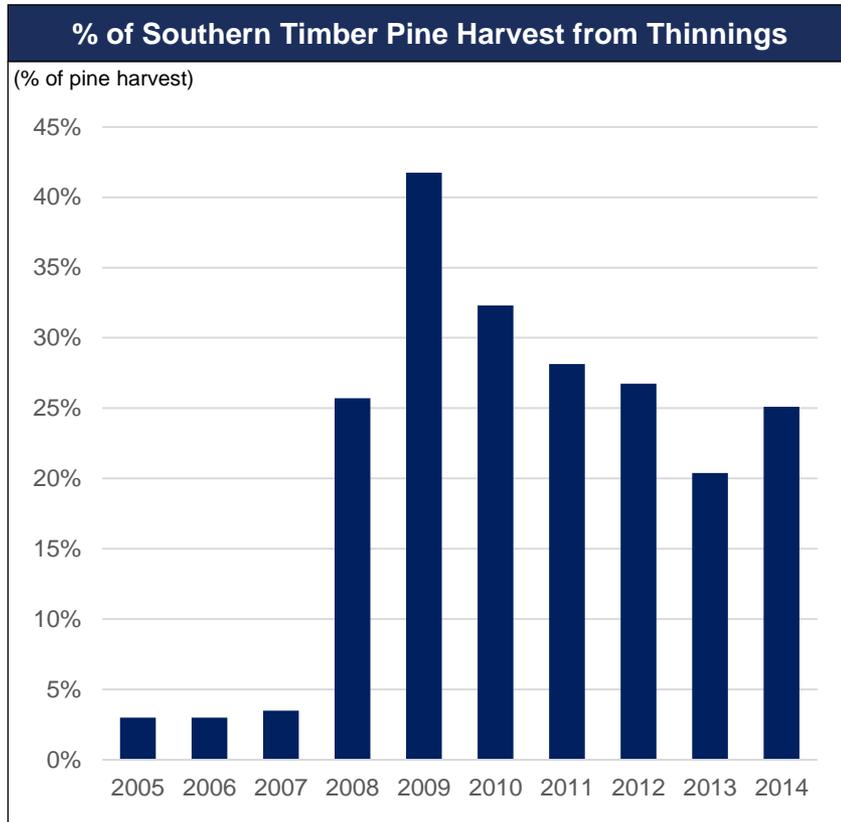


Source: Timber Mart-South.

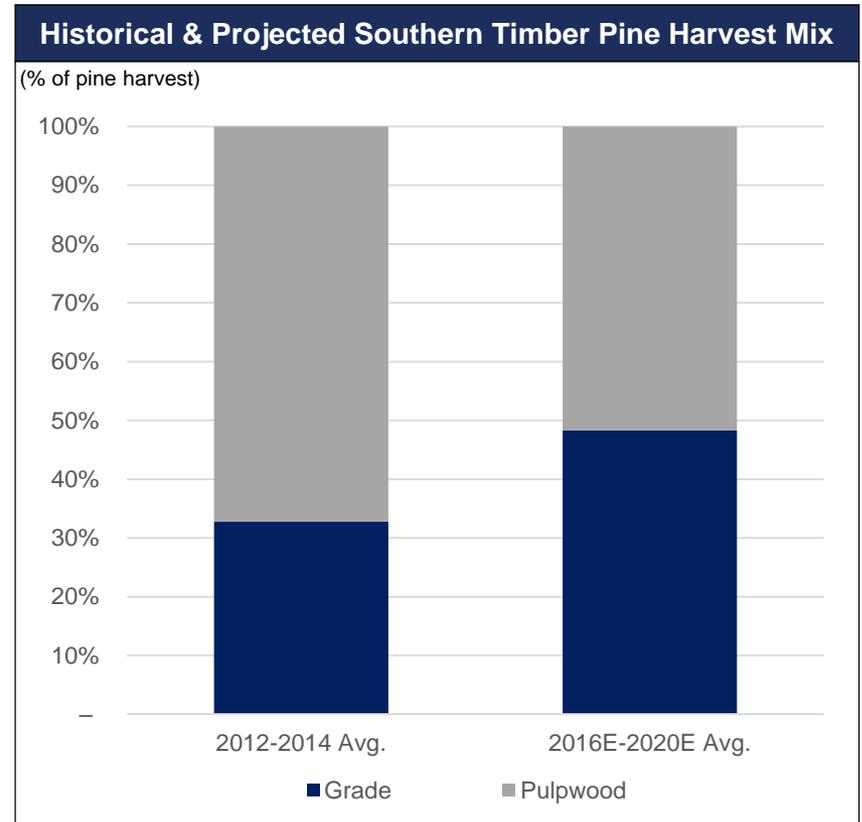
Note: Timber Mart-South figures represent average of quarterly reported South-wide average stumpage prices. Timber Mart-South sawtimber prices reflect average of reported sawtimber and chip-n-saw prices. Rayonier prices reflect actual price realizations for pulpwood and sawtimber (including chip-n-saw) based on actual product mix.

**Favorable supply-demand dynamics in key Rayonier markets drive significant pricing premiums relative to market averages.**

# Enhanced Silviculture Driving Shift to Higher-Value Mix



Note: Estimated based on harvest records.

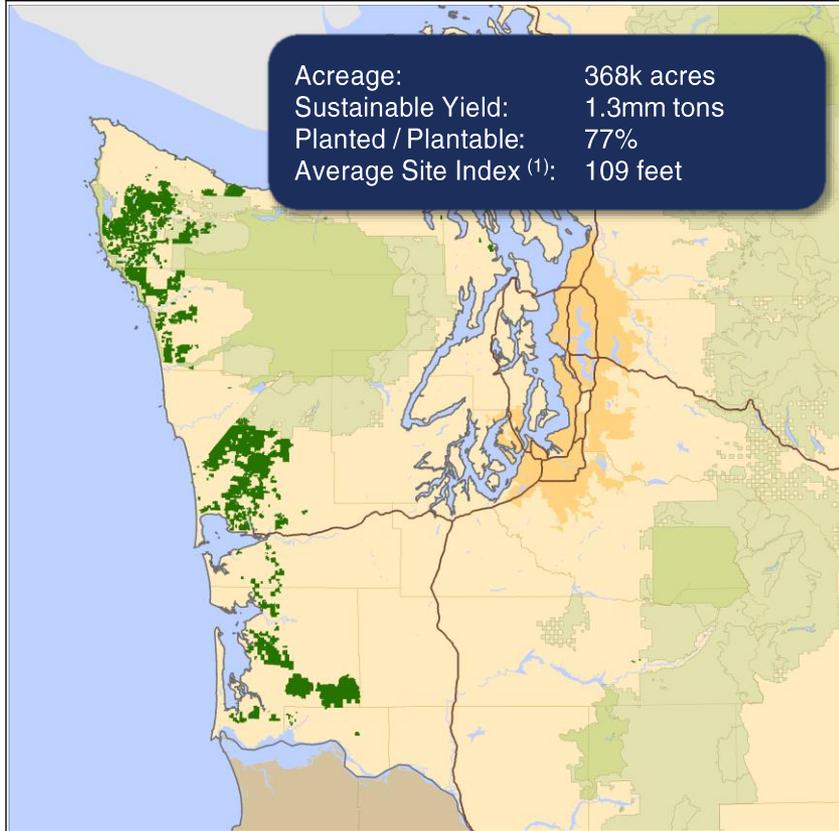


Notes: Based on current harvest scheduling model (subject to change).  
Grade includes chip-n-saw and sawtimber.

**Rayonier's enhanced silviculture activity and thinning regime implemented in 2008 are expected to yield a higher proportion of grade timber going forward.**

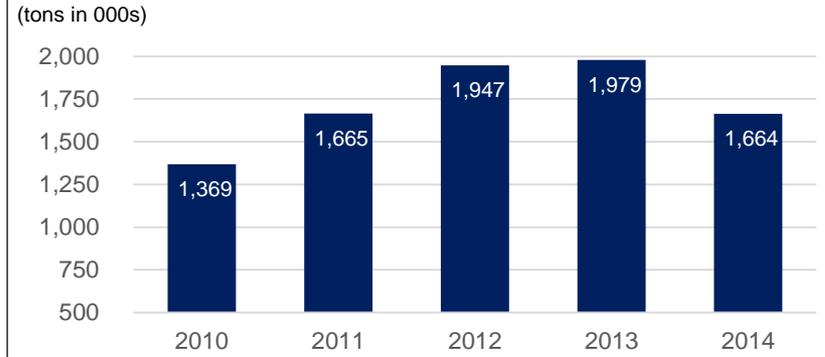
# Pacific Northwest Timberlands – Segment Overview

## Map of Properties

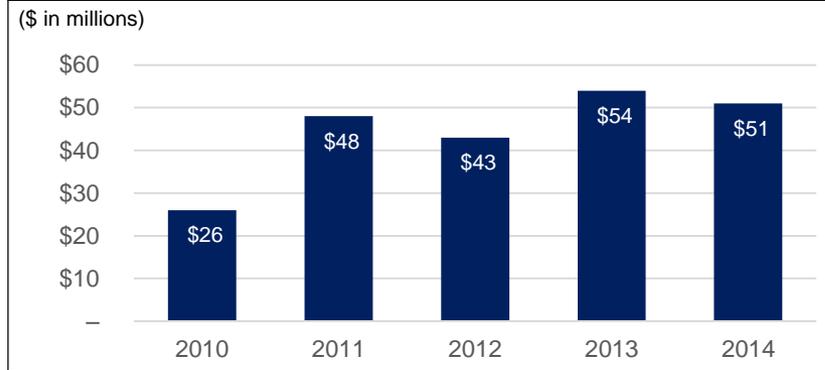


(1) Site index reflects the average height of the dominant and codominant trees at a base age of 50 (Pacific Northwest).

## Historical Harvest Volume



## Historical Adjusted EBITDA\*

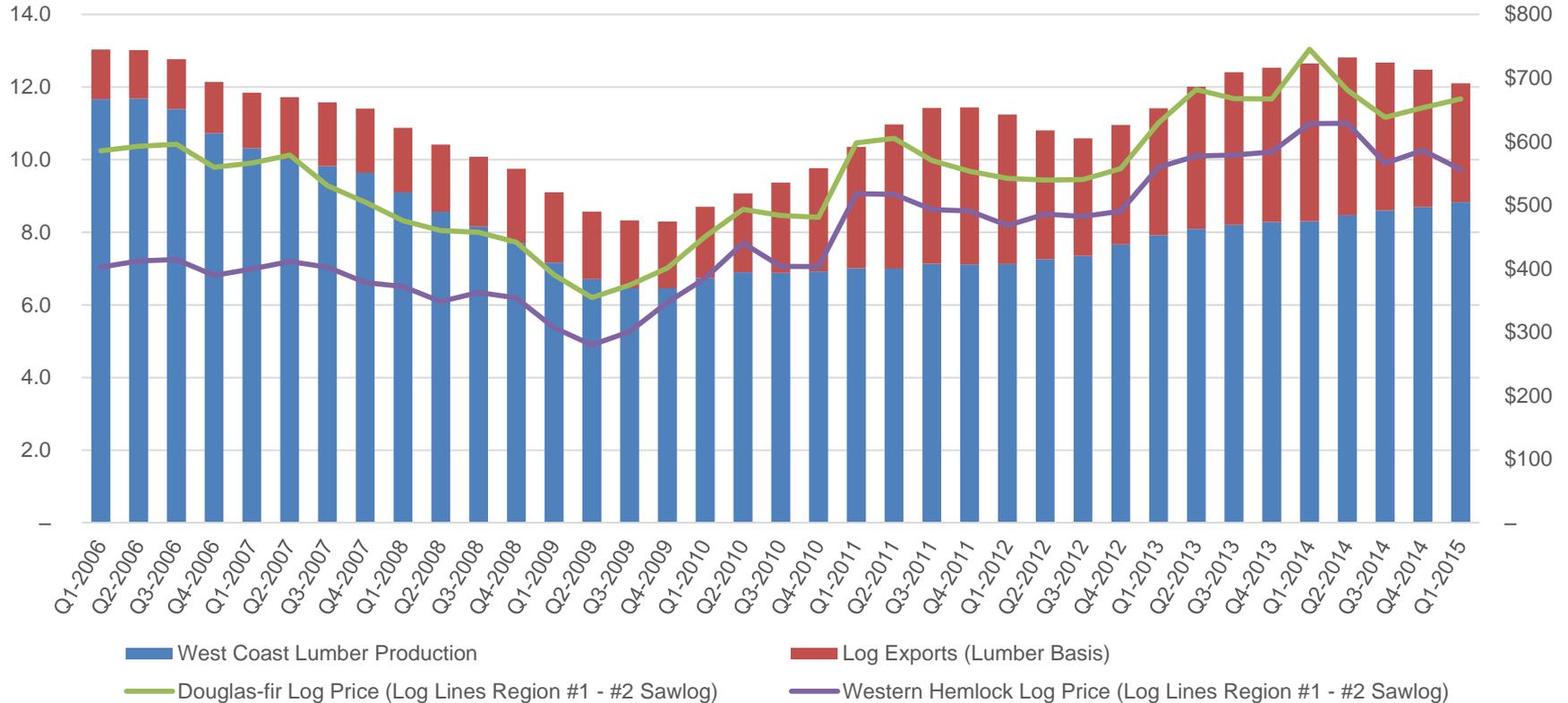


**Rayonier's Pacific Northwest harvest is expected to decline over the next several years pursuant to the Company's sustainable harvest strategy.**

# Pacific Northwest Demand and Pricing Have Recovered

Pacific Northwest Log Demand & Pricing

(BBF / \$ per MBF)



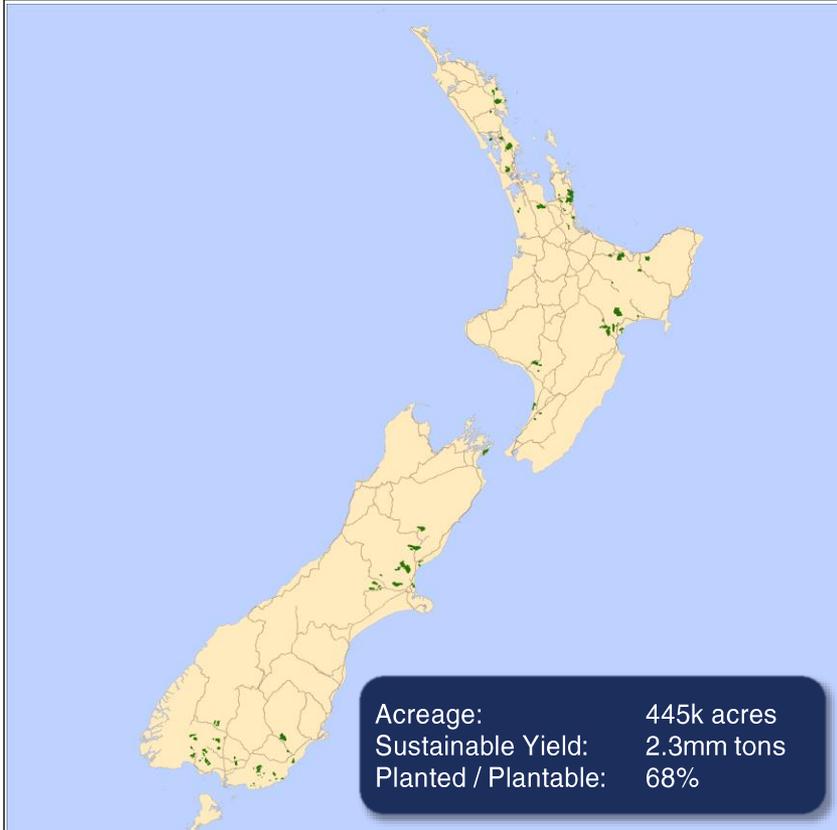
Source: Forest Economic Advisors; RISI.

Note: Log exports converted to lumber basis assuming 2.35 recovery rate.

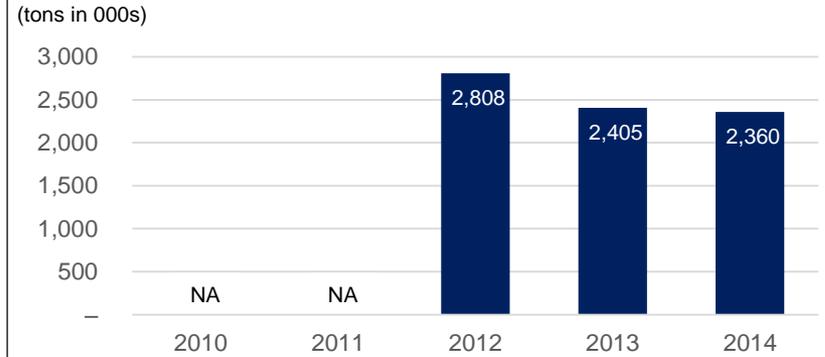
**Pacific Northwest log demand and pricing has largely recovered to pre-recession levels due to increased export demand.**

# New Zealand Timberlands – Segment Overview

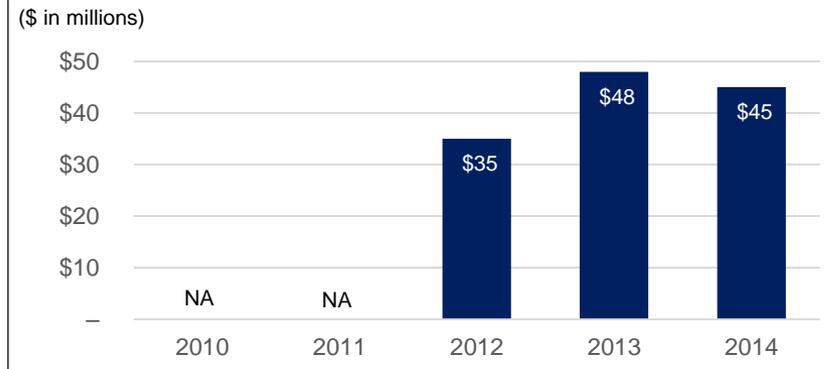
## Map of Properties



## Historical Harvest Volume



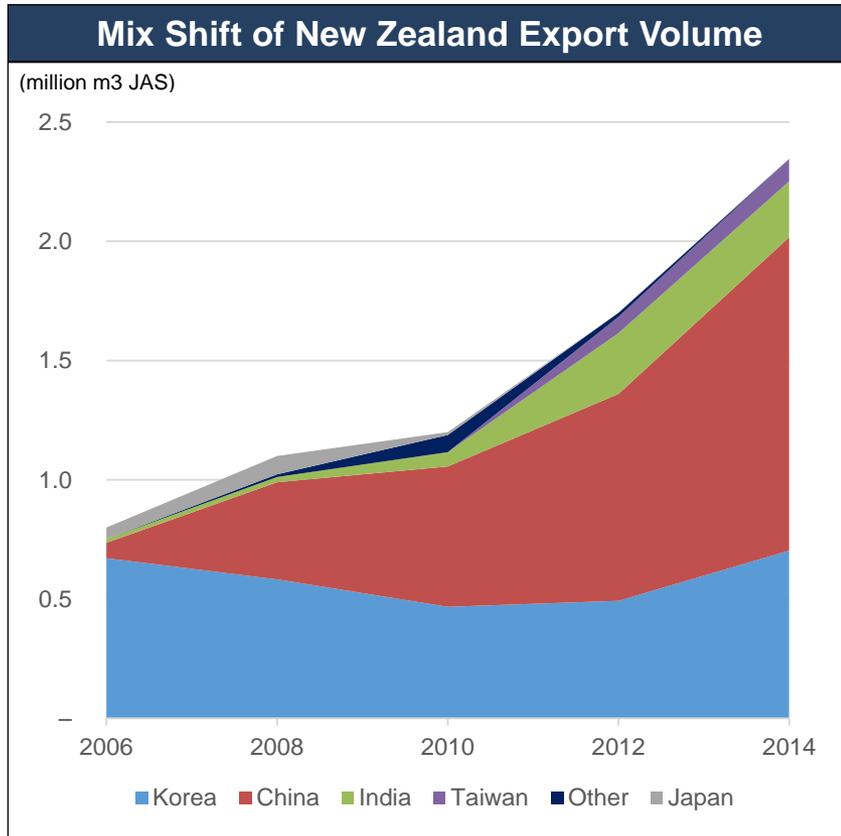
## Historical Adjusted EBITDA\*



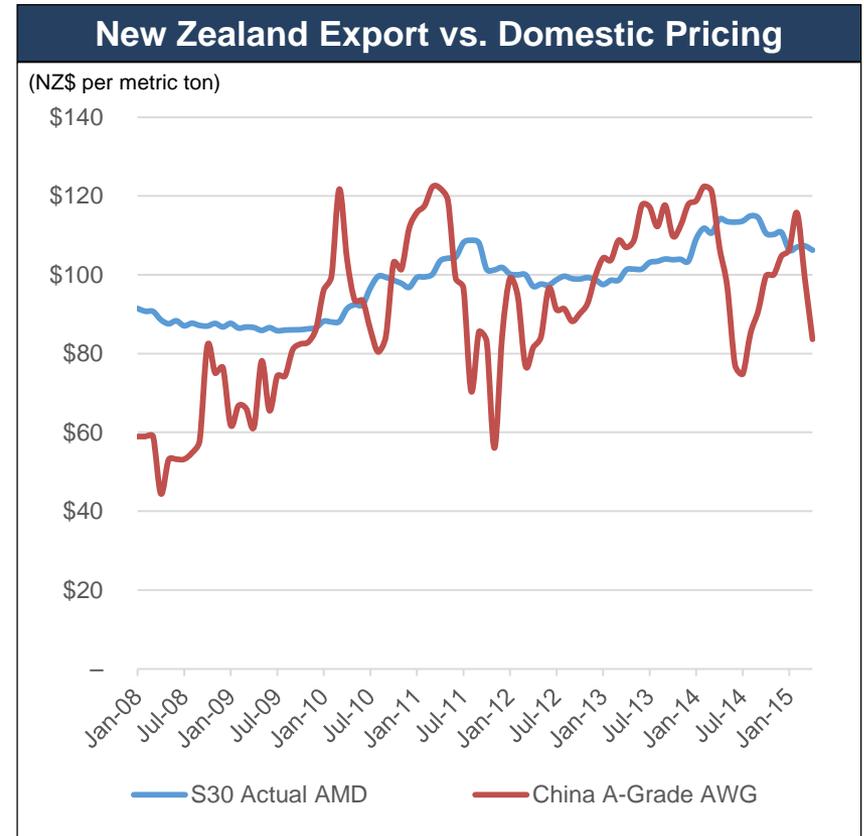
Note: New Zealand Timber was consolidated on April 4, 2013 when we acquired a majority interest in the New Zealand JV. Prior to the acquisition date, we accounted for our 26% interest in the New Zealand JV as an equity method investment. The 2013 and 2012 information shown here reflects full year results.

**Rayonier's 65%-owned joint venture in New Zealand provides geographic, species and market diversification.**

# New Zealand JV Increases Exposure to Export Markets



Note: Represents NZ joint venture export volume and third-party Log Trading segment volume.



Note: Represents at wharf gate (AWG) or at mill door (AMD) prices.

**Rayonier's New Zealand JV increases the company's exposure to attractive and growing export markets in the Pacific Rim.**

# Overview of Land Acquisition Strategy

## Location

- Timber end markets with favorable supply / demand tension
- Well-developed infrastructure, access to ports and other transportation hubs
- Potential for land appreciation driven by local and regional demographics

## Asset Quality

- Softwood investments in regions with strong biological growth
- Complementary age-class distribution that improves sustainable harvest
- Highly operable land with favorable logging conditions

## Optionality

- Fee simple ownership while seeking to avoid wood supply agreements
- Ability to market timber through delivered log or stumpage sales during price spikes
- Diversity in customer base from timber, HBU sales and non-timber income

## Value Creation

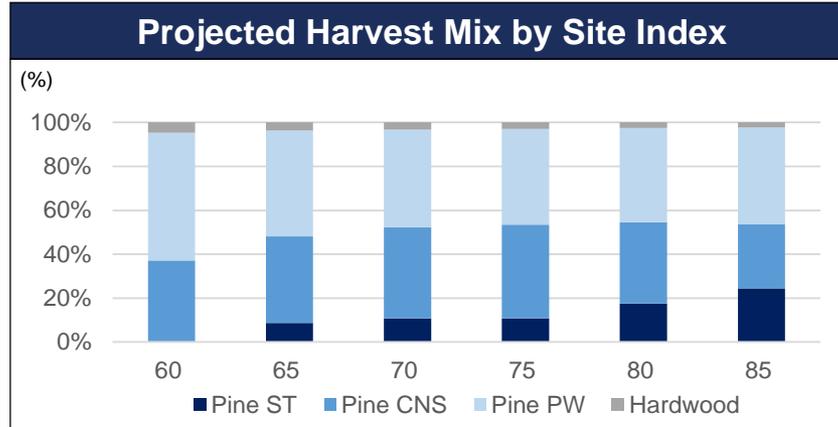
- Ability to enhance returns through intensive silviculture and genetics
- HBU value creation opportunities through effective planning and management
- Properties with non-timber income upside potential

## Financial Profile

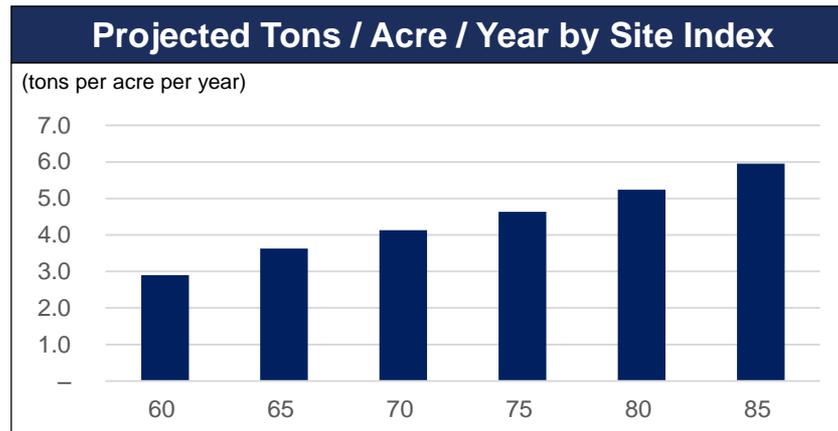
- Ability to generate strong harvest and non-timber income recurring cash flow
- Accretive to Cash Available for Distribution
- Focus only on acquisitions that we expect to exceed our cost of capital

# Productivity is a Key Driver of Timberland Value

Current Harvested Stands  
Expressed Site Index:  
High 60's



Current Planted Stands  
Implied Site Index:  
High 70's+



Source: Yield predictions based on PMRC (Plantation Management Research Cooperative) Technical Report 1996-1 (Yield Prediction and Growth Projection for Site-Prepared Loblolly Pine Plantations in the Carolinas, Georgia, Alabama and Florida). Assumes 70% pine plantation and 30% hardwoods and non-forested areas.

**Plantation productivity is a key driver of value, as higher site index properties generate greater harvest yields and a more valuable product mix.**

# Not All Acres Are Created Equally

## Illustrative EBITDA per Acre – Productivity & Market Quality Comparison

Product	Low-Productivity / Weak Market: 60% Plantation & 65 Site / Bottom Quartile			High-Productivity / Strong Market: 70% Plantation & 80 Site / Top Quartile		
	Tons /	Q1-15	EBITDA /	Tons /	Q1-15	EBITDA /
	Acre / Year	Price / Ton <sup>(1)</sup>	Acre	Acre / Year	Price / Ton <sup>(1)</sup>	Acre
Pine Pulpwood	1.5	\$7.04	\$10.38	2.2	\$13.69	\$30.46
Pine Chip-n-Saw	1.2	14.59	17.65	1.9	22.21	42.69
Pine Sawtimber	0.3	21.08	5.60	0.9	29.47	26.83
<b>Total Pine</b>	<b>3.0</b>	<b>\$11.40</b>	<b>\$33.63</b>	<b>5.1</b>	<b>\$19.77</b>	<b>\$99.98</b>
Hardwood Pulpwood	0.2	10.59	1.88	0.1	10.59	1.41
Hardwood Sawtimber	0.1	31.10	1.94	0.0	31.10	1.46
<b>Total Hardwood</b>	<b>0.2</b>	<b>\$15.92</b>	<b>\$3.82</b>	<b>0.2</b>	<b>\$15.92</b>	<b>\$2.87</b>
<b>Total / Wtd. Average</b>	<b>3.2</b>	<b>\$11.74</b>	<b>\$37.45</b>	<b>5.2</b>	<b>\$19.64</b>	<b>\$102.84</b>
<b>Average Operating Costs <sup>(2)</sup></b>						
(+) Ancillary Revenues			10.00			10.00
(-) Forest Operating Costs			(15.00)			(15.00)
<b>Implied EBITDA per Acre <sup>(3)</sup></b>			<b>\$32.45</b>			<b>\$97.84</b>

Source: Pricing – Timber Mart-South (TMS); Harvest – Yield predictions based on PMRC (Plantation Management Research Cooperative) Technical Report 1996-1 (Yield Prediction and Growth Projection for Site-Prepared Loblolly Pine Plantations in the Carolinas, Georgia, Alabama and Florida).

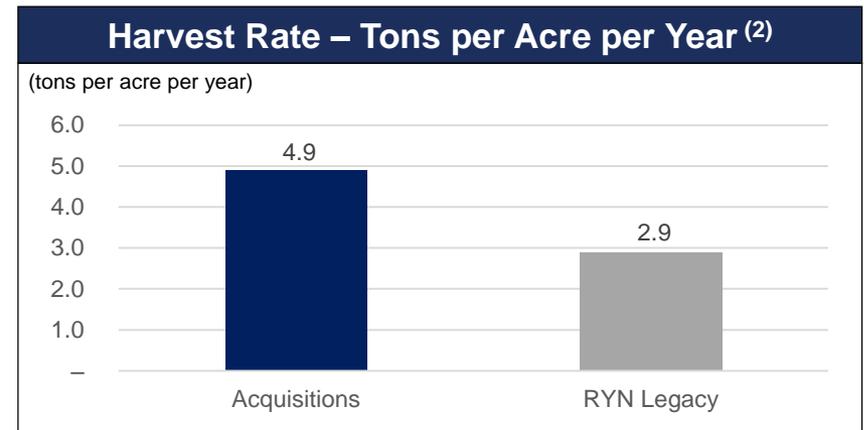
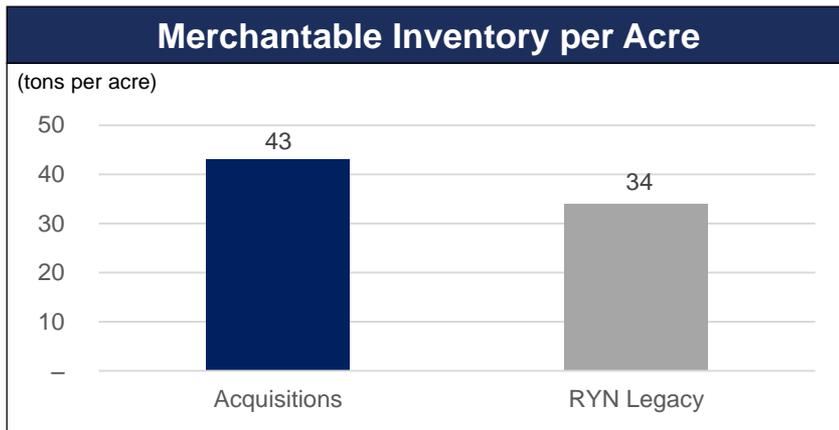
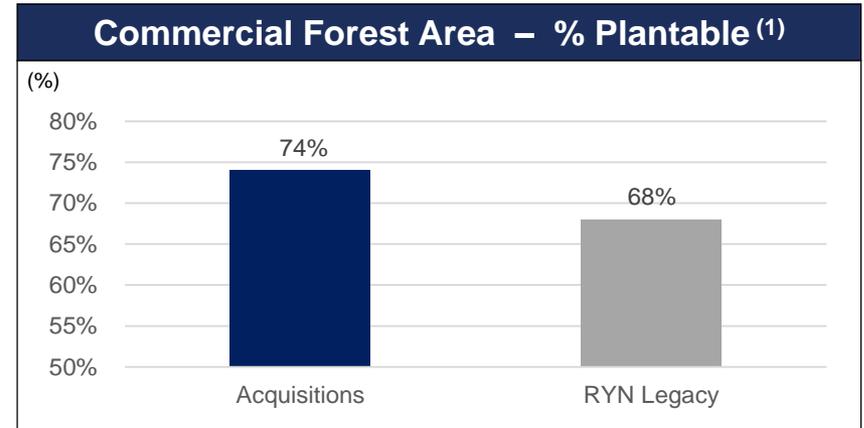
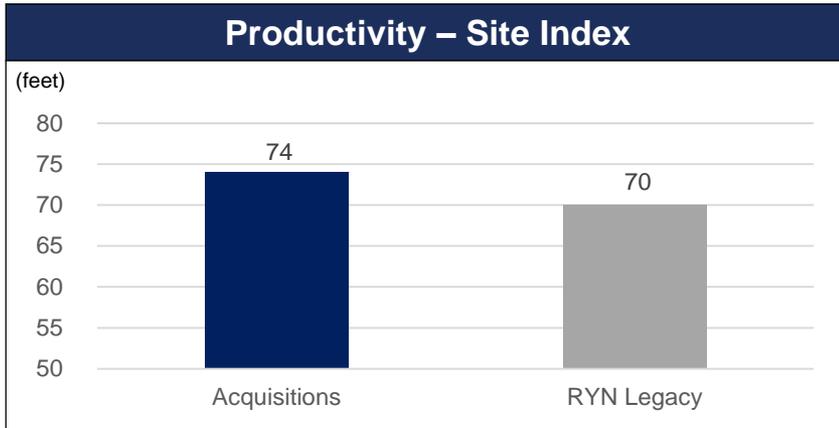
(1) "Weak" market assumes average Q1-15 pine pricing in bottom-quartile of TMS regions; "Strong" market assumes average Q1-15 pine pricing in top-quartile of TMS region  
Hardwood pricing based on TMS South-wide average.

(2) Assumes constant ancillary revenues and forest operating costs.

(3) Excludes HBU / land sales EBITDA.

**“Below-average” and “above-average” timberlands can yield significantly different cash flow profiles and corresponding valuations.**

# Disciplined Acquisition Process = Improved Portfolio



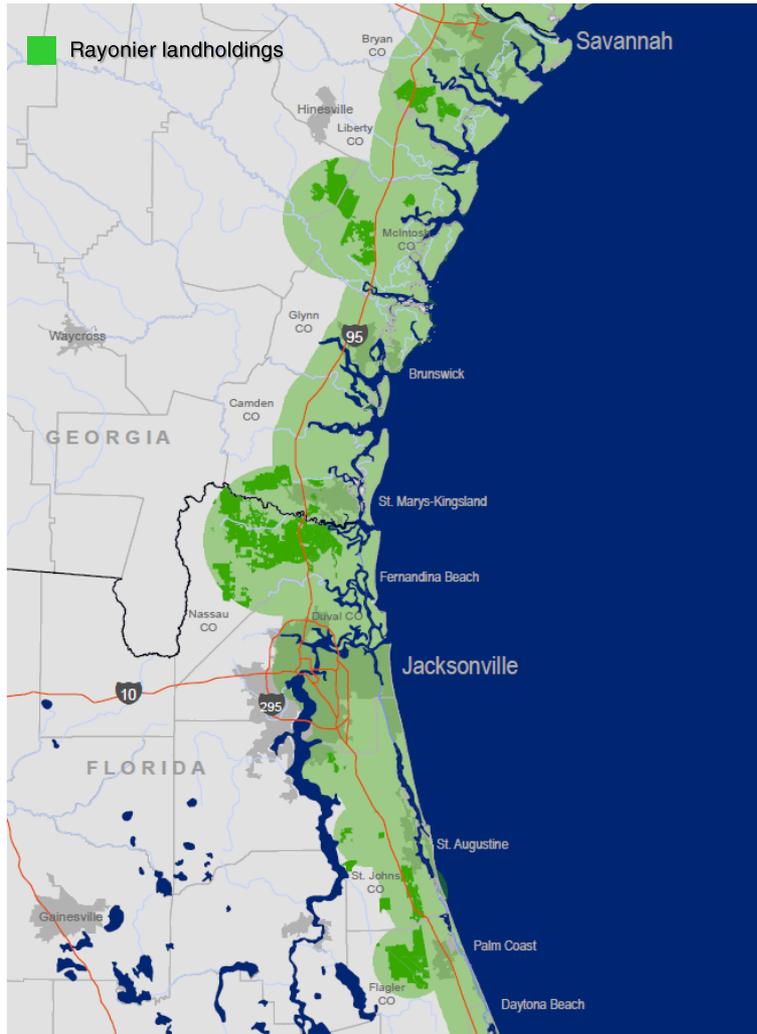
Note: Comparison charts reflect data for U.S. South acreage and acquisitions based on Company estimates.

(1) Includes land classified as natural plantable.

(2) Harvest rate for RYN Legacy assumes sustainable yield of 5.4 to 5.7 million tons for Southern Timber. Harvest rate for acquisitions based on projected 10-year harvest.

**Since the beginning of 2014, Rayonier has acquired or has under contract 97,000 acres of timberland for \$200 million, improving the overall productivity of our portfolio.**

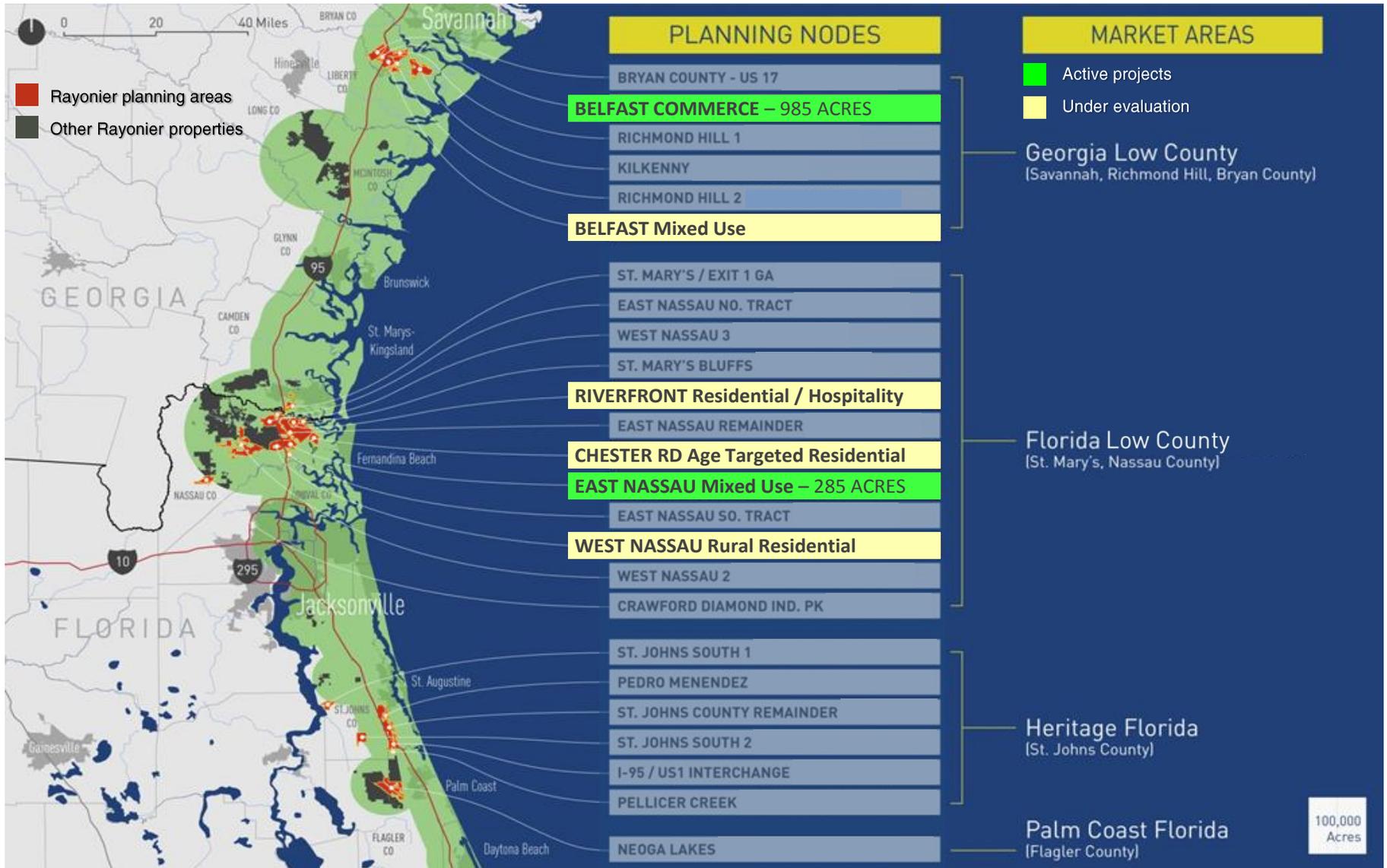
# Significant HBU Potential in FL and GA Coastal Corridor



## Overview of Coastal Corridor Properties

- Timberland ownership base of ~200,000 acres
- Approximately 40 miles of water frontage
- Approximately 250 miles of road and highway frontage
- Land holdings at five interchanges on I-95 and two planned future interchanges
- Residential, commercial, and industrial land use entitlements in hand
- Proximity and connection to international airports and seaports, with multiple sites served by rail
- Intensive land classification effort has identified 25 distinct planning nodes spanning coastal corridor ownership

# Getting “Micro” to Unlock Opportunities



# Narrowing Our Focus to High-Potential Sites



Within Rayonier's 200,000-acre coastal corridor portfolio, we have undertaken two projects comprising roughly 1,220 net developable acres.

# East Nassau Mixed Use Village

## Location

Nassau Co, FL approx 21-miles north of Jacksonville at I-95 / A1A interchange

## Type

Community Mixed-Use

## Market

Northeast FL / Southeast GA

## Size

285 acres

## Highlights

- Catalyzed by new K-5 school opening fall of 2017
- Highly visible location, avg. 40,000 vehicles passing the site daily
- Over 20,000 acres of Rayonier ownership within a 5 mile radius
- Market data indicates high potential for mixed use



## Term

~ 10 years

## Gross revenue

~\$60 MM

## Gross margin

~30%

## Unlevered IRR

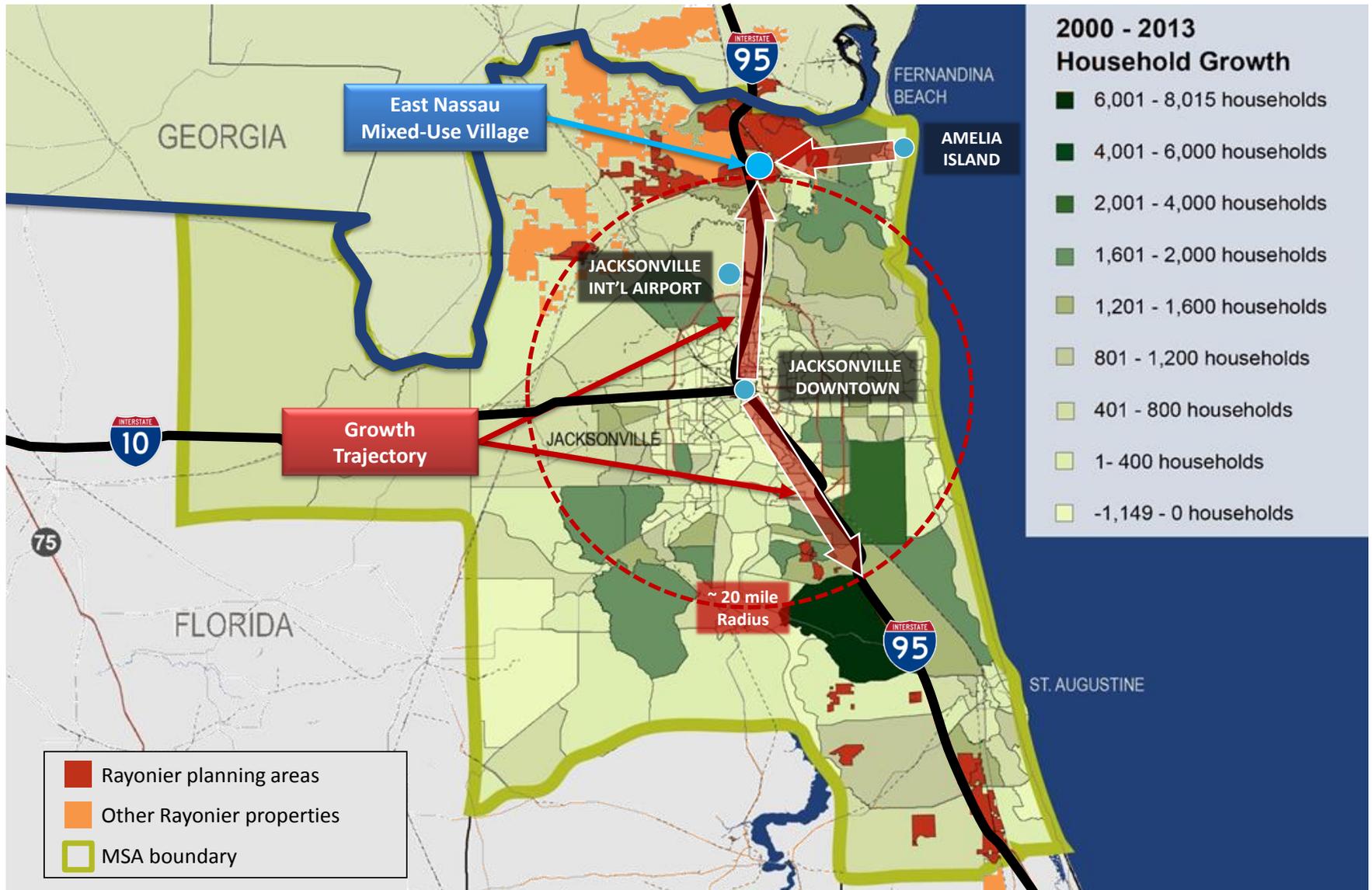
~15%

## Peak capital

~\$13 MM

Note: Anticipated financial results based on project forecast.

# East Nassau Project Situated in Jacksonville “Path of Growth”



# Belfast Commerce Centre

## Location

23 miles south of Savannah, GA

## Type

Class A Industrial Park

## Market

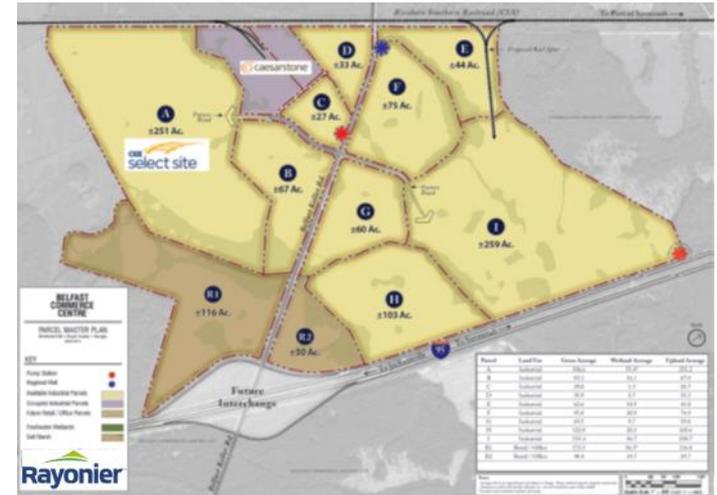
Southeastern U.S.

## Size

936 acres

## Highlights

- Zoning allows 10.5 million square feet industrial uses
- CSX Select Site, direct rail service into the Port of Savannah (16 miles)
- 8,800 feet of rail frontage
- 11,100 feet of I-95 frontage; 16 miles to I-16 interchange
- Future I-95 interchange approved, currently in design and permitting
- Catalyzed by Caesarstone's 260k SF facility that opened in May 2015
  - 37 acres sold Nov 2013 for \$40,000/acre



# Recap of Rayonier's Strategic Priorities

## Manage for Sustainability

- ▶ Design harvest strategy to achieve long-term, sustainable yield
- ▶ Balance biological growth, harvest cash flow and responsible stewardship

## Acquire High-Quality Timberlands

- ▶ Pursue timberland acquisitions that improve portfolio quality and sustainable yield
- ▶ Maintain disciplined approach to acquisitions, minimize HBU speculation

## Optimize Portfolio Value

- ▶ Pursue value creation activities on select properties to enhance long-term value
- ▶ Opportunistically monetize properties where premium valuations can be achieved

## Focus on Quality of Earnings

- ▶ Focus on harvest operations and rural land sales to support dividends
- ▶ De-emphasize sale of “non-strategic” timberlands to augment cash flow generation

## Enhance Disclosure

- ▶ Establish Rayonier as industry leader in transparent disclosure
- ▶ Provide investors with meaningful information about timberland portfolio

**Rayonier's goal is to provide an attractive, growing dividend funded from core, recurring cash flows in a tax-efficient REIT structure.**

# Rayonier Represents an Attractive Investment Opportunity

## Timber Asset Class Poised for Growth

- Steady improvement in housing starts projected over next few years
- Favorable supply dynamics relative to last peak in housing starts with decline in Canadian supply
- Demand from China that was not present during last housing start peak

## Rayonier Uniquely Positioned

- Geographic market diversification across strongest timber markets in U.S. South, Pacific Northwest, and New Zealand
- Superior pricing in U.S. South based on tensioned wood baskets
- Advantageous real estate platform with projects underway in FL/GA coastal regions
- Relatively low level of debt allows for significant growth potential

## Strategies to Deliver Sustainable Results

- Highest proportion of cash flows within Timber REIT sector from recurring timber harvest operations
- Dividend level established and supported without overreliance on sales of core timberlands
- Industry leader in transparent investor communications

## Discount to Underlying Asset Value

- Significant decline in share value following Q3 2014 earnings release and related announcements
- Currently trading at discount to estimated net asset value

# Industry Dynamics

# Major Supply-Demand Shifts Are Underway

## Anticipated Upturn in U.S. Residential Construction

- The recovery in U.S. residential construction is expected to drive significant demand for sawtimber as housing starts return to a trendline level in the range of 1.5 million annually
- Anticipated return to long-term trendline implies +500,000 housing starts vs. current level

## Significant Increase in Lumber and Log Exports to China

- Over the last five years, there has been a significant increase in the export of lumber and logs to China from British Columbia and the U.S. Pacific Northwest
- Recent export demand from China represents the demand equivalent of roughly 400,000 U.S. single-family housing starts

## Mountain Pine Beetle Epidemic in British Columbia

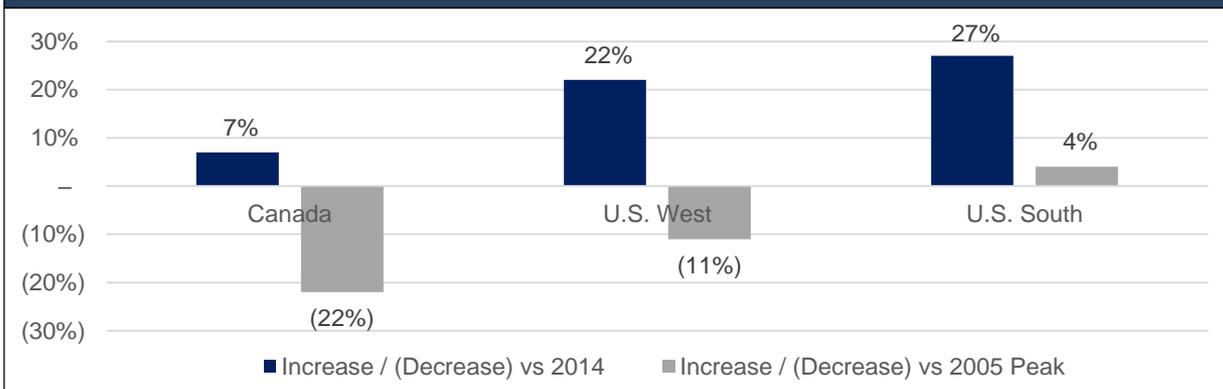
- Since 1999, a major mountain pine beetle infestation has caused the loss of over half of the commercially valuable pine timber inventory in British Columbia
- Projected loss of long-term production potential represents the demand equivalent of roughly 200,000 U.S. single-family housing starts

## Major Timber Supply Contractions in Eastern Canada

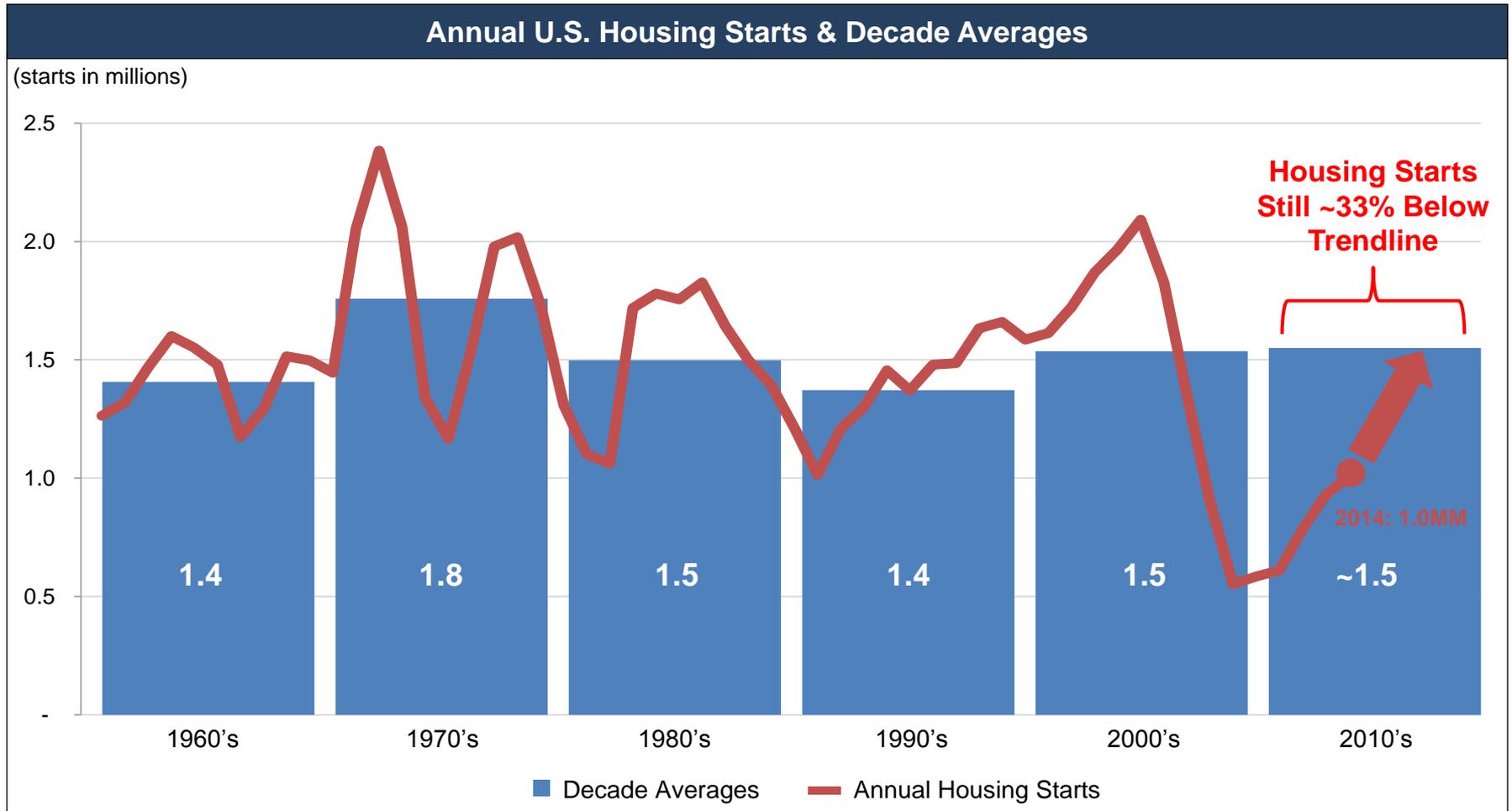
- Ongoing environmental conservation initiatives by governmental authorities in Quebec have led to significant reductions in the annual allowable timber harvest in the region
- Projected loss of long-term production potential represents the demand equivalent of roughly 200,000 U.S. single-family housing starts

Source: Forest Economic Advisors.

Return to Trend – Implied Demand Change vs. 2014 and Prior Peak (2005)



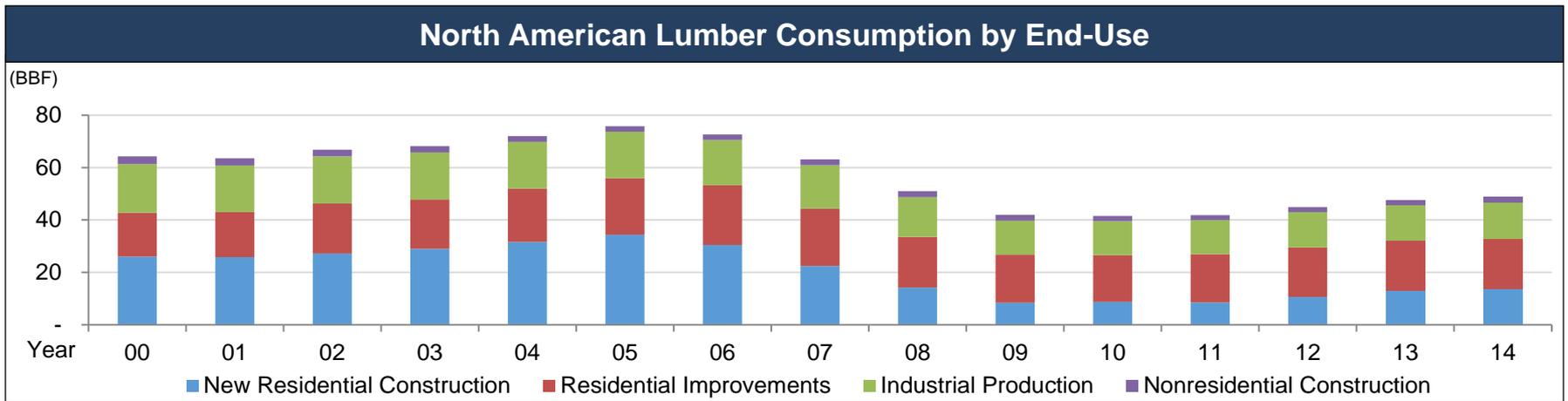
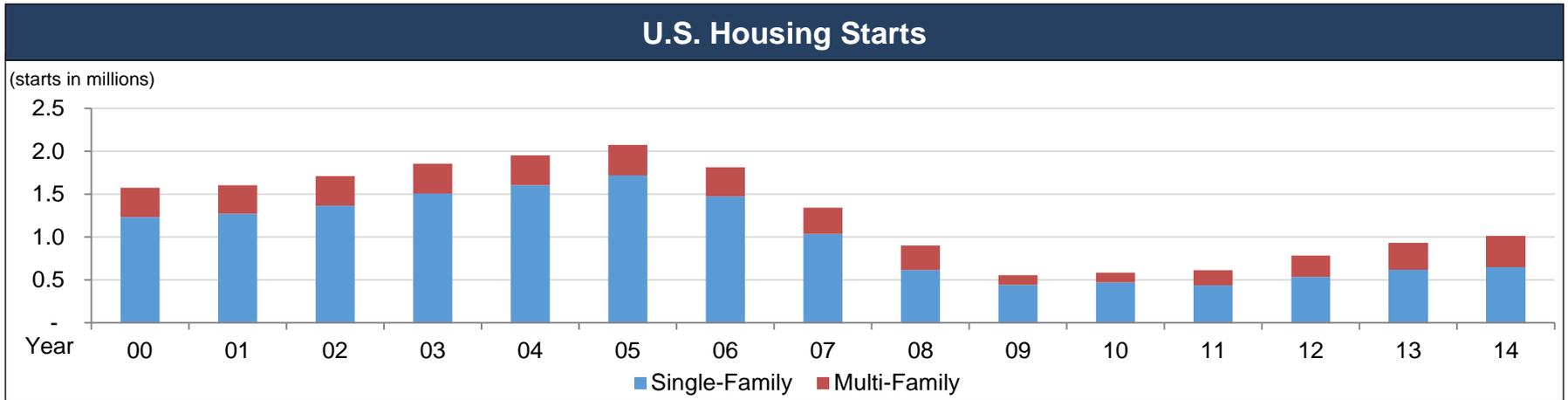
# Recovery In Residential Construction Is Underway



Source: U.S. Census Bureau; Forest Economic Advisors.

**Housing starts have begun to recover and are expected to return to a trendline level of 1.5mm+ over the next several years.**

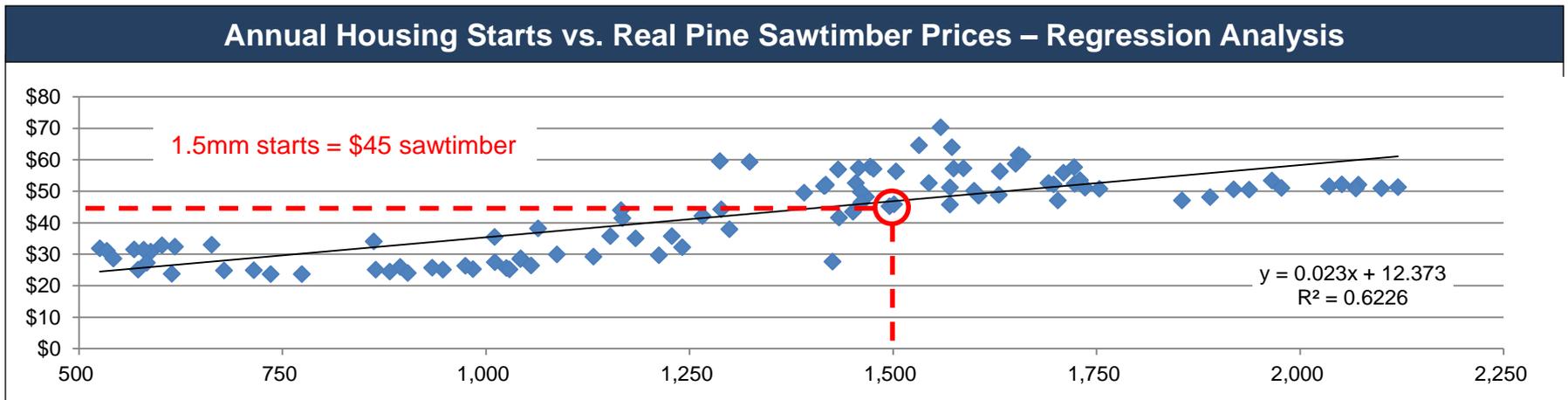
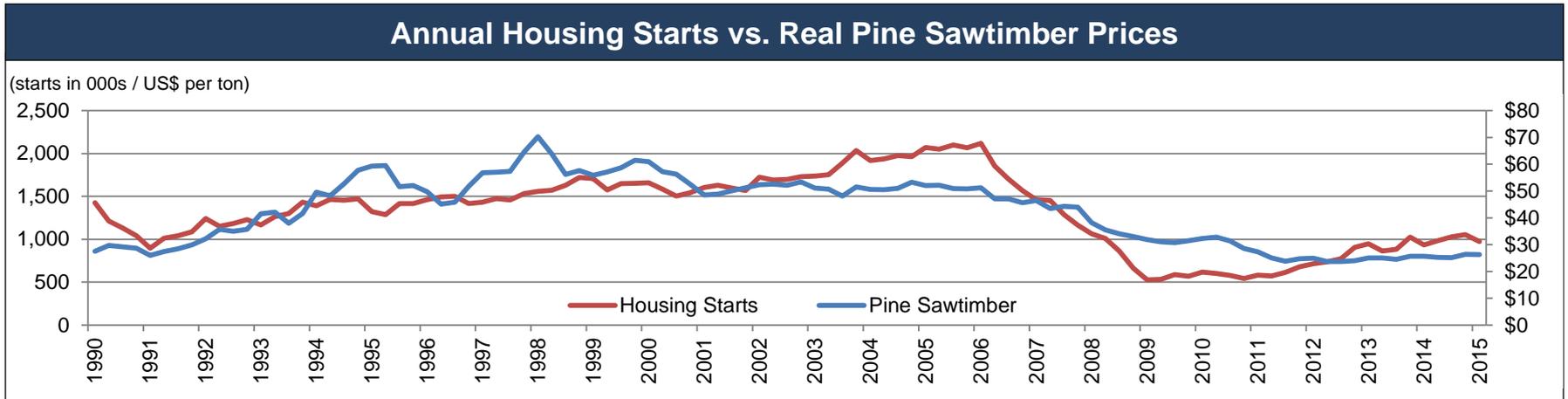
# U.S. Housing Starts Drive Lumber Consumption...



Source: U.S. Census Bureau; Forest Economic Advisors.

**Residential construction is the key driver of lumber demand...**

# ... Which, In Turn, Drives Sawtimber Pricing

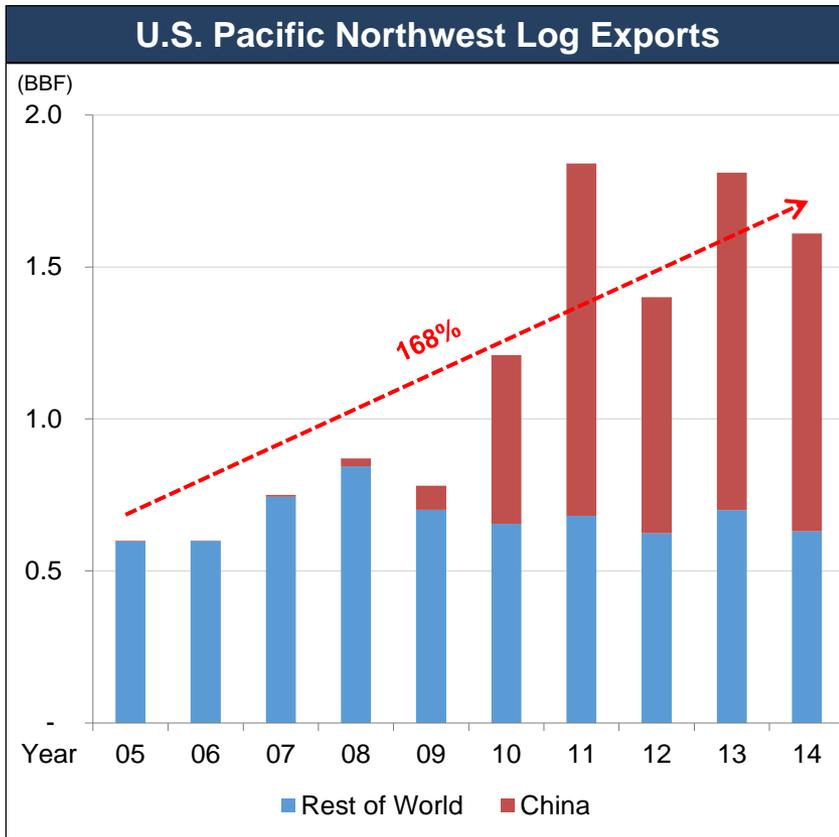


Source: Timber Mart-South South-wide Average Sawtimber Prices.

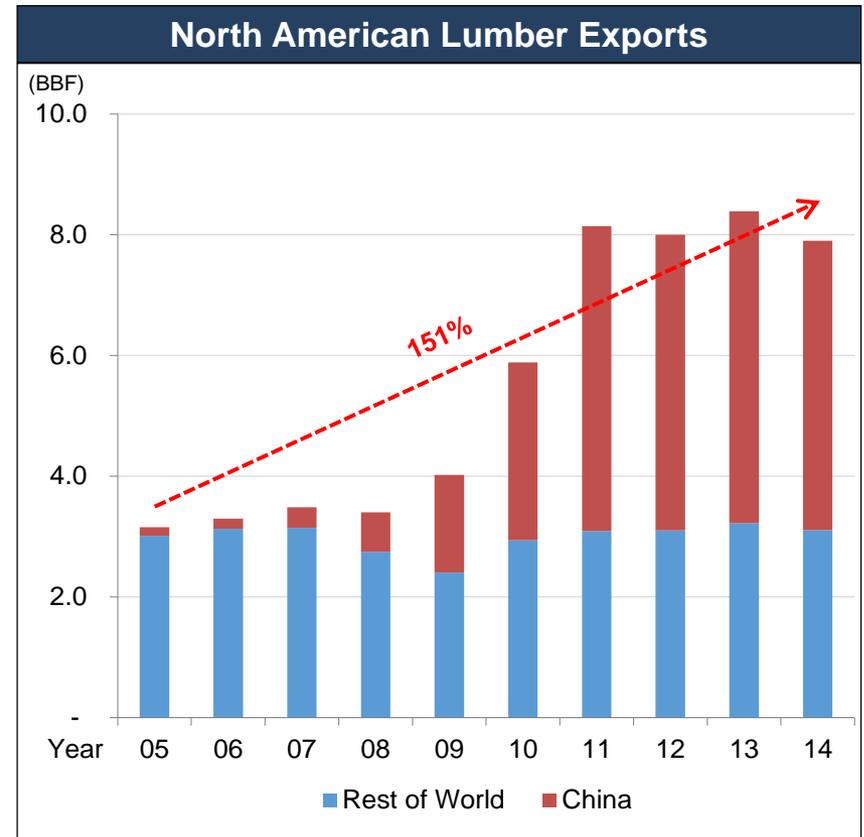
Note: Prices are adjusted for inflation and converted to 2014 dollars based on the Producer Price Index (PPI).

**U.S. South sawtimber pricing has historically trended in line with residential construction:  
~1.5 million starts = ~\$45 sawtimber.**

# Log and Lumber Export Volume Has Surged



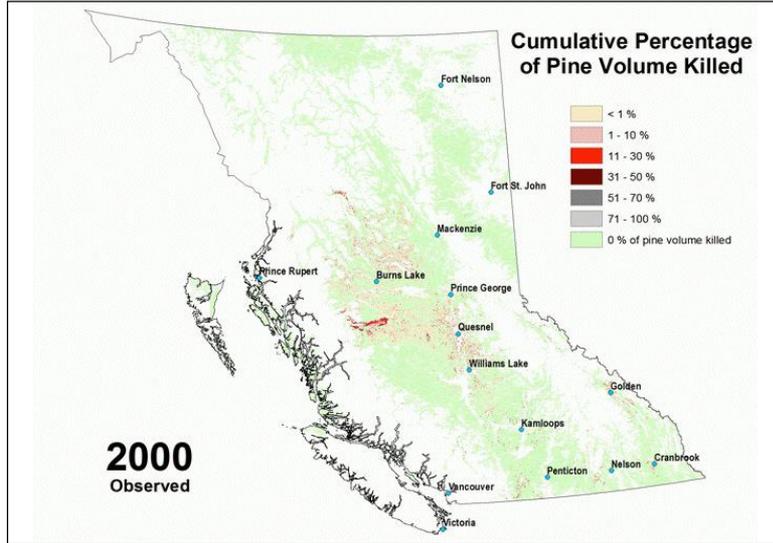
Source: Forest Economic Advisors.



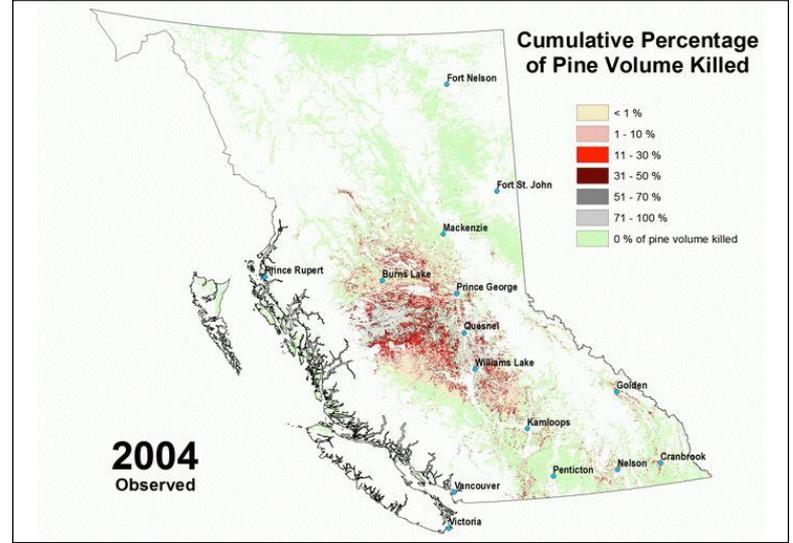
Source: Forest Economic Advisors.

**China has driven substantial growth in log and lumber exports from the Pacific Northwest and British Columbia, respectively.**

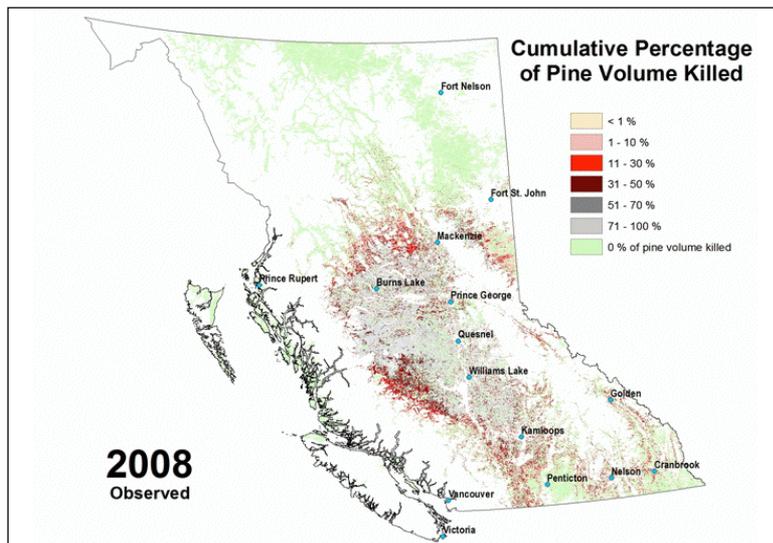
# Mountain Pine Beetle Has Devastated B.C. Forests



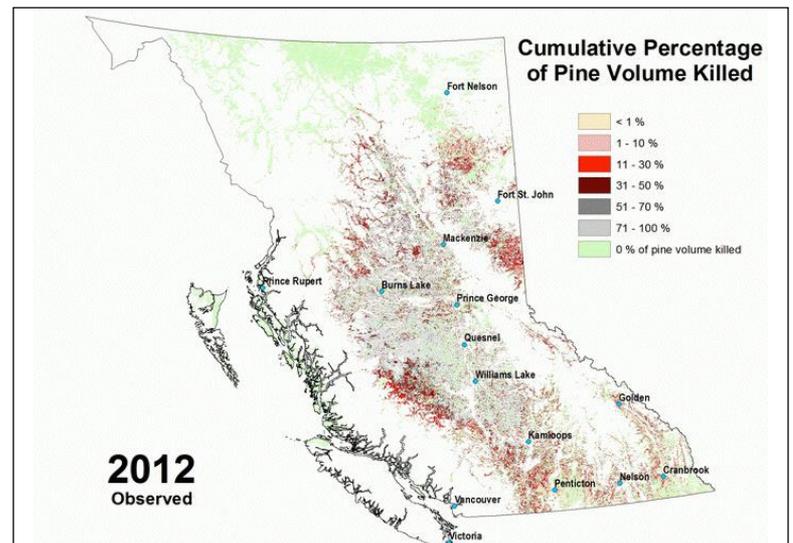
~ 1%  
Mortality



~ 15%  
Mortality



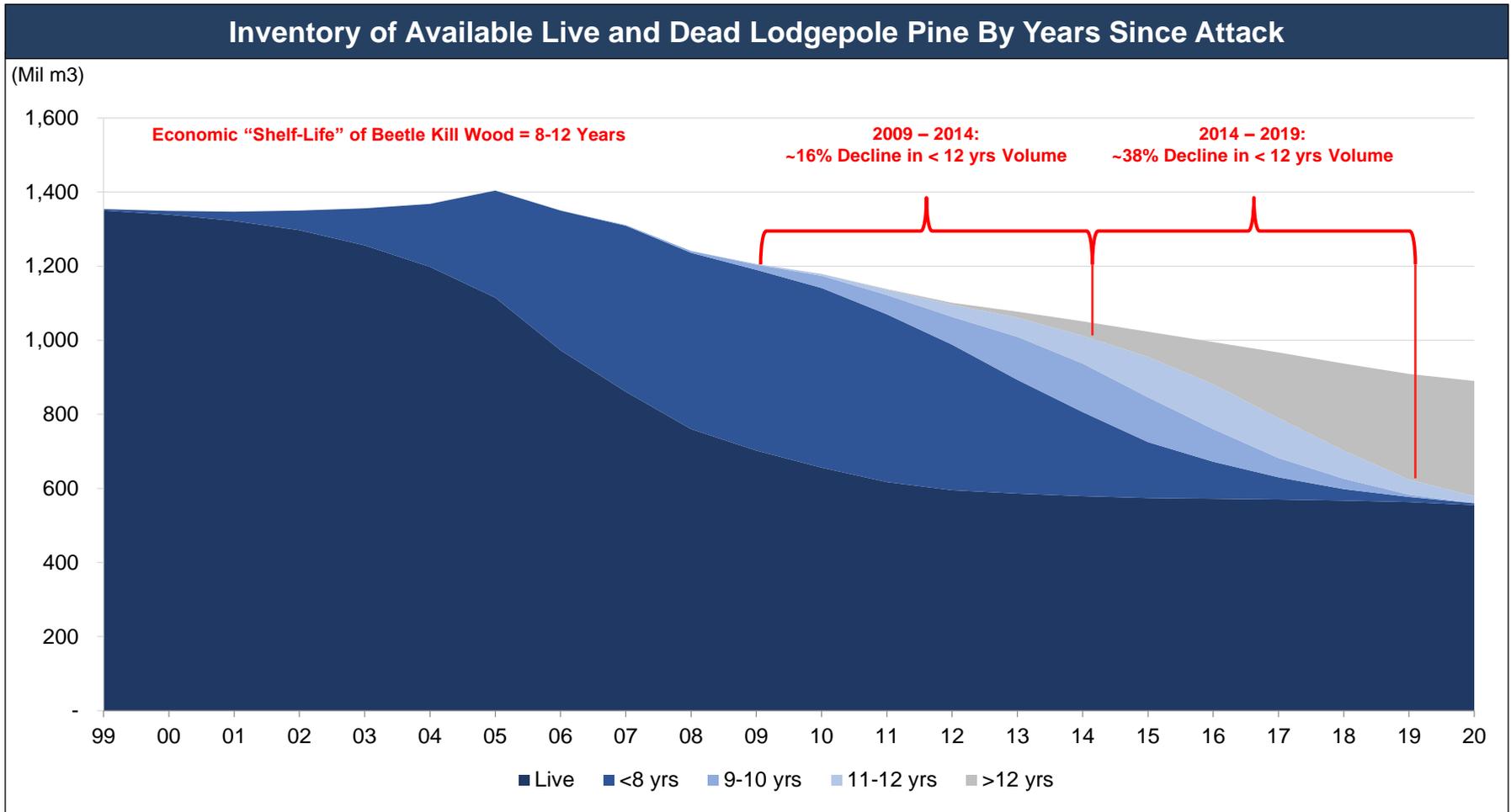
~ 45%  
Mortality



~ 55%  
Mortality

Source: B.C. Ministry of Forests.

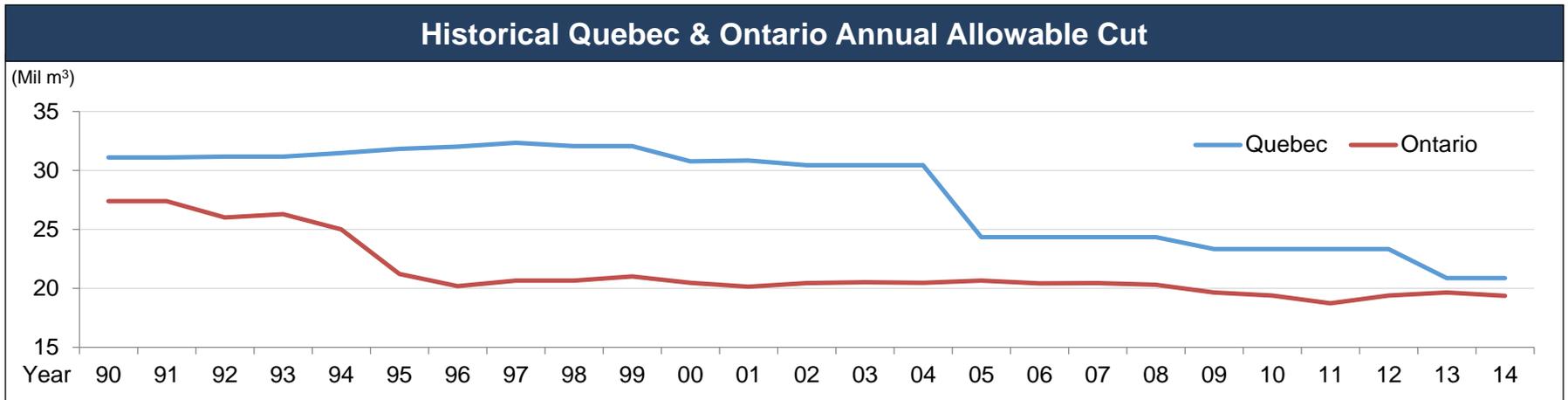
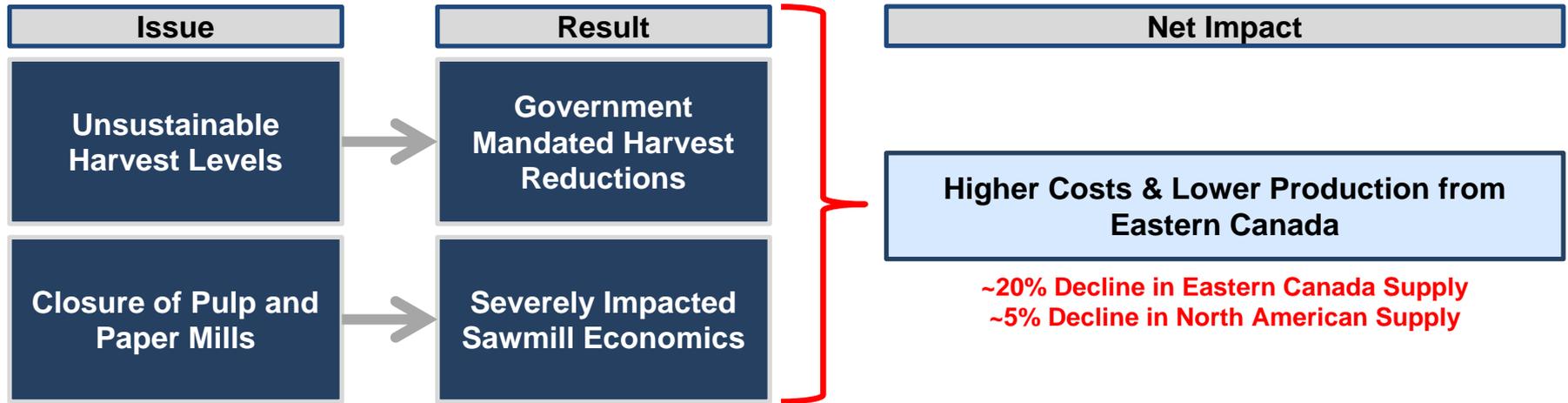
# Availability of Viable B.C. Timber Is Expected to Decline Rapidly



Source: B.C. Ministry of Forests; Forest Economic Advisors.

**The mountain pine beetle epidemic is expected to significantly constrain the availability of economically viable pine inventory in B.C. for many decades.**

# Eastern Canada Producers Also Have Multiple Challenges



Source: Forest Economic Advisors.

**Increased harvest restrictions and large-scale paper mill closures are projected to lead to reduced lumber production of nearly 20% in Eastern Canada.**

# U.S. South Poised to Benefit Most from Current Market Trends

Time Period	1995 - 2004	Peak 2005	Trough 2009	Recent 2014	Trend	% Change from 2014	% Change from Peak
U.S. Housing Starts	1.63	2.07	0.55	1.00	1.50	+50%	(52%)
<b>Lumber Supply (BBF)</b>							
Canada	30.0	34.4	18.7	24.9	26.7	+7%	(22%)
U.S. West	16.8	19.3	10.4	14.1	17.2	+22%	(11%)
U.S. South	16.1	19.0	11.6	15.5	19.8	+27%	+4%
Rest of U.S.	2.4	2.1	1.2	1.4	2.2	+55%	+5%
Offshore Imports	1.2	3.0	0.6	0.6	1.6	+177%	(48%)
Total Supply	66.4	77.8	42.5	56.5	67.5	+19%	(13%)

Source: RISI; Forest Economic Advisors.

Based on the major supply-demand shifts currently underway, the U.S. South is expected to exceed prior peak levels of demand even at trend-level housing starts.



## Appendix

# Financial Highlights

(\$ in millions, except per share data)

Profitability	Three months ended March 31,	
	2015	2014
Sales	\$140.3	\$143.2
Operating income	27.7	14.4
Net income attributable to Rayonier Inc.	17.7	41.4
Pro forma net income <sup>(1)</sup>	17.7	10.4
Adjusted EBITDA <sup>(1)</sup>	61.4	43.5
Diluted Earnings Per Share:		
Income from continuing operations	0.14	0.08
Net income	0.14	0.32
Pro forma net income <sup>(1)</sup>	0.14	0.08
Average diluted shares (millions)	127.7	128.4

Capital Resources & Liquidity	Three months ended March 31,	
	2015	2014
Cash provided by Operating Activities <sup>(2)</sup>	\$53.4	\$100.1
Cash used for Investing Activities <sup>(2)</sup>	(43.7)	(2.6)
Cash used for Financing Activities <sup>(2)</sup>	(30.6)	(141.1)
Cash Available for Distribution (CAD) <sup>(1)</sup>	42.7	10.8

	3/31/2015	12/31/2014
Debt	743.0	751.6
Cash	139.0	161.6
Net Debt	604.0	590.0
Net Debt / Enterprise Value <sup>(3)</sup>	15%	14%

(1) Non-GAAP measures (see page 50 for definitions and pages 44, and 51-54 for reconciliations).

(2) 2014 period includes discontinued operations.

(3) Enterprise Value based on equity market capitalization plus net debt at March 31, 2015 and December 31, 2014, respectively.

# Variance Analysis – 4Q 2014 to 1Q 2015

## Operating Income (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>4Q14 Operating income</b>	\$13.5	\$3.7	\$2.9	\$2.6	(\$0.3)	(\$8.2)	\$14.2
Pro forma adjustments <sup>(1)</sup>	—	—	—	—	—	2.4	2.4
<b>Pro forma operating Income<sup>(2)</sup></b>	\$13.5	\$3.7	\$2.9	\$2.6	(\$0.3)	(\$5.8)	\$16.6
Volume/Mix	(1.0)	—	(4.0)	2.3	—	—	(2.7)
Price	1.0	(1.9)	3.7	8.4	—	—	11.2
Cost	0.3	0.5	1.0	0.3	—	(0.2)	1.9
Non-timber income	(1.1)	0.3	0.6	—	—	—	(0.2)
Foreign exchange	—	—	0.2	—	0.1	—	0.3
Depreciation, depletion & amortization	(0.3)	—	0.6 <sup>(3)</sup>	(0.7)	—	0.1	(0.3)
Non-cash cost of land and real estate development costs recovered upon sale	—	—	2.2	(0.3)	—	—	1.9
Other	—	—	(1.5) <sup>(4)</sup>	—	0.5	—	(1.0)
<b>1Q15 Operating Income</b>	<b>\$12.4</b>	<b>\$2.6</b>	<b>\$5.7</b>	<b>\$12.6</b>	<b>\$0.3</b>	<b>(\$5.9)</b>	<b>\$27.7</b>

## Adjusted EBITDA <sup>(2)</sup> (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>4Q14 Adjusted EBITDA</b>	\$28.3	\$7.5	\$13.8	\$7.2	(\$0.3)	(\$5.6)	\$50.9
Volume/Mix	(1.8)	—	(5.9)	4.5	—	—	(3.2)
Price	1.0	(1.9)	3.7	8.4	—	—	11.2
Cost	0.3	0.5	1.0	0.3	—	(0.2)	1.9
Non-timber income	(1.1)	0.3	0.6	—	—	—	(0.2)
Foreign exchange	—	—	0.2	—	0.1	—	0.3
Other	—	—	0.3	(0.3)	0.5	—	0.5
<b>Adjusted EBITDA variance</b>	<b>(1.6)</b>	<b>(1.1)</b>	<b>(0.1)</b>	<b>12.9</b>	<b>0.6</b>	<b>(0.2)</b>	<b>10.5</b>
<b>1Q15 Adjusted EBITDA</b>	<b>\$26.7</b>	<b>\$6.4</b>	<b>\$13.7</b>	<b>\$20.1</b>	<b>\$0.3</b>	<b>(\$5.8)</b>	<b>\$61.4</b>

(1) Internal review and restatement costs in 2014.

(2) Non-GAAP measures (see page 50 for definitions and pages 51-54 for reconciliations).

(3) Primarily related to timber sold in conjunction with the relinquishment of a forestry right.

(4) Includes \$1.9 million of timber basis sold in conjunction with the relinquishment of a forestry right.

# Variance Analysis – 1Q 2014 to 1Q 2015

## Operating Income (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>1Q14 Operating income</b>	\$10.5	\$12.6	\$2.4	\$0.7	(\$0.4)	(\$11.4)	\$14.4
Volume/Mix	1.2	(7.3)	1.9	8.5	—	—	4.3
Price	0.8	(2.8)	(1.3)	4.5	—	—	1.2
Cost	(0.5)	(0.4)	0.3	—	—	5.3 <sup>(1)</sup>	4.7
Non-timber income	1.5	0.5	0.7 <sup>(2)</sup>	—	—	—	2.7
Foreign exchange	—	—	(0.1)	—	1.1	—	1.0
Depreciation, depletion & amortization	(1.1)	—	1.4	(0.8)	—	0.2	(0.3)
Non-cash cost of land and real estate development costs recovered upon sale	—	—	2.1	(0.3)	—	—	1.8
Other	—	—	(1.7) <sup>(4)</sup>	—	(0.4)	—	(2.1)
<b>1Q15 Operating Income</b>	<b>\$12.4</b>	<b>\$2.6</b>	<b>\$5.7</b>	<b>\$12.6</b>	<b>\$0.3</b>	<b>(\$5.9)</b>	<b>\$27.7</b>

## Adjusted EBITDA<sup>(3)</sup> (\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>1Q14 Adjusted EBITDA</b>	\$22.5	\$18.9	\$11.0	\$2.6	(\$0.4)	(\$11.1)	\$43.5
Volume/Mix	2.5	(9.8)	2.9	13.0	—	—	8.6
Price	0.8	(2.8)	(1.3)	4.5	—	—	1.2
Cost	(0.5)	(0.4)	0.3	—	—	5.3 <sup>(1)</sup>	4.7
Non-timber income	1.5	0.5	0.7 <sup>(2)</sup>	—	—	—	2.7
Foreign exchange	—	—	(0.1)	—	1.1	—	1.0
Other	(0.1)	—	0.2	—	(0.4)	—	(0.3)
<b>Adjusted EBITDA variance</b>	<b>4.2</b>	<b>(12.5)</b>	<b>2.7</b>	<b>17.5</b>	<b>0.7</b>	<b>5.3</b>	<b>17.9</b>
<b>1Q15 Adjusted EBITDA</b>	<b>\$26.7</b>	<b>\$6.4</b>	<b>\$13.7</b>	<b>\$20.1</b>	<b>\$0.3</b>	<b>(\$5.8)</b>	<b>\$61.4</b>

(1) Corporate and other improved \$5.3 million due to lower selling, general and administrative expenses as a result of the spin-off.

(2) Primarily related to timber sold in conjunction with the relinquishment of a forestry right.

(3) Non-GAAP measures (see page 50 for definitions and pages 51-54 for reconciliations).

(4) Includes \$1.9 million of timber basis sold in conjunction with the relinquishment of a forestry right.

# Cash Available for Distribution\*

(\$ in millions, except per share data)

	Three Months Ended March 31,	
	2015	2014
<b>Operating Income</b>	\$27.7	\$14.4
Depreciation, depletion, amortization	30.0	26.0
Non-cash cost of land and real estate development costs recovered upon sale	3.7	3.1
<b>Adjusted EBITDA*</b>	<b>\$61.4</b>	<b>\$43.5</b>
Cash interest paid <sup>(1)</sup>	(5.0)	(6.9)
Cash taxes paid <sup>(2)</sup>	(0.1)	(7.1)
Real estate development costs	(0.3)	(1.8)
Capital expenditures from continuing operations <sup>(3)</sup>	(13.3)	(16.9)
<b>Cash Available for Distribution</b>	<b>\$42.7</b>	<b>\$10.8</b>
Working capital changes	(2.9)	14.6
Real estate development costs	0.3	1.8
Capital expenditures from continuing operations <sup>(3)</sup>	13.3	16.9
Cash flow from discontinued operations	—	56.0
<b>Cash Provided by Operating Activities</b>	<b>\$53.4</b>	<b>\$100.1</b>
Shares outstanding	126,802,309	126,451,505
<b>CAD per Share</b>	<b>\$0.34</b>	<b>\$0.09</b>
<b>Dividends per Share<sup>(4)</sup></b>	<b>\$0.25</b>	<b>\$0.49</b>

\* Non-GAAP measure (see page 50 for definition).

(1) Cash interest paid is presented net of patronage refunds received of \$1.3 million and \$2.1 million for the three months ended March 31, 2015 and March 31, 2014, respectively.

(2) The three months ended March 31, 2014 includes payments related to the spun-off Performance Fibers business.

(3) Capital expenditures exclude timberland acquisitions of \$23.1 million and \$10.6 million during the three months ended March 31, 2015 and March 31, 2014, respectively.

(4) 2014 includes pre-spin dividend levels.

# Southern Timber Overview

	2014					2015				
	Q1	Q2	Q3	Q4	FY 2014	Q1	Q2	Q3	Q4	YTD
<b>Sales Volume (Tons in 000s)</b>										
Pine Pulpwood	776	707	867	934	3,284	905	—	—	—	905
Pine Sawtimber	387	363	492	459	1,701	418	—	—	—	418
Total Pine Volume	1,163	1,070	1,359	1,393	4,985	1,323	—	—	—	1,323
Hardwood	111	79	55	66	311	47	—	—	—	47
Total Volume	1,274	1,149	1,414	1,459	5,296	1,370	—	—	—	1,370
% Delivered Sales	30%	36%	33%	32%	33%	25%	—	—	—	25%
% Stumpage Sales	70%	64%	67%	68%	67%	75%	—	—	—	75%
<b>Net Stumpage Pricing (\$ per ton)<sup>(1)</sup></b>										
Pine Pulpwood	\$18.55	\$18.94	\$17.99	\$18.55	\$18.48	\$18.83	—	—	—	\$18.83
Pine Sawtimber	27.07	26.16	25.78	26.84	26.45	28.84	—	—	—	28.84
Weighted Average Pine	\$21.38	\$21.39	\$20.81	\$21.28	\$21.20	\$21.99	—	—	—	\$21.99
Hardwood	13.73	11.58	13.22	13.34	13.01	13.07	—	—	—	13.07
Weighted Average Total	\$20.72	\$20.71	\$20.51	\$20.92	\$20.72	\$21.69	—	—	—	\$21.69
<b>Summary Financial Data (\$ in MM\$)</b>										
Sales	\$33.9	\$31.5	\$37.5	\$38.9	\$141.8	\$35.5	—	—	—	\$35.5
(-) Cut & Haul	(7.5)	(7.7)	(8.5)	(8.4)	(32.1)	(5.8)	—	—	—	(5.8)
Net Stumpage Sales	\$26.4	\$23.8	\$29.0	\$30.5	\$109.7	\$29.7	—	—	—	\$29.7
Operating Income	\$10.5	\$8.9	\$13.5	\$13.5	\$46.4	\$12.4	—	—	—	\$12.4
(+) DD&A	12.0	10.6	14.1 <sup>(3)</sup>	14.8	51.5	14.3	—	—	—	14.3
Adjusted EBITDA <sup>(2)</sup>	\$22.5	\$19.5	\$27.6	\$28.3	\$97.9	\$26.7	—	—	—	\$26.7
<b>Other Data</b>										
Non-timber Income (\$ in MM\$)	\$3.1	\$3.5	\$5.0	\$5.6	\$17.2	\$4.5	—	—	—	\$4.5
Period End Acres (in 000s)	1,898	1,901	1,900	1,906	1,906	1,901	—	—	—	1,901

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

(2) Non-GAAP measure (see page 50 for definition and page 52 -54 for reconciliations).

(3) Excludes \$0.7 million cumulative out-of-period adjustment for depletion expense.

# Pacific Northwest Timber Overview

	2014					2015				
	Q1	Q2	Q3	Q4	FY 2014	Q1	Q2	Q3	Q4	YTD
<b>Sales Volume (Tons in 000s)</b>										
Pulpwood	86	73	51	52	262	55	—	—	—	55
Sawtimber	458	375	295	274	1,402	270	—	—	—	270
Total Volume	544	448	346	326	1,664	325	—	—	—	325
<b>Northwest Sales Volume (Converted to MBF)</b>										
Pulpwood	8,111	6,860	4,856	4,934	24,761	5,140	—	—	—	5,140
Sawtimber	54,570	49,093	39,504	35,731	178,898	33,455	—	—	—	33,455
Total Volume	62,681	55,953	44,360	40,665	203,659	38,595	—	—	—	38,595
<b>Northwest Sales Mix</b>										
% Delivered Sales	47%	41%	61%	83%	55%	79%	—	—	—	79%
% Stumpage Sales	53%	59%	39%	17%	45%	21%	—	—	—	21%
<b>Delivered Log Pricing</b>										
Pulpwood (\$ per ton)	\$37.92	\$37.10	\$37.86	\$43.23	\$39.20	\$43.19	—	—	—	\$43.19
Sawtimber (\$ per ton)	81.90	84.46	83.91	79.19	82.05	72.03	—	—	—	72.03
Weighted Average Log Price (\$ per ton)	\$74.00	\$74.51	\$76.60	\$73.15	\$74.44	\$66.91	—	—	—	\$66.91
<b>Summary Financial Data (\$ in MMs)</b>										
Sales	\$33.0	\$25.1	\$22.0	\$22.1	\$102.2	\$19.2	—	—	—	\$19.2
(-) Cut & Haul	(8.3)	(5.9)	(6.8)	(9.1)	(30.1)	(8.1)	—	—	—	(8.1)
Net Stumpage Sales	\$24.7	\$19.2	\$15.2	\$13.0	\$72.1	\$11.1	—	—	—	\$11.1
Pro forma Operating Income <sup>(1)</sup>	\$12.6	\$8.8	\$6.3	\$3.7	\$31.4	\$2.6	—	—	—	\$2.6
(+) DD&A	6.3	5.2	4.1 <sup>(2)</sup>	3.8	19.4	3.8	—	—	—	3.8
Adjusted EBITDA <sup>(1)</sup>	\$18.9	\$14.0	\$10.4	\$7.5	\$50.8	\$6.4	—	—	—	\$6.4
<b>Other Data</b>										
Non-timber Income (\$ in MMs)	\$0.5	\$0.8	\$0.8	\$0.7	\$2.8	\$1.0	—	—	—	\$1.0
Period-End Acres (in 000s)	372	372	372	372	372	368	—	—	—	368
Northwest Sawtimber (\$ per MBF)	\$684	\$629	\$614	\$606	\$632	\$604	—	—	—	\$604
Estimated Percentage of Export Volume	27%	21%	29%	21%	25%	19%	—	—	—	19%

(1) Non-GAAP measures (see page 50 for definitions and pages 51-54 for reconciliations).

(2) Excludes \$1.9 million cumulative out-of-period adjustment for depletion expense.

# New Zealand Timber Overview

	2014					2015				
	Q1	Q2	Q3	Q4	FY 2014	Q1	Q2	Q3	Q4	YTD
<b>Sales Volume (Tons in 000s)</b>										
Domestic Sawtimber (Delivered)	144	170	179	151	644	150	—	—	—	150
Domestic Pulpwood (Delivered)	73	77	103	99	352	100	—	—	—	100
Export Sawtimber (Delivered)	142	193	231	261	827	201	—	—	—	201
Export Pulpwood (Delivered)	9	16	21	25	71	11	—	—	—	11
Stumpage	91	67	136	172	466	76	—	—	—	76
Total Volume	459	523	670	708	2,360	538	—	—	—	538
% Delivered Sales	80%	87%	80%	76%	80%	86%	—	—	—	86%
% Stumpage Sales	20%	13%	20%	24%	20%	14%	—	—	—	14%
<b>Delivered Log Pricing</b>										
Domestic Sawtimber (\$ / ton)	\$80.04	\$84.64	\$78.28	\$68.87	\$78.15	\$70.77	—	—	—	\$70.77
Domestic Pulpwood (\$ / ton)	38.34	39.52	38.78	35.18	37.84	35.38	—	—	—	35.38
Export Sawtimber ( \$ / ton)	120.62	118.12	104.11	108.96	111.75	102.60	—	—	—	102.60
<b>Summary Financial Data (\$ in MMs)</b>										
Sales	\$35.8	\$44.1	\$48.4	\$48.9	\$177.2	\$37.8	—	—	—	\$37.8
(-) Cut & Haul	(15.9)	(20.3)	(22.4)	(20.3)	(78.9)	(16.0)	—	—	—	(16.0)
(-) Port / Freight Costs	(5.6)	(9.0)	(10.1)	(11.1)	(35.8)	(6.6)	—	—	—	(6.6)
Net Stumpage Sales	\$14.3	\$14.8	\$15.9	\$17.5	\$62.5	\$15.2	—	—	—	\$15.2
Land/Other Sales	\$2.0	\$0.3	\$0.1	\$2.7	\$5.1	\$3.4	—	—	—	\$3.4
Total Sales	\$37.8	\$44.4	\$48.5	\$51.7	\$182.4	\$41.2	—	—	—	\$41.2
Operating Income	\$2.4	\$2.2	\$1.9	\$2.9	\$9.4	\$5.7 <sup>(2)</sup>	—	—	—	\$5.7
(+) DD&A	6.5	7.7	9.4	8.7	32.3	8.0	—	—	—	8.0
(+) Non-cash cost of land sold	2.1	—	—	2.2	4.3	—	—	—	—	—
Adjusted EBITDA <sup>(1)</sup>	\$11.0	\$9.9	\$11.3	\$13.8	\$46.0	\$13.7	—	—	—	\$13.7
<b>Other Data</b>										
NZ\$/US\$ Exchange Rate (Average period rate)	0.8253	0.8575	0.8540	0.7827	0.8299	0.7556	—	—	—	0.7556
Net plantable Period-End Acres (in 000s)	313	313	312	309	309	303	—	—	—	303
Export Sawtimber ( \$ / JAS m3)	\$139.95	\$137.05	\$120.79	\$126.42	\$129.66	\$119.04	—	—	—	\$119.04

(1) Non-GAAP measure (see page 50 for definition and page 52-5 for reconciliations).

(2) Includes \$1.9 million of timber basis sold in conjunction with the relinquishment of a forestry right.

# Timber Segments Selected Operating Information

(\$ in millions)

	Three Months Ended		
	3/31/2015	12/31/2014	3/31/2014
<u>Depreciation, Depletion and Amortization</u>			
Southern Timber	\$14.3	\$14.8	\$12.0
Pacific Northwest Timber	3.8	3.8	6.3
New Zealand Timber	8.0	8.7	6.5
Total	\$26.1	\$27.3	\$24.8
<u>Capital Expenditures</u>			
U.S. Timber			
Reforestation, Silviculture & Other Capital Expenditures	\$4.8	\$6.6	\$5.4
Property Taxes, Lease Payments & Allocated Overhead	5.5	5.3	6.3
Timberland Acquisitions	23.1	36.5	10.6
Subtotal U.S. Timber	\$33.4	\$48.4	\$22.3
New Zealand Timber			
Reforestation, Silviculture & Other Capital Expenditures	\$1.5	\$2.6	\$1.8
Property Taxes, Lease Payments & Allocated Overhead	1.2	2.2	1.3
Timberland Acquisitions	—	—	—
Subtotal New Zealand Timber	\$2.7	\$4.8	\$3.1
Total Timber Segments Capital Expenditures	\$36.1	\$53.2	\$25.4

# Real Estate Overview

	2014					2015				
	Q1	Q2	Q3	Q4	FY 2014	Q1	Q2	Q3	Q4	YTD
<b>Sales (\$ in MMs)</b>										
Improved Development <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	—
Unimproved Development	0.1	1.4	1.4	1.9	4.8	4.8	—	—	—	4.8
Rural	5.1	5.4	25.1	5.4	41.0	6.8	—	—	—	6.8
Non-strategic / Timberlands	0.3	27.2	0.3	3.7	31.5	12.2	—	—	—	12.2
<b>Total Sales</b>	<b>\$5.5</b>	<b>\$34.0</b>	<b>\$26.8</b>	<b>\$11.0</b>	<b>\$77.3</b>	<b>\$23.8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$23.8</b>
Sales (Development / Rural Only)	\$5.2	\$6.8	\$26.5	\$7.3	\$45.8	\$11.6	—	—	—	\$11.6
<b>Acres Sold</b>										
Improved Development <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	—
Unimproved Development	27	68	203	554	852	409	—	—	—	409
Rural	1,733	2,030	11,685	2,629	18,077	2,877	—	—	—	2,877
Non-strategic / Timberlands	362	23,185	234	2,138	25,919	4,111	—	—	—	4,111
<b>Total Acres Sold</b>	<b>2,122</b>	<b>25,283</b>	<b>12,122</b>	<b>5,321</b>	<b>44,848</b>	<b>7,397</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,397</b>
Acres Sold (Development / Rural Only)	1,760	2,098	11,888	3,183	18,929	3,286	—	—	—	3,286
Percentage of U.S. South acreage sold <sup>(2)</sup>	0.1%	0.1%	0.7%	0.2%	1.2%	0.2%	—	—	—	0.2%
<b>Price per Acre (\$ per acre)</b>										
Improved Development <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	—
Unimproved Development	\$5,259	\$20,897	\$6,660	\$3,389	\$5,623	\$11,781	—	—	—	\$11,781
Rural	2,958	2,654	2,146	2,040	2,265	2,368	—	—	—	2,368
Non-strategic / Timberlands	723	1,174	1,100	1,779	1,217	2,957	—	—	—	2,957
<b>Weighted Avg. (Total)</b>	<b>\$2,606</b>	<b>\$1,345</b>	<b>\$2,202</b>	<b>\$2,075</b>	<b>\$1,723</b>	<b>\$3,216</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$3,216</b>
Weighted Avg. (Development / Rural) <sup>(3)</sup>	\$2,994	\$3,245	\$2,223	\$2,275	\$2,417	\$3,540	—	—	—	\$3,540

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

(2) Calculated as development / rural acres sold (excluding sales in the Pacific Northwest region) over U.S. South acres owned.

(3) Excludes Improved Development.

# Definitions of Non-GAAP Measures

**Pro Forma Operating Income** is defined as operating income adjusted for internal review and restatement costs.

**Pro Forma Net Income** is defined as net income attributable to Rayonier Inc. adjusted for internal review and restatement costs and discontinued operations.

**Adjusted EBITDA** is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land sold and real estate development costs recovered upon sale, discontinued operations and the internal review and restatement costs in 2014. Adjusted EBITDA is a non-GAAP measure used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management.

**Cash Available for Distribution (CAD)** is defined as cash provided by operating activities adjusted for capital spending (excluding strategic acquisitions), real estate development costs, cash provided by discontinued operations and working capital and other balance sheet changes. CAD is a non-GAAP measure of cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. CAD is not necessarily indicative of the CAD that may be generated in future periods.

# Reconciliation of Reported to Pro Forma Earnings

(\$ in millions, except per share amounts)

Three Months Ended	March 31, 2015		December 31, 2014		March 31, 2014	
	\$	EPS	\$	EPS	\$	EPS
Operating income	\$27.7		\$14.2		\$14.4	
Internal review and restatement costs	—		2.4		—	
Pro Forma Operating Income	\$27.7		\$16.6		\$14.4	
Net Income attributable to Rayonier Inc.	\$17.7	\$0.14	\$8.9	\$0.07	\$41.4	\$0.32
Internal review and restatement costs	—	—	2.4	0.02	—	—
Discontinued operations, net	—	—	(0.3)	—	(31.0)	(0.24)
Pro Forma Net Income	\$17.7	\$0.14	\$11.0	\$0.09	\$10.4	\$0.08

# Reconciliation of Operating Income to Adjusted EBITDA by Segment

(\$ in millions)

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>March 31, 2015</b>							
Operating Income	\$12.4	\$2.6	\$5.7	\$12.6	\$0.3	(\$5.9)	\$27.7
Depreciation, depletion & amortization	14.3	3.8	8.0	3.8	—	0.1	30.0
Non-cash cost of land and real estate development costs recovered upon sale	—	—	—	3.7	—	—	3.7
Adjusted EBITDA	\$26.7	\$6.4	\$13.7	\$20.1	\$0.3	(\$5.8)	\$61.4
<b>December 31, 2014</b>							
Operating Income	\$13.5	\$3.7	\$2.9	\$2.6	(\$0.3)	(\$8.2)	\$14.2
Depreciation, depletion & amortization	14.8	3.8	8.7	2.2	—	0.2	29.7
Non-cash cost of land and real estate development costs recovered upon sale	—	—	2.2	2.4	—	—	4.6
Internal review and restatement costs	—	—	—	—	—	2.4	2.4
Adjusted EBITDA	\$28.3	\$7.5	\$13.8	\$7.2	(\$0.3)	(\$5.6)	\$50.9
<b>March 31, 2014</b>							
Operating Income	\$10.5	\$12.6	\$2.4	\$0.7	(\$0.4)	(\$11.4)	\$14.4
Depreciation, depletion & amortization	12.0	6.3	6.5	0.9	—	0.3	26.0
Non-cash cost of land and real estate development costs recovered upon sale	—	—	2.1	1.0	—	—	3.1
Adjusted EBITDA	\$22.5	\$18.9	\$11.0	\$2.6	(\$0.4)	(\$11.1)	\$43.5

# Reconciliation of Operating Income to Adjusted EBITDA by Segment cont.

(\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>2014</b>							
Operating Income	\$45.6	\$29.5	\$9.5	\$47.5	\$1.7	(\$35.5)	\$98.3
Depreciation, depletion & amortization	52.3	21.3	32.2	13.4	—	0.8	120.0
Non-cash cost of land and real estate development costs recovered upon sale	—	—	4.3	8.9	—	—	13.2
Internal review and restatement costs	—	—	—	—	—	3.4	3.4
Adjusted EBITDA	\$97.9	\$50.8	\$46.0	\$69.8	\$1.7	(\$31.3)	\$234.9
<b>2013</b>							
Operating Income	\$37.8	\$32.7	\$10.6	\$55.9	\$1.8	(\$30.1)	\$108.7
Depreciation, depletion & amortization	49.4	21.3	27.7	17.4	—	1.0	116.8
Non-cash cost of land and real estate development costs recovered upon sale	—	—	—	10.2	—	—	10.2
Gain related to the consolidation of New Zealand JV	—	—	—	—	—	(16.1)	(16.1)
Adjusted EBITDA	\$87.2	\$54.0	\$38.3	\$83.5	\$1.8	(\$45.2)	\$219.6
<b>2012</b>							
Operating Income (loss)	\$23.4	\$20.6	\$2.0	\$32.0	(\$0.1)	(\$45.9)	\$32.0
Depreciation, depletion & amortization	52.7	22.2	0.2	8.1	—	1.4	84.6
Non-cash cost of land and real estate development costs recovered upon sale	—	—	—	4.7	—	—	4.7
Adjusted EBITDA	\$76.1	\$42.8	\$2.2	\$44.8	(\$0.1)	(\$44.5)	\$121.3

# Reconciliation of Operating Income to Adjusted EBITDA by Segment cont.

(\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>2011</b>							
Operating Income	\$13.4	\$29.5	\$4.2	\$47.3	\$1.5	(\$40.8)	\$55.1
Depreciation, depletion & amortization	43.3	18.9	0.2	12.2	—	1.9	76.5
Non-cash cost of land and real estate development costs recovered upon sale	—	—	—	4.3	—	—	4.3
Adjusted EBITDA	\$56.7	\$48.4	\$4.4	\$63.8	\$1.5	(\$38.9)	\$135.9
<b>2010</b>							
Operating Income	\$29.0	\$7.7	—	\$53.4	\$0.8	(\$36.3)	\$54.6
Depreciation, depletion & amortization	40.8	17.7	—	22.2	—	1.0	81.7
Non-cash cost of land and real estate development costs recovered upon sale	—	—	—	6.7	—	—	6.7
Gain on sale of portion of New Zealand JV interest	—	—	—	—	—	(12.4)	(12.4)
Adjusted EBITDA	\$69.8	\$25.4	—	\$82.3	\$0.8	(\$47.7)	\$130.6