UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2019

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-6780

Rayonier

Incorporated in the State of North Carolina

I.R.S. Employer Identification No. 13-2607329

1 RAYONIER WAY
WILDLIGHT, FL 32097
(Principal Executive Office)

Telephone Number: (904) 357-9100

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol	Exchange
COMMON STOCK, $0.0 PAR VALUE	RYN	NEW YORK STOCK EXCHANGE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x
Accelerated filer o

Non-accelerated filer o
Smaller reporting company o
Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO x

As of April 26, 2019, there were outstanding 129,635,639 Common Shares of the registrant.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
SALES (NOTE 2)	$191,546	$203,196
Costs and Expenses		
Cost of sales	(143,251)	(138,488)
Selling and general expenses	(9,810)	(9,003)
Other operating income, net (**Note 16**)	35	1,369
	(153,026)	(146,122)
OPERATING INCOME	38,520	57,074
Interest expense	(7,710)	(8,052)
Interest and other miscellaneous income, net	1,332	620
INCOME BEFORE INCOME TAXES	32,142	49,642
Income tax expense (**Note 9**)	(4,349)	(6,936)
NET INCOME	27,793	42,706
Less: Net income attributable to noncontrolling interest	(2,999)	(2,167)
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	24,794	40,539
OTHER COMPREHENSIVE (LOSS) INCOME		
Foreign currency translation adjustment, net of income tax expense of $0 and $0	6,033	9,688
Cash flow hedges, net of income tax expense of $335 and $368	(10,686)	16,615
Amortization of pension and postretirement plans, net of income tax expense of $0 and $0	112	159
Total other comprehensive (loss) income	(4,541)	26,462
COMPREHENSIVE INCOME	23,252	69,168
Less: Comprehensive income attributable to noncontrolling interest	(4,551)	(4,483)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	$18,701	$64,685
EARNINGS PER COMMON SHARE (NOTE 12)		
Basic earnings per share attributable to Rayonier Inc.	$0.19	$0.31
Diluted earnings per share attributable to Rayonier Inc.	$0.19	$0.31

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)

	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$154,613	$148,374
Accounts receivable, less allowance for doubtful accounts of $8 and $8	32,031	26,151
Inventory (Note 17)	26,221	15,703
Prepaid expenses	17,283	17,016
Other current assets	738	609
Total current assets	230,886	207,853
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	2,395,625	2,401,327
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS (NOTE 7)	76,287	85,609
PROPERTY, PLANT AND EQUIPMENT		
Land	4,131	4,131
Buildings	22,621	22,503
Machinery and equipment	3,772	3,534
Construction in progress	550	567
Total property, plant and equipment, gross	31,074	30,735
Less — accumulated depreciation	(8,533)	(7,984)
Total property, plant and equipment, net	22,541	22,751
RESTRICTED CASH (NOTE 18)	9,867	8,080
RIGHT OF USE ASSETS (NOTE 3)	105,745	—
OTHER ASSETS	43,259	55,046
TOTAL ASSETS	$2,884,210	$2,780,666
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$25,958	$18,019
Accrued taxes	4,028	3,178
Accrued payroll and benefits	4,732	10,416
Accrued interest	8,106	5,007
Deferred revenue	8,468	10,447
Other current liabilities	27,050	16,474
Total current liabilities	78,342	63,541
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS (NOTE 6)	972,707	972,567
PENSION AND OTHER POSTRETIREMENT BENEFITS (NOTE 15)	29,812	29,800
LONG-TERM LEASE LIABILITY (NOTE 3)	95,009	—
OTHER NON-CURRENT LIABILITIES	67,140	60,208
COMMITMENTS AND CONTINGENCIES (NOTES 8 and 10)		
SHAREHOLDERS' EQUITY		
Common Shares, 480,000,000 shares authorized,129,513,566 and 129,488,675 shares issued and outstanding	886,304	884,263
Retained earnings	662,116	672,371
Accumulated other comprehensive (loss) income (Note 19)	(5,853)	239
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,542,567	1,556,873
Noncontrolling interest	98,633	97,677
TOTAL SHAREHOLDERS' EQUITY	1,641,200	1,654,550
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,884,210	$2,780,666

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands, except share data)

	Common Shares					
	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Shareholders' Equity
Balance, January 1, 2019	129,488,675	$884,263	$672,371	$239	$97,677	$1,654,550
Net income	—	—	24,794	—	2,999	27,793
Dividends ($0.27 per share)	—	—	(35,049)	—	—	(35,049)
Issuance of shares under incentive stock plans	26,031	597	—	—	—	597
Stock-based compensation	—	1,477	—	—	—	1,477
Repurchase of common shares	(1,140)	(33)	—	—	—	(33)
Amortization of pension and postretirement plan liabilities	—	—	—	112	—	112
Foreign currency translation adjustment	—	—	—	4,680	1,353	6,033
Cash flow hedges	—	—	—	(10,884)	198	(10,686)
Distribution to minority shareholder	—	—	—	—	(3,594)	(3,594)
Balance, March 31, 2019	129,513,566	$886,304	$662,116	($5,853)	$98,633	$1,641,200

	Common Shares					
	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	Shareholders' Equity
Balance, January 1, 2018	128,970,776	$872,228	$707,378	$13,417	$99,917	$1,692,940
Net income	—	—	40,539	—	2,167	42,706
Dividends ($0.25 per share)	—	—	(32,634)	—	—	(32,634)
Issuance of shares under incentive stock plans	204,336	5,455	—	—	—	5,455
Stock-based compensation	—	1,262	—	—	—	1,262
Repurchase of common shares	(811)	(18)	—	—	—	(18)
Actuarial change and amortization of pension and postretirement plan liabilities	—	—	—	159	—	159
Foreign currency translation adjustment	—	—	—	7,606	2,082	9,688
Cash flow hedges	—	—	—	16,381	234	16,615
Balance, March 31, 2018	129,174,301	$878,927	$715,283	$37,563	$104,400	$1,736,173

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2019	2018
OPERATING ACTIVITIES		
Net income	$27,793	$42,706
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, depletion and amortization	36,491	34,537
Non-cash cost of land and improved development	4,030	1,624
Stock-based incentive compensation expense	1,477	1,262
Deferred income taxes	3,705	6,982
Amortization of losses from pension and postretirement plans	112	159
Other	1,491	6,271
Changes in operating assets and liabilities:		
Receivables	(8,195)	(10,473)
Inventories	(1,343)	(1,268)
Accounts payable	6,389	3,921
Income tax receivable/payable	—	(290)
All other operating activities	(1,033)	(7,196)
CASH PROVIDED BY OPERATING ACTIVITIES	70,917	78,235
INVESTING ACTIVITIES		
Capital expenditures	(14,122)	(13,192)
Real estate development investments	(1,677)	(2,340)
Purchase of timberlands	(12,349)	(12)
Other	2,337	(2,105)
CASH USED FOR INVESTING ACTIVITIES	(25,811)	(17,649)
FINANCING ACTIVITIES		
Repayment of debt	—	(29,375)
Dividends paid	(34,877)	(32,123)
Proceeds from the issuance of common shares under incentive stock plan	597	5,455
Repurchase of common shares	(33)	(18)
Distribution to minority shareholder	(3,594)	—
Other	(16)	—
CASH USED FOR FINANCING ACTIVITIES	(37,923)	(56,061)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	843	807
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Change in cash, cash equivalents and restricted cash	8,026	5,332
Balance, beginning of year	156,454	172,356
Balance, end of period	$164,480	$177,688
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest (a)	$2,120	$2,585
Income taxes	631	281
Non-cash investing activity:		
Capital assets purchased on account	3,354	1,525

(a) Interest paid is presented net of patronage payments received of $3.9 million and $3.7 million for the three months ended March 31, 2019 and March 31, 2018, respectively. For additional information on patronage payments, see Note 5 — Debt in the 2018 Form 10-K.

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements and notes thereto of Rayonier Inc. and its subsidiaries ("Rayonier" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC"). The year-end balance sheet information was derived from audited financial statements not included herein. In the opinion of management, these financial statements and notes reflect any adjustments (all of which are normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. These statements and notes should be read in conjunction with the financial statements and supplementary data included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC (the "2018 Form 10-K").

SUMMARY OF UPDATES TO SIGNIFICANT ACCOUNTING POLICIES

For information on updated significant accounting policies due to the adoption of ASC 842, see Note 3 — Leases. For a full description of our other significant accounting policies, see Note 1 — *Basis of Presentation* in the 2018 Form 10-K.

RECENTLY ADOPTED STANDARDS

ASU 2016-02 (ASC 842)

The Company adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, on January 1, 2019 and elected to apply the standard as of that day. As such, the Consolidated Balance Sheet as of March 31, 2019 includes right-of-use assets and lease liabilities related to the rights and obligations created by the Company's long-term leases. Prior periods have not been restated.

The Company applied the following practical expedients in the transition to the new standard and allowed under ASC 842-10-65-1:

Practical Expedient	Description
Reassessment of expired or existing contracts	The Company elected not to reassess, at the application date, whether any expired or existing contracts contained leases, the lease classification for any expired or existing leases, and the accounting for initial direct costs for any existing leases.
Use of hindsight	The Company elected to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of right-to-use assets.
Reassessment of existing or expired land easements	The Company elected not to evaluate existing or expired land easements that were not previously accounted for as leases under ASC 840, as allowed under the transition practical expedient. Going forward, new or modified land easements will be evaluated under ASU No. 2016-02.

See Note 3 — Leases for additional qualitative and quantitative disclosures required under ASU No. 2016-02.

OTHER RECENTLY ADOPTED STANDARDS

The Company adopted ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* in the first quarter ended March 31, 2019 with no material impact on the consolidated financial statements.

The Company adopted ASU No 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting* in the first quarter ended March 31, 2019 with no impact on the consolidated financial statements.

(Dollar amounts in thousands unless otherwise stated)

NEW ACCOUNTING STANDARDS

In the first quarter 2019, the Financial Accounting Standards Board ("FASB") did not issue any Accounting Standard Updates which are expected to have a material retrospective or future effect on the consolidated financial statements.

SUBSEQUENT EVENTS

The Company has evaluated events occurring from March 31, 2019 to the date of issuance of these Consolidated Financial Statements for potential recognition or disclosure in the consolidated financial statements. No events were identified that warranted recognition or disclosure.

2. REVENUE

PERFORMANCE OBLIGATIONS

The Company recognizes revenues when control of promised goods or services ("performance obligations") is transferred to customers, in an amount that reflects the consideration expected in exchange for those goods or services ("transaction price"). The Company generally satisfies performance obligations within a year of entering into a contract and therefore has applied the disclosure exemption found under ASC 606-10-50-14. Unsatisfied performance obligations as of March 31, 2019 are primarily due to advances on stumpage contracts and unearned license revenue.These performance obligations are expected to be satisfied within the next twelve months. The Company generally collects payment within a year of satisfying performance obligations and therefore has elected not to adjust revenues for a financing component.

CONTRACT BALANCES

The timing of revenue recognition, invoicing and cash collections results in accounts receivable and deferred revenue (contract liabilities) on the Consolidated Balance Sheets. Accounts receivable are recorded when the Company has an unconditional right to consideration for completed performance under the contract. Contract liabilities relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) the Company performs under the contract.

The following table summarizes revenue recognized during the three months ended March 31, 2019 and 2018 that was included in the contract liability balance at the beginning of each year:

	Three Months Ended March 31,	
	2019	2018
Revenue recognized from contract liability balance at the beginning of the year (a)	$5,356	$6,372

(a) Revenue recognized was primarily from hunting licenses and the use of advances on pay-as-cut timber sales.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

The following tables present our revenue from contracts with customers disaggregated by product type for the three months ended March 31, 2019 and 2018:

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Elim.	Total
March 31, 2019							
Pulpwood	$26,799	$2,820	$8,767	—	$4,326	—	$42,712
Sawtimber	23,152	17,277	45,863	—	27,512	—	113,804
Hardwood	1,086	—	—	—	—	—	1,086
Total Timber Sales	51,037	20,097	54,630	—	31,838	—	157,602
License Revenue, Primarily From Hunting	4,026	4	53	—	—	—	4,083
Other Non-Timber/Carbon Revenue	5,783	434	2,447	—	—	—	8,664
Agency Fee Income	—	—	—	—	198	—	198
Total Non-Timber Sales	9,809	438	2,500	—	198	—	12,945
Improved Development	—	—	—	341	—	—	341
Unimproved Development	—	—	—	1,000	—	—	1,000
Rural	—	—	—	12,665	—	—	12,665
Non-strategic / Timberlands	—	—	—	6,934	—	—	6,934
Other	—	—	—	59	—	—	59
Total Real Estate Sales	—	—	—	20,999	—	—	20,999
Revenue from Contracts with Customers	60,846	20,535	57,130	20,999	32,036	—	191,546
Intersegment	—	—	—	—	29	(29)	—
Total Revenue	$60,846	$20,535	$57,130	$20,999	$32,065	($29)	$191,546
March 31, 2018							
Pulpwood	$21,606	$3,419	$5,844	—	$4,257	—	$35,126
Sawtimber	15,937	27,068	44,745	—	34,826	—	122,576
Hardwood	597	—	—	—	—	—	597
Total Timber Sales	38,140	30,487	50,589	—	39,083	—	158,299
License Revenue, Primarily from Hunting	4,084	25	52	—	—	—	4,161
Other Non-Timber/Carbon Revenue	1,364	862	2,323	—	—	—	4,549
Agency Fee Income	—	—	—	—	123	—	123
Total Non-Timber Sales	5,448	887	2,375	—	123	—	8,833
Improved Development	—	—	—	1,121	—	—	1,121
Unimproved Development	—	—	—	7,446	—	—	7,446
Rural	—	—	—	1,652	—	—	1,652
Non-strategic / Timberlands	—	—	—	25,845	—	—	25,845
Total Real Estate Sales	—	—	—	36,064	—	—	36,064
Revenue from Contracts with Customers	43,588	31,374	52,964	36,064	39,206	—	203,196
Intersegment	—	—	—	—	6	(6)	—
Total Revenue	$43,588	$31,374	$52,964	$36,064	$39,212	($6)	$203,196

(Dollar amounts in thousands unless otherwise stated)

The following tables present our timber sales disaggregated by contract type for the three months ended March 31, 2019 and 2018:

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Trading	Total
March 31, 2019					
Stumpage Pay-as-Cut	$28,008	—	—	—	$28,008
Stumpage Lump Sum	2,095	—	—	—	2,095
Total Stumpage	30,103	—	—	—	30,103
Delivered Wood (Domestic)	19,338	20,097	20,700	2,124	62,259
Delivered Wood (Export)	1,596	—	33,930	29,714	65,240
Total Delivered	20,934	20,097	54,630	31,838	127,499
Total Timber Sales	$51,037	$20,097	$54,630	$31,838	$157,602
March 31, 2018					
Stumpage Pay-as-Cut	$22,511	—	—	—	$22,511
Stumpage Lump Sum	1,818	5,106	—	—	6,924
Total Stumpage	24,329	5,106	—	—	29,435
Delivered Wood (Domestic)	13,377	25,381	20,103	937	59,798
Delivered Wood (Export)	434	—	30,486	38,146	69,066
Total Delivered	13,811	25,381	50,589	39,083	128,864
Total Timber Sales	$38,140	$30,487	$50,589	$39,083	$158,299

3. LEASES

ADOPTION OF ASC 842

For information on the adoption of ASC 842, including required transition disclosures, see Note 1 — Basis of Presentation.

TIMBERLAND LEASES

U.S. timberland leases typically have initial terms of approximately 30 to 65 years, with renewal provisions in some cases. New Zealand timberland lease terms typically range between 30 and 99 years. New Zealand lease arrangements generally consist of Crown Forest Licenses (“CFLs”), forestry rights and land leases. A CFL is a license arrangement to use government or privately owned land to operate a commercial forest. CFLs generally extend indefinitely and may only be terminated upon a 35-year termination notice. If no termination notice is given, the CFLs renew automatically each year for a one-year term. Alternatively, some CFLs extend for a specific term. Once a CFL is terminated, the Company may be able to obtain a forestry right from the subsequent owner. A forestry right is a license arrangement with a private entity to use their lands to operate a commercial forest. Forestry rights terminate either upon the issuance of a termination notice (which can last 35 to 45 years), completion of harvest, or a specified termination date.

As of March 31, 2019, the New Zealand subsidiary has two CFLs comprising 9,000 acres under termination notice that are currently being relinquished as harvest activities are concluding, as well as two fixed-term CFLs comprising 3,000 acres expiring in 2062. Additionally, the New Zealand subsidiary has two forestry rights comprising 33,000 acres under termination notice that are currently being relinquished as harvest activities are concluding.

(Dollar amounts in thousands unless otherwise stated)

OTHER NON-TIMBERLAND LEASES

In addition to our timberland holdings, we lease properties for certain office locations. Our significant leased properties include a regional office in Lufkin, Texas; our Pacific Northwest Timber office in Hoquiam, Washington and our New Zealand Timber and Trading headquarters in Auckland, New Zealand.

LEASE MATURITIES, LEASE COST AND OTHER LEASE INFORMATION

The following table details the Company's undiscounted lease obligations as of March 31, 2019 by type of lease and year of expiration:

		Year of Expiration					
Lease obligations	**Total**	**Remaining 2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**
Operating lease liabilities	198,899	8,623	10,071	9,217	8,321	8,285	154,382
Total Undiscounted Cash Flows	198,899	$8,623	$10,071	$9,217	$8,321	$8,285	$154,382
Imputed interest	(93,224)						
Balance at March 31, 2019	105,675						
Less: Current portion	(10,666)						
Non-current portion at March 31, 2019	$95,009						

The following table details components of the Company's lease cost for the three months ended March 31, 2019:

	Three Months Ended March 31,
Lease Cost Components	**2019**
Operating lease cost	2,437
Variable lease cost (a)	76
Total lease cost (b)	$2,513

(a) The majority of timberland leases are subject to increases or decreases based on either the Consumer Price Index, Producer Price Index or market rates.
(b) Short-term leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense for these leases are expensed on a straight line basis over the lease term. Short-term lease expense was not material for the three months ended March 31, 2019.

The following table details components of the Company's lease cost for the three months ended March 31, 2019:

	Three Months Ended March 31,
Supplemental cash flow information related to leases:	**2019**
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	973
Investing cash flows from operating leases	1,464
Total cash flows from operating leases	$2,437
Weighted-average remaining lease term in years - operating leases	29
Weighted-average discount rate - operating leases	5%

The Company applied the following practical expedients upon adoption of the the new standard and allowed under ASC 842:

Practical Expedient	Description
Short-term leases	The Company does not record right-of-use assets or lease liabilities for short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not contain a purchase option that is reasonably certain to be exercised).
Separation of lease and non-lease components	The Company does not separate non-lease components from the associated lease components if they have the same timing and pattern of transfer and, if accounted for separately, would both be classified as an operating lease

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

4. NEW ZEALAND SUBSIDIARY

The Company maintains a 77% controlling financial interest in Matariki Forestry Group (the “New Zealand subsidiary”), a joint venture that owns or leases approximately 409,000 legal acres of New Zealand timberland. Accordingly, the Company consolidates the New Zealand subsidiary’s balance sheet and results of operations. The portions of the consolidated financial position and results of operations attributable to the New Zealand subsidiary’s 23% noncontrolling interest are shown separately within the Consolidated Statements of Income and Comprehensive Income and Consolidated Statements of Shareholders’ Equity. Rayonier New Zealand Limited (“RNZ”), a wholly-owned subsidiary of Rayonier Inc., serves as the manager of the New Zealand subsidiary.

5. SEGMENT AND GEOGRAPHICAL INFORMATION

Sales between operating segments are made based on estimated fair market value, and intercompany sales, purchases and profits (losses) are eliminated in consolidation. The Company evaluates financial performance based on segment operating income and Adjusted EBITDA. Asset information is not reported by segment, as the Company does not produce asset information by segment internally.

Operating income as presented in the Consolidated Statements of Income and Comprehensive Income is equal to segment income. Certain income (loss) items in the Consolidated Statements of Income and Comprehensive Income are not allocated to segments. These items, which include interest income (expense), miscellaneous income (expenses) and income tax expense, are not considered by management to be part of segment operations and are included under “unallocated interest expense and other.”

The following tables summarize the segment information for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
SALES	**2019**	**2018**
Southern Timber	$60,846	$43,588
Pacific Northwest Timber	20,535	31,374
New Zealand Timber	57,130	52,964
Real Estate	20,999	36,064
Trading	32,065	39,212
Intersegment Eliminations	(29)	(6)
Total	$191,546	$203,196

	Three Months Ended March 31,	
OPERATING INCOME (LOSS)	**2019**	**2018**
Southern Timber	$21,520	$12,227
Pacific Northwest Timber	(3,741)	4,674
New Zealand Timber	15,720	15,957
Real Estate	10,027	28,054
Trading	480	149
Corporate and other	(5,486)	(3,987)
Total Operating Income	38,520	57,074
Unallocated interest expense and other	(6,378)	(7,432)
Total Income before Income Taxes	$32,142	$49,642

(Dollar amounts in thousands unless otherwise stated)

DEPRECIATION, DEPLETION AND AMORTIZATION	Three Months Ended March 31, 2019	2018
Southern Timber	$19,727	$15,979
Pacific Northwest Timber	6,826	9,504
New Zealand Timber	6,319	5,717
Real Estate	3,335	3,066
Corporate and other	284	271
Total	$36,491	$34,537

NON-CASH COST OF LAND AND IMPROVED DEVELOPMENT	Three Months Ended March 31, 2019	2018
Real Estate	4,030	1,624
Total	$4,030	$1,624

6. DEBT

Rayonier's debt consisted of the following at March 31, 2019:

	March 31, 2019
Term Credit Agreement borrowings due 2024 at a variable interest rate of 4.1% at March 31, 2019 (a)	$350,000
Senior Notes due 2022 at a fixed interest rate of 3.75%	325,000
Incremental Term Loan Agreement borrowings due 2026 at a variable interest rate of 4.4% at March 31, 2019 (b)	300,000
Total debt	975,000
Less: Deferred financing costs	(2,293)
Long-term debt, net of deferred financing costs	$972,707

(a) As of March 31, 2019, the periodic interest rate on the term loan facility was LIBOR plus 1.625%. The Company estimates the effective fixed interest rate on the term loan facility to be approximately 3.3% after consideration of interest rate swaps and estimated patronage refunds.

(b) As of March 31, 2019, the periodic interest rate on the incremental term loan was LIBOR plus 1.900%. The Company estimates the effective fixed interest rate on the incremental term loan facility to be approximately 2.8% after consideration of interest rate swaps and estimated patronage refunds.

Principal payments due during the next five years and thereafter are as follows:

2019	—
2020	—
2021	—
2022	325,000
2023	—
Thereafter	650,000
Total Debt	$975,000

(Dollar amounts in thousands unless otherwise stated)

2019 DEBT ACTIVITY

During the three months ended March 31, 2019, the Company made no borrowings or repayments on its Revolving Credit Facility. At March 31, 2019, the Company had available borrowings of $190.6 million under the Revolving Credit Facility, net of $9.4 million to secure its outstanding letters of credit.

During the three months ended March 31, 2019, the New Zealand subsidiary made no borrowings or repayments on its working capital facility. At March 31, 2019, the New Zealand subsidiary had NZ$20.0 million of available borrowings under its working capital facility.

DEBT COVENANTS

In connection with the Company's $350 million term credit agreement (the "Term Credit Agreement"), $300 million incremental term loan agreement (the "Incremental Term Loan Agreement") and $200 million revolving credit facility (the "Revolving Credit Facility"), customary covenants must be met, the most significant of which include interest coverage and leverage ratios.

In addition to these financial covenants listed above, the Senior Notes, Term Credit Agreement, Incremental Term Loan Agreement and Revolving Credit Facility include customary covenants that limit the incurrence of debt and the disposition of assets, among others. At March 31, 2019, the Company was in compliance with all applicable covenants.

7. HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS

Rayonier continuously assesses potential alternative uses of its timberlands, as some properties may become more valuable for development, residential, recreation or other purposes. The Company periodically transfers, via a sale or contribution from the real estate investment trust ("REIT") entities to taxable REIT subsidiaries ("TRS"), higher and better use ("HBU") timberlands to enable land-use entitlement, development or marketing activities. The Company also acquires HBU properties in connection with timberland acquisitions. These properties are managed as timberlands until sold or developed. While the majority of HBU sales involve rural and recreational land, the Company also selectively pursues various land-use entitlements on certain properties for residential, commercial and industrial development in order to enhance the long-term value of such properties. For selected development properties, Rayonier also invests in targeted infrastructure improvements, such as roadways and utilities, to accelerate the marketability and improve the value of such properties.

An analysis of higher and better use timberlands and real estate development investments from December 31, 2018 to March 31, 2019 is shown below:

	Higher and Better Use Timberlands and Real Estate Development Investments		
	Land and Timber	Development Investments	Total
Non-current portion at December 31, 2018	$59,189	$26,420	$85,609
Plus: Current portion (a)	4,239	7,680	11,919
Total Balance at December 31, 2018	63,428	34,100	97,528
Non-cash cost of land and improved development	(974)	(233)	(1,207)
Timber depletion from harvesting activities and basis of timber sold in real estate sales	(1,020)	—	(1,020)
Capitalized real estate development investments (b)	—	1,677	1,677
Capital expenditures (silviculture)	35	—	35
Intersegment transfers	16	—	16
Total Balance at March 31, 2019	61,485	35,544	97,029
Less: Current portion (a)	(7,948)	(12,794)	(20,742)
Non-current portion at March 31, 2019	$53,537	$22,750	$76,287

(a) The current portion of Higher and Better Use Timberlands and Real Estate Development Investments is recorded in Inventory. See Note 17 — Inventory for additional information.

(b) Capitalized real estate development investments include $0.2 million of capitalized interest.

(Dollar amounts in thousands unless otherwise stated)

8. COMMITMENTS

At March 31, 2019, the future minimum payments under non-cancellable commitments were as follows:

	Development Projects (a)	Pension Contribution (b)	Commitments (c)	Total
Remaining 2019	$2,130	$1,326	$950	$4,406
2020	—	442	254	696
2021	—	—	46	46
2022	—	—	3	3
2023	—	—	—	—
Thereafter	—	—	—	—
	$2,130	$1,768	$1,253	$5,151

(a) Consists of payments expected to be made on the Company's Wildlight development project.

(b) Pension contribution requirements are based on actuarially determined estimates and IRS minimum funding requirements.

(c) Commitments include payments expected to be made on derivative financial instruments (foreign exchange contracts and interest rate swaps), payments to be made on timberland deeds and other purchase obligations.

9. INCOME TAXES

The Company's timber operations are primarily conducted by the Company's REIT entity, which is generally not subject to U.S. federal and state income tax. The New Zealand timber operations are conducted by the New Zealand subsidiary, which is subject to corporate level tax in New Zealand. Non-REIT qualifying operations, which are subject to corporate-level tax, are conducted by various TRS entities. These operations include log trading and certain real estate activities, such as the sale, entitlement and development of HBU properties.

PROVISION FOR INCOME TAXES

The Company's tax expense is principally related to New Zealand corporate level tax on the New Zealand subsidiary income. The following table contains the income tax expense recognized on the Consolidated Statements of Income and Comprehensive Income.

	Three Months Ended March 31,	
	2019	2018
Income tax expense	($4,349)	($6,936)

ANNUAL EFFECTIVE TAX RATE

The Company's effective tax rate is below the 21.0% U.S. statutory rate due to tax benefits associated with being a REIT. The following table contains the Company's annualized effective tax rate.

	Three Months Ended March 31,	
	2019	2018
Annualized effective tax rate	12.7%	13.9%

(Dollar amounts in thousands unless otherwise stated)

10. CONTINGENCIES

The Company has been named as a defendant in various lawsuits and claims arising in the normal course of business. While the Company has procured reasonable and customary insurance covering risks normally occurring in connection with its businesses, it has in certain cases retained some risk through the operation of large deductible insurance plans, primarily in the areas of executive risk, property, automobile and general liability. These pending lawsuits and claims, either individually or in the aggregate, are not expected to have a material adverse effect on the Company's financial position, results of operations, or cash flow.

11. GUARANTEES

The Company provides financial guarantees as required by creditors, insurance programs, and various governmental agencies.

As of March 31, 2019, the following financial guarantees were outstanding:

Financial Commitments (a)	Maximum Potential Payment
Standby letters of credit (b)	$9,365
Surety bonds (c)	3,297
Total financial commitments	$12,662

(a) The Company has not recorded any liabilities for these financial commitments in the Consolidated Balance Sheets. The guarantees are not subject to measurement, as the guarantees are dependent on the Company's own performance.

(b) Approximately $8.4 million of the standby letters of credit serve as credit support for infrastructure at the Company's Wildlight development project. The remaining letters of credit support various insurance related agreements, primarily workers' compensation. These letters of credit will expire at various dates during 2019 and will be renewed as required.

(c) Rayonier issues surety bonds primarily to secure performance obligations related to various operational activities and to provide collateral for outstanding claims under the Company's previous workers' compensation self-insurance programs in Washington and Florida. These surety bonds expire at various dates during 2019 and 2020 and are expected to be renewed as required.

(Dollar amounts in thousands unless otherwise stated)

12. EARNINGS PER COMMON SHARE

The following table provides details of the calculations of basic and diluted earnings per common share:

	Three Months Ended March 31,	
	2019	2018
Net Income	$27,793	$42,706
Less: Net income attributable to noncontrolling interest	(2,999)	(2,167)
Net income attributable to Rayonier Inc.	$24,794	$40,539
Shares used for determining basic earnings per common share	129,172,925	128,801,210
Dilutive effect of:		
Stock options	19,696	78,475
Performance and restricted shares	557,660	672,712
Shares used for determining diluted earnings per common share	129,750,281	129,552,397
Basic earnings per common share attributable to Rayonier Inc.:	$0.19	$0.31
Diluted earnings per common share attributable to Rayonier Inc.:	$0.19	$0.31

	Three Months Ended March 31,	
	2019	2018
Anti-dilutive shares excluded from the computations of diluted earnings per share:		
Stock options and performance shares	438,273	171,819

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to market risk related to potential fluctuations in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments to mitigate the financial impact of exposure to these risks.

Accounting for derivative financial instruments is governed by ASC Topic 815, *Derivatives and Hedging*, (“ASC 815”). In accordance with ASC 815, the Company records its derivative instruments at fair value as either assets or liabilities in the Consolidated Balance Sheets. Changes in the instruments’ fair value are accounted for based on their intended use. Gains and losses on derivatives that are designated and qualify for cash flow hedge accounting are recorded as a component of accumulated other comprehensive income (loss) (“AOCI”) and reclassified into earnings when the hedged transaction materializes. Gains and losses on derivatives that are designated and qualify for net investment hedge accounting are recorded as a component of AOCI and will not be reclassified into earnings until the Company’s investment in its New Zealand operations is partially or completely liquidated. The ineffective portion of any hedge, changes in the fair value of derivatives not designated as hedging instruments and those which are no longer effective as hedging instruments, are recognized immediately in earnings.

FOREIGN CURRENCY EXCHANGE AND OPTION CONTRACTS

The functional currency of Rayonier’s wholly owned subsidiary, Rayonier New Zealand Limited, and the New Zealand subsidiary is the New Zealand dollar. The New Zealand subsidiary is exposed to foreign currency risk on export sales and ocean freight payments which are mainly denominated in U.S. dollars. The New Zealand subsidiary typically hedges 35% to 90% of its estimated foreign currency exposure with respect to the following three months forecasted sales and purchases, 25% to 75% of forecasted sales and purchases for the forward three to 12 months and up to 50% of the forward 12 to 18 months. Foreign currency exposure from the New Zealand subsidiary’s trading operations is typically hedged based on the following three months forecasted sales and purchases. As of March 31, 2019, foreign currency exchange contracts and foreign currency option contracts had maturity dates through July 2020 and February 2020, respectively.

Foreign currency exchange and option contracts hedging foreign currency risk on export sales and ocean freight payments qualify for cash flow hedge accounting. The fair value of foreign currency exchange contracts is determined by a mark-to-market valuation which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. The fair value of foreign currency option contracts is based on a mark-to-market calculation using the Black-Scholes option pricing model.

The Company may de-designate these cash flow hedge relationships in advance or at the occurrence of the forecasted transaction. The portion of gains or losses on the derivative instrument previously accumulated in other comprehensive income for de-designated hedges remains in accumulated other comprehensive income (loss) until the forecasted transaction affects earnings. Changes in the value of derivative instruments after de-designation are recorded in earnings.

INTEREST RATE SWAPS

The Company is exposed to cash flow interest rate risk on its variable-rate Term Credit Agreement and Incremental Term Loan Agreement and uses variable-to-fixed interest rate swaps to hedge this exposure. For these derivative instruments, the Company reports the gains/losses from the fluctuations in the fair market value of the hedges in AOCI and reclassifies them to earnings as interest expense in the same period in which the hedged interest payments affect earnings.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

The following table contains information on the outstanding interest rate swaps as of March 31, 2019:

Outstanding Interest Rate Swaps (a)						
Date Entered Into	Term	Notional Amount	Related Debt Facility	Fixed Rate of Swap	Bank Margin on Debt	Total Effective Interest Rate (b)
August 2015	9 years	$170,000	Term Credit Agreement	2.20%	1.63%	3.83%
August 2015	9 years	180,000	Term Credit Agreement	2.35%	1.63%	3.98%
April 2016	10 years	100,000	Incremental Term Loan	1.60%	1.90%	3.50%
April 2016	10 years	100,000	Incremental Term Loan	1.60%	1.90%	3.50%
July 2016	10 years	100,000	Incremental Term Loan	1.26%	1.90%	3.16%

(a) All interest rate swaps have been designated as interest rate cash flow hedges and qualify for hedge accounting.

(b) Rate is before estimated patronage payments.

CARBON OPTIONS

The New Zealand subsidiary enters into carbon options from time to time to sell carbon assets at certain prices. The fair value of carbon options is determined by a mark-to-market valuation using the Black-Scholes option pricing model, which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. For the three months ended March 31, 2019, the change in fair value of the carbon option contracts of $0.4 million, was recorded as a gain in “Interest and other miscellaneous income, net” as the contracts did not qualify for hedge accounting treatment. As of March 31, 2019, carbon option contracts had maturity dates through April 2020.

The following tables demonstrate the impact, gross of tax, of the Company’s derivatives on the Consolidated Statements of Income and Comprehensive Income for the three months ended March 31, 2019 and 2018.

		Three Months Ended March 31,	
	Income Statement Location	2019	2018
Derivatives designated as cash flow hedges:			
Foreign currency exchange contracts	Other comprehensive (loss) income	$1,119	$1,233
Foreign currency option contracts	Other comprehensive (loss) income	77	181
Interest rate swaps	Other comprehensive (loss) income	(11,548)	15,598
Derivatives designated as a net investment hedge:			
Foreign currency exchange contract	Other comprehensive (loss) income	—	110
Derivatives not designated as hedging instruments:			
Foreign currency exchange contracts	Interest and other miscellaneous income, net	(16)	129
Carbon option contracts	Interest and other miscellaneous income, net	402	—

During the next 12 months, the amount of the March 31, 2019 AOCI balance, net of tax, expected to be reclassified into earnings as a result of the maturation of the Company’s derivative instruments is a loss of approximately $0.2 million.

(Dollar amounts in thousands unless otherwise stated)

The following table contains the notional amounts of the derivative financial instruments recorded in the Consolidated Balance Sheets:

	Notional Amount	
	March 31, 2019	December 31, 2018
Derivatives designated as cash flow hedges:		
Foreign currency exchange contracts	$77,500	$69,950
Foreign currency option contracts	24,000	24,000
Interest rate swaps	650,000	650,000
Derivative not designated as a hedging instrument:		
Foreign currency exchange contracts	4,082	9,396
Carbon options (a)	6,995	2,517

(a) Notional amount for carbon options is calculated as the number of units outstanding multiplied by the spot price as of March 31, 2019.

The following table contains the fair values of the derivative financial instruments recorded in the Consolidated Balance Sheets:

	Location on Balance Sheet	Fair Value Assets / (Liabilities) (a)	
		March 31, 2019	December 31, 2018
Derivatives designated as cash flow hedges:			
Foreign currency exchange contracts	Other current assets	$150	—
	Other assets	42	—
	Other current liabilities	(642)	(1,569)
Foreign currency option contracts	Other current assets	296	217
	Other assets	—	102
	Other current liabilities	(73)	(106)
	Other non-current liabilities	—	(68)
Interest rate swaps	Other assets	14,239	23,735
	Other non-current liabilities	(2,052)	—
Derivative not designated as a hedging instrument:			
Foreign currency exchange contracts	Other current assets	51	152
	Other current liabilities	—	(24)
Carbon options	Other current liabilities	—	(322)
	Other non-current liabilities	(15)	—
Total derivative contracts:			
Other current assets		$497	$369
Other assets		14,281	23,837
Total derivative assets		$14,778	$24,206
Other current liabilities		(715)	(2,021)
Other non-current liabilities		(2,067)	(68)
Total derivative liabilities		($2,782)	($2,089)

(a) See Note 14 — Fair Value Measurements for further information on the fair value of the Company's derivatives including their classification within the fair value hierarchy.

(Dollar amounts in thousands unless otherwise stated)

OFFSETTING DERIVATIVES

Derivative financial instruments are presented at their gross fair values in the Consolidated Balance Sheets. The Company's derivative financial instruments are not subject to master netting arrangements, which would allow the right of offset.

14. FAIR VALUE MEASUREMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

A three-level hierarchy that prioritizes the inputs used to measure fair value was established in the Accounting Standards Codification as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the carrying amount and estimated fair values of financial instruments held by the Company at March 31, 2019 and December 31, 2018, using market information and what the Company believes to be appropriate valuation methodologies under GAAP:

	March 31, 2019			December 31, 2018		
	Carrying	Fair Value		Carrying	Fair Value	
Asset (Liability) (a)	Amount	Level 1	Level 2	Amount	Level 1	Level 2
Cash and cash equivalents	$154,613	$154,613	—	$148,374	$148,374	—
Restricted cash (b)	9,867	9,867	—	8,080	8,080	—
Long-term debt (c)	(972,707)	—	(976,073)	(972,567)	—	(975,845)
Interest rate swaps (d)	12,187	—	12,187	23,735	—	23,735
Foreign currency exchange contracts (d)	(399)	—	(399)	(1,442)	—	(1,442)
Foreign currency option contracts (d)	223	—	223	145	—	145
Carbon option contracts (d)	(15)	—	(15)	(322)	—	(322)

(a) The Company did not have Level 3 assets or liabilities at March 31, 2019 and December 31, 2018.

(b) Restricted cash represents the proceeds from like-kind exchange sales deposited with a third-party intermediary and cash held in escrow for a real estate sale. See Note 18 — Restricted Cash for additional information.

(c) The carrying amount of long-term debt is presented net of capitalized debt costs on non-revolving debt. See Note 6 — Debt for additional information.

(d) See Note 13 — Derivative Financial Instruments and Hedging Activities for information regarding the Consolidated Balance Sheets classification of the Company's derivative financial instruments.

Rayonier uses the following methods and assumptions in estimating the fair value of its financial instruments:

Cash and cash equivalents and Restricted cash — The carrying amount is equal to fair market value.

Debt — The fair value of fixed rate debt is based upon quoted market prices for debt with similar terms and maturities. The variable rate debt adjusts with changes in the market rate, therefore the carrying value approximates fair value.

Interest rate swap agreements — The fair value of interest rate contracts is determined by discounting the expected future cash flows, for each instrument, at prevailing interest rates.

Foreign currency exchange contracts — The fair value of foreign currency exchange contracts is determined by a mark-to-market valuation, which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Foreign currency option contracts — The fair value of foreign currency option contracts is based on a mark-to-market calculation using the Black-Scholes option pricing model.

(Dollar amounts in thousands unless otherwise stated)

Carbon option contracts — The fair value of carbon option contracts is determined by a mark-to-market valuation using the Black-Scholes option pricing model, which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

15. EMPLOYEE BENEFIT PLANS

The Company has one qualified non-contributory defined benefit pension plan covering a portion of its employees and an unfunded plan that provides benefits in excess of amounts allowable under current tax law in the qualified plan. Both plans are closed to new participants. Effective December 31, 2016, the Company froze benefits for all employees participating in the pension plan. In lieu of the pension plan, the Company provides those employees with an enhanced 401(k) plan match. Employee benefit plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

As of March 31, 2019, the Company has paid zero of the approximately $1.3 million in current year mandatory pension contribution requirements (based on actuarially determined estimates and IRS minimum funding requirements).

The net pension and postretirement benefit (credit) costs that have been recorded are shown in the following table:

Components of Net Periodic Benefit (Credit) Cost	Income Statement Location	Pension Three Months Ended March 31, 2019	 2018	Postretirement Three Months Ended March 31, 2019	 2018
Service cost	Selling and general expenses	—	—	$1	$2
Interest cost	Interest and other miscellaneous income, net	800	751	14	12
Expected return on plan assets (a)	Interest and other miscellaneous income, net	(777)	(982)	—	—
Amortization of losses	Interest and other miscellaneous income, net	112	159	—	1
Net periodic benefit (credit) cost		$135	($72)	$15	$15

(a) The weighted-average expected long-term rate of return on plan assets used in computing 2019 net periodic benefit cost for pension benefits is 5.7%.

16. OTHER OPERATING INCOME, NET

Other operating income, net consisted of the following:

	Three Months Ended March 31, 2019	 2018
Foreign currency income (expense)	$82	($753)
Gain on sale or disposal of property and equipment	21	15
(Loss) gain on foreign currency exchange and option contracts	(52)	1,433
Log trading marketing fees	57	70
Income from the sale of unused Internet Protocol addresses	—	646
Miscellaneous expense, net	(73)	(42)
Total	$35	$1,369

(Dollar amounts in thousands unless otherwise stated)

17. INVENTORY

As of March 31, 2019 and December 31, 2018, Rayonier's inventory consisted entirely of finished goods, as follows:

	March 31, 2019	December 31, 2018
Finished goods inventory		
Real estate inventory (a)	$20,742	$11,919
Log inventory	5,479	3,784
Total inventory	$26,221	$15,703

(a) Represents cost of HBU real estate (including capitalized development investments) expected to be sold within 12 months. See Note 7 — Higher And Better Use Timberlands and Real Estate Development Investments for additional information.

18. RESTRICTED CASH

In order to qualify for like-kind exchange ("LKE") treatment, the proceeds from real estate sales must be deposited with a third-party intermediary. These proceeds are accounted for as restricted cash until a suitable replacement property is acquired. In the event LKE purchases are not completed, the proceeds are returned to the Company after 180 days and reclassified as available cash. As of March 31, 2019 and December 31, 2018, the Company had $9.9 million and $8.1 million, respectively, of proceeds from real estate sales classified as restricted cash which were deposited with an LKE intermediary as well as cash held in escrow for a real estate sale.

The following table contains the amounts of restricted cash recorded in the Consolidated Balance Sheets and Consolidated Statements of Cash Flows for the three months ended March 31, 2019:

	March 31, 2019
Restricted cash deposited with LKE intermediary	$9,317
Restricted cash held in escrow	550
Total restricted cash shown in the Consolidated Balance Sheets	9,867
Cash and cash equivalents	154,613
Total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows	$164,480

(Dollar amounts in thousands unless otherwise stated)

19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in AOCI by component for the three months ended March 31, 2019 and the year ended December 31, 2018. All amounts are presented net of tax and exclude portions attributable to noncontrolling interest.

	Foreign currency translation gains	Net investment hedges of New Zealand subsidiary	Cash flow hedges	Employee benefit plans	Total
Balance as of December 31, 2017	$15,975	$1,665	$16,184	($20,407)	$13,417
Other comprehensive (loss) income before reclassifications	(16,985)	(344)	5,944 (a)	(1,594)	(12,979)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	(163)	(36)	(199)
Net other comprehensive (loss)/income	(16,985)	(344)	5,781	(1,630)	(13,178)
Balance as of December 31, 2018	($1,010)	$1,321	$21,965	($22,037)	$239
Other comprehensive income/(loss) before reclassifications	4,680	—	(10,648) (a)	—	(5,968)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	(236)	112 (b)	(124)
Net other comprehensive income/(loss)	4,680	—	(10,884)	112	(6,092)
Balance as of March 31, 2019	$3,670	$1,321	$11,081	($21,925)	($5,853)

(a) Includes $11.5 million of other comprehensive income related to interest rate swaps. See Note 13 — Derivative Financial Instruments and Hedging Activities for additional information.

(b) This component of other comprehensive income (loss) is included in the computation of net periodic pension and post-retirement costs. See Note 15 — Employee Benefit Plans for additional information.

The following table presents details of the amounts reclassified in their entirety from AOCI to net income for the three months ended March 31, 2019 and March 31, 2018:

Details about accumulated other comprehensive income (loss) components	Amount reclassified from accumulated other comprehensive income (loss)		Affected line item in the income statement
	March 31, 2019	March 31, 2018	
Realized gain on foreign currency exchange contracts	($412)	($1,297)	Other operating income, net
Realized gain on foreign currency option contracts	(14)	(136)	Other operating income, net
Noncontrolling interest	98	330	Comprehensive income attributable to noncontrolling interest
Income tax expense from gain on foreign currency contracts	92	308	Income tax expense
Net gain from accumulated other comprehensive income	($236)	($795)	

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

20. CONSOLIDATING FINANCIAL STATEMENTS

The condensed consolidating financial information below follows the same accounting policies as described in the consolidated financial statements, except for the use of the equity method of accounting to reflect ownership interests in wholly-owned subsidiaries, which are eliminated upon consolidation, and the allocation of certain expenses of Rayonier Inc. incurred for the benefit of its subsidiaries.

In March 2012, Rayonier Inc. issued $325 million of 3.75% Senior Notes due 2022. In connection with these notes, the Company provides the following condensed consolidating financial information in accordance with SEC Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*.

The subsidiary guarantors, Rayonier Operating Company LLC ("ROC") and Rayonier TRS Holdings Inc., are wholly-owned by the parent company, Rayonier Inc. The notes are fully and unconditionally guaranteed on a joint and several basis by the guarantor subsidiaries.

	CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME Three Months Ended March 31, 2019				
	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
SALES	—	—	$191,546	—	$191,546
Costs and Expenses					
Cost of sales	—	—	(143,251)	—	(143,251)
Selling and general expenses	—	(4,843)	(4,967)	—	(9,810)
Other operating (loss) income, net	—	—	35	—	35
	—	(4,843)	(148,183)	—	(153,026)
OPERATING (LOSS) INCOME	—	(4,843)	43,363	—	38,520
Interest expense	(3,138)	(4,547)	(25)	—	(7,710)
Interest and miscellaneous income (expense), net	(457)	964	825	—	1,332
Equity in income from subsidiaries	28,389	37,432	—	(65,821)	—
INCOME BEFORE INCOME TAXES	24,794	29,006	44,163	(65,821)	32,142
Income tax expense	—	(617)	(3,732)	—	(4,349)
NET INCOME	24,794	28,389	40,431	(65,821)	27,793
Less: Net income attributable to noncontrolling interest	—	—	(2,999)	—	(2,999)
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	24,794	28,389	37,432	(65,821)	24,794
OTHER COMPREHENSIVE INCOME (LOSS)					
Foreign currency translation adjustment, net of income tax	4,679	(90)	6,122	(4,678)	6,033
Cash flow hedges, net of income tax	(10,884)	(11,548)	862	10,884	(10,686)
Amortization of pension and postretirement plans, net of income tax	112	112	—	(112)	112
Total other comprehensive income (loss)	(6,093)	(11,526)	6,984	6,094	(4,541)
COMPREHENSIVE INCOME	18,701	16,863	47,415	(59,727)	23,252
Less: Comprehensive loss attributable to noncontrolling interest	—	—	(4,551)	—	(4,551)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	$18,701	$16,863	$42,864	($59,727)	$18,701

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

	Three Months Ended March 31, 2018				
	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
SALES	—	—	$203,196	—	$203,196
Costs and Expenses					
Cost of sales	—	—	(138,488)	—	(138,488)
Selling and general expenses	—	(4,389)	(4,614)	—	(9,003)
Other operating (loss) income, net	(13)	635	747	—	1,369
	(13)	(3,754)	(142,355)	—	(146,122)
OPERATING (LOSS) INCOME	(13)	(3,754)	60,841	—	57,074
Interest expense	(3,139)	(4,653)	(260)	—	(8,052)
Interest and miscellaneous income (expense), net	2,628	765	(2,773)	—	620
Equity in income from subsidiaries	41,063	48,828	—	(89,891)	—
INCOME BEFORE INCOME TAXES	40,539	41,186	57,808	(89,891)	49,642
Income tax expense	—	(123)	(6,813)	—	(6,936)
NET INCOME	40,539	41,063	50,995	(89,891)	42,706
Less: Net income attributable to noncontrolling interest	—	—	(2,167)	—	(2,167)
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	40,539	41,063	48,828	(89,891)	40,539
OTHER COMPREHENSIVE INCOME (LOSS)					
Foreign currency translation adjustment, net of income tax	7,606	111	9,577	(7,606)	9,688
Cash flow hedges, net of income tax	16,381	15,598	1,017	(16,381)	16,615
Amortization of pension and postretirement plans, net of income tax	159	159	—	(159)	159
Total other comprehensive income (loss)	24,146	15,868	10,594	(24,146)	26,462
COMPREHENSIVE INCOME	64,685	56,931	61,589	(114,037)	69,168
Less: Comprehensive income attributable to noncontrolling interest	—	—	(4,483)	—	(4,483)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	$64,685	$56,931	$57,106	($114,037)	$64,685

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

	CONDENSED CONSOLIDATING BALANCE SHEETS As of March 31, 2019				
	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$16,590	$98,805	$39,218	—	$154,613
Accounts receivable, less allowance for doubtful accounts	—	1,017	31,014	—	32,031
Inventory	—	—	26,221	—	26,221
Prepaid expenses	—	1,130	16,153	—	17,283
Other current assets	—	99	639	—	738
Total current assets	16,590	101,051	113,245	—	230,886
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	—	—	2,395,625	—	2,395,625
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS	—	—	76,287	—	76,287
NET PROPERTY, PLANT AND EQUIPMENT	—	16,690	5,851	—	22,541
RESTRICTED CASH	—	—	9,867	—	9,867
RIGHT OF USE ASSETS	—	35,236	70,509	—	105,745
INVESTMENT IN SUBSIDIARIES	1,799,713	3,014,476	—	(4,814,189)	—
INTERCOMPANY RECEIVABLE	56,251	(643,442)	587,191	—	—
OTHER ASSETS	2	10,030	33,227	—	43,259
TOTAL ASSETS	$1,872,556	$2,534,041	$3,291,802	($4,814,189)	$2,884,210
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable	—	$4,403	$21,555	—	$25,958
Accrued taxes	—	64	3,964	—	4,028
Accrued payroll and benefits	—	3,093	1,639	—	4,732
Accrued interest	6,094	2,012	—	—	8,106
Deferred revenue	—	—	8,468	—	8,468
Other current liabilities	—	5,765	21,285	—	27,050
Total current liabilities	6,094	15,337	56,911	—	78,342
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS	323,895	648,812	—	—	972,707
PENSION AND OTHER POSTRETIREMENT BENEFITS	—	30,497	(685)	—	29,812
LONG-TERM LEASE LIABILITY	—	30,078	64,931	—	95,009
OTHER NON-CURRENT LIABILITIES	—	9,604	57,536	—	67,140
INTERCOMPANY PAYABLE	—	—	—	—	—
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,542,567	1,799,713	3,014,476	(4,814,189)	1,542,567
Noncontrolling interest	—	—	98,633	—	98,633
TOTAL SHAREHOLDERS' EQUITY	1,542,567	1,799,713	3,113,109	(4,814,189)	1,641,200
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,872,556	$2,534,041	$3,291,802	($4,814,189)	$2,884,210

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

	CONDENSED CONSOLIDATING BALANCE SHEETS				
	As of December 31, 2018				
	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$361	$104,777	$43,236	—	$148,374
Accounts receivable, less allowance for doubtful accounts	—	3,752	22,399	—	26,151
Inventory	—	—	15,703	—	15,703
Prepaid expenses	—	977	16,039	—	17,016
Other current assets	—	108	501	—	609
Total current assets	361	109,614	97,878	—	207,853
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	—	—	2,401,327	—	2,401,327
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS	—	—	85,609	—	85,609
NET PROPERTY, PLANT AND EQUIPMENT	—	16,940	5,811	—	22,751
RESTRICTED CASH	—	—	8,080	—	8,080
INVESTMENT IN SUBSIDIARIES	1,833,899	3,022,875	—	(4,856,774)	—
INTERCOMPANY RECEIVABLE	49,461	(638,424)	588,963	—	—
OTHER ASSETS	2	19,244	35,800	—	55,046
TOTAL ASSETS	$1,883,723	$2,530,249	$3,223,468	($4,856,774)	$2,780,666
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable	—	$1,616	$16,403	—	$18,019
Accrued taxes	—	8	3,170	—	3,178
Accrued payroll and benefits	—	5,848	4,568	—	10,416
Accrued interest	3,047	1,960	—	—	5,007
Deferred revenue	—	—	10,447	—	10,447
Other current liabilities	—	216	16,258	—	16,474
Total current liabilities	3,047	9,648	50,846	—	63,541
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS	323,803	648,764	—	—	972,567
PENSION AND OTHER POSTRETIREMENT BENEFITS	—	30,484	(684)	—	29,800
OTHER NON-CURRENT LIABILITIES	—	7,454	52,754	—	60,208
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,556,873	1,833,899	3,022,875	(4,856,774)	1,556,873
Noncontrolling interest	—	—	97,677	—	97,677
TOTAL SHAREHOLDERS' EQUITY	1,556,873	1,833,899	3,120,552	(4,856,774)	1,654,550
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,883,723	$2,530,249	$3,223,468	($4,856,774)	$2,780,666

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

	CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS Three Months Ended March 31, 2019				
	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	($7,623)	($2,265)	$80,805	—	$70,917
INVESTING ACTIVITIES					
Capital expenditures	—	—	(14,122)	—	(14,122)
Real estate development investments	—	—	(1,677)	—	(1,677)
Purchase of timberlands	—	—	(12,349)	—	(12,349)
Investment in subsidiaries	—	6,495	—	(6,495)	—
Other	—	—	2,337	—	2,337
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	—	6,495	(25,811)	(6,495)	(25,811)
FINANCING ACTIVITIES					
Dividends paid	(34,858)	(19)	—	—	(34,877)
Proceeds from the issuance of common shares under incentive stock plan	597	—	—	—	597
Repurchase of common shares	(33)	—		—	(33)
Other	—	—	(16)	—	(16)
Distribution to minority shareholder	—	—	(3,594)	—	(3,594)
Intercompany distributions	58,146	(10,183)	(54,458)	6,495	—
CASH USED FOR FINANCING ACTIVITIES	23,852	(10,202)	(58,068)	6,495	(37,923)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	843	—	843
CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
Change in cash, cash equivalents and restricted cash	16,229	(5,972)	(2,231)	—	8,026
Balance, beginning of year	361	104,777	51,316	—	156,454
Balance, end of period	$16,590	$98,805	$49,085	—	$164,480

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

	CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS For Three Months Ended March 31, 2018				
	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	($701)	$37,055	$41,881	—	$78,235
INVESTING ACTIVITIES					
Capital expenditures	—	(35)	(13,157)	—	(13,192)
Real estate development investments	—	—	(2,340)	—	(2,340)
Purchase of timberlands	—	—	(12)	—	(12)
Investment in subsidiaries	—	31,654	—	(31,654)	—
Other	—	—	(2,105)	—	(2,105)
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	—	31,619	(17,614)	(31,654)	(17,649)
FINANCING ACTIVITIES					
Repayment of debt	—	(26,000)	(3,375)	—	(29,375)
Dividends paid	(32,123)	—	—	—	(32,123)
Proceeds from the issuance of common shares under incentive stock plan	5,455	—	—	—	5,455
Repurchase of common shares	(18)	—	—	—	(18)
Intercompany distributions	13,660	(49,065)	3,751	31,654	—
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(13,026)	(75,065)	376	31,654	(56,061)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	807	—	807
CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
Change in cash, cash equivalents and restricted cash	(13,727)	(6,391)	25,450	—	5,332
Balance, beginning of year	48,564	25,042	98,750	—	172,356
Balance, end of period	$34,837	$18,651	$124,200	—	$177,688

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

When we refer to "we," "us," "our," "the Company," or "Rayonier," we mean Rayonier Inc. and its consolidated subsidiaries. References herein to "Notes to Financial Statements" refer to the Notes to Consolidated Financial Statements of Rayonier Inc. included in Item 1 of this report.

This MD&A is intended to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors which may affect future results. Our MD&A should be read in conjunction with our Consolidated Financial Statements included in Item 1 of this report, our Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K") and information contained in our subsequent reports filed with the Securities and Exchange Commission (the "SEC").

FORWARD-LOOKING STATEMENTS

Certain statements in this document 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 dispositions, 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 risk factors contained in Item 1A — *Risk Factors* in the 2018 Form 10-K and similar discussions included in other reports that we subsequently file with the SEC, among others, could cause actual results or events to differ materially from the Company's historical experience and those expressed in forward-looking statements made in this document.

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 subsequent disclosures the Company makes on related subjects in its subsequent reports filed with the SEC.

NON-GAAP MEASURES

To supplement Rayonier's financial statements presented in accordance with generally accepted accounting principles in the United States ("GAAP"), Rayonier uses certain non-GAAP measures, including "cash available for distribution," and "Adjusted EBITDA," which are defined and further explained in *Performance and Liquidity Indicators* below. Reconciliation of such measures to the nearest GAAP measures can also be found in *Performance and Liquidity Indicators* below. Rayonier's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

OUR COMPANY

We are a leading timberland real estate investment trust ("REIT") with assets located in some of the most productive softwood timber growing regions in the United States and New Zealand. We invest in timberlands and actively manage them to provide current income and attractive long-term returns to our shareholders. Our revenues, operating income and cash flows are primarily derived from the following core business segments: Southern Timber, Pacific Northwest Timber, New Zealand Timber, Real Estate and Trading. As of March 31, 2019, we owned or leased under long-term agreements approximately 2.6 million acres of timberlands located in the U.S. South (1.8 million acres), U.S. Pacific Northwest (379,000 acres) and New Zealand (409,000 gross acres or 291,000 net plantable acres). Our New Zealand operations are conducted by Matariki Forestry Group, a joint venture (the "New Zealand subsidiary"), in which we maintain a 77% ownership interest.

SEGMENT INFORMATION

The Southern Timber, Pacific Northwest Timber and New Zealand Timber segments include all activities related to the harvesting of timber and other non-timber income activities, such as the licensing of properties for hunting, the leasing of properties for mineral extraction and cell towers, and carbon credit sales.

The Real Estate segment includes all U.S. and New Zealand land or leasehold sales disaggregated into five sales categories: Improved Development, Unimproved Development, Rural, Non-Strategic / Timberlands and Large Dispositions.

The Trading segment primarily reflects the log trading activities that support our New Zealand operations. The Trading segment complements the New Zealand Timber segment by providing added market intelligence, increasing the scale of export operations and achieving cost savings that directly benefit the New Zealand Timber segment. It also provides additional market intelligence that benefits our Southern and Pacific Northwest export log marketing.

INDUSTRY AND MARKET CONDITIONS

The demand for timber is directly related to the underlying demand for pulp, paper, packaging, lumber and other wood products. The significant majority of timber sold in our Southern Timber segment is consumed domestically. With a higher proportion of pulpwood, our Southern Timber segment relies heavily on downstream markets for pulp and paper, and to a lesser extent wood pellet markets. Our Pacific Northwest Timber segment relies primarily on domestic customers but also exports a significant volume of timber, particularly to China. Both the Southern and Pacific Northwest Timber segments rely on the strength of U.S. lumber markets as well as underlying housing starts. Our New Zealand Timber segment sells timber to domestic New Zealand wood products mills and also exports a significant portion of its volume to markets in China, South Korea and India. In addition to market dynamics in the Pacific Rim, the New Zealand Timber segment is subject to foreign exchange fluctuations, which can impact the operating results of the segment in U.S. dollar terms.

The Company is also subject to the risk of price fluctuations in its major cost components. The primary components of the Company's cost of sales are the cost basis of timber sold (depletion), the cost basis of real estate sold and logging and transportation costs (cut and haul). Depletion includes the amortization of capitalized costs (site preparation, planting and fertilization, real estate taxes, timberland lease payments and certain payroll costs). Other costs include amortization of capitalized costs related to road and bridge construction and software, depreciation of fixed assets and equipment, road maintenance, severance and excise taxes, fire prevention and real estate commissions and closing costs.

For additional information on market conditions impacting our business, see Results of Operations.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

` The preparation of financial statements requires us to make estimates, assumptions and judgments that affect our assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We base these estimates and assumptions on historical data and trends, current fact patterns, expectations and other sources of information we believe are reasonable. Actual results may differ from these estimates. See Note 1 — Basis of Presentation and Note 3 — Leases contained in Part I, Item 1 of this report for a discussion of the Company's updated accounting policies on leases. For a full description of our critical accounting policies, see Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations* in the 2018 Form 10-K.

DISCUSSION OF TIMBER INVENTORY AND SUSTAINABLE YIELD

See Item 1 — *Business — Discussion of Timber Inventory and Sustainable Yield* in the 2018 Form 10-K.

OUR TIMBERLANDS

Our timber operations are disaggregated into three geographically distinct segments: Southern Timber, Pacific Northwest Timber and New Zealand Timber. The following table provides a breakdown of our timberland holdings as of March 31, 2019 and December 31, 2018:

(acres in 000s)	As of March 31, 2019			As of December 31, 2018		
	Owned	Leased	Total	Owned	Leased	Total
Southern						
Alabama	228	14	242	229	14	243
Arkansas	—	9	9	—	9	9
Florida	291	73	364	290	73	363
Georgia	622	81	703	622	81	703
Louisiana	129	—	129	129	—	129
Mississippi	67	—	67	67	—	67
Oklahoma	92	—	92	92	—	92
South Carolina	18	—	18	18	—	18
Texas	179	—	179	182	—	182
	1,626	177	1,803	1,629	177	1,806
Pacific Northwest						
Oregon	61	—	61	61	—	61
Washington	317	1	318	316	1	317
	378	1	379	377	1	378
New Zealand (a)	181	228	409	178	230	408
Total	2,185	406	2,591	2,184	408	2,592

(a) Represents legal acres owned and leased by the New Zealand subsidiary, in which Rayonier owns a 77% interest. As of March 31, 2019, legal acres in New Zealand consisted of 291,000 plantable acres and 118,000 non-productive acres.

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The following tables detail activity for owned and leased acres in our timberland holdings by state from December 31, 2018 to March 31, 2019:

(acres in 000s)	Acres Owned				
	December 31, 2018	Acquisitions	Sales	Other (a)	March 31, 2019
Southern					
Alabama	229	—	(1)	—	228
Florida	290	—	—	1	291
Georgia	622	1	(1)	—	622
Louisiana	129	—	—	—	129
Mississippi	67	—	—	—	67
Oklahoma	92	—	—	—	92
South Carolina	18	—	—	—	18
Texas	182	—	(3)	—	179
	1,629	1	(5)	1	1,626
Pacific Northwest					
Oregon	61	—	—	—	61
Washington	316	2	(1)	—	317
	377	2	(1)	—	378
New Zealand (b)	178	3	—	—	181
Total	2,184	6	(6)	1	2,185

(a) Includes adjustments for land mapping reviews.
(b) Represents legal acres owned by the New Zealand subsidiary, in which Rayonier has a 77% interest.

(acres in 000s)	Acres Leased				
	December 31, 2018	New Leases	Sold/Expired Leases (a)	Other (b)	March 31, 2019
Southern					
Alabama	14	—	—	—	14
Arkansas	9	—	—	—	9
Florida	73	—	—	—	73
Georgia	81	—	—	—	81
	177	—	—	—	177
Pacific Northwest					
Washington	1	—	—	—	1
New Zealand (c)	230	1	(3)	—	228
Total	408	1	(3)	—	406

(a) Includes acres previously under lease that have been harvested and activity for the relinquishment of leased acres.
(b) Includes adjustments for land mapping reviews.
(c) Represents legal acres leased by the New Zealand subsidiary, in which Rayonier has a 77% interest.

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

The following table provides key financial information by segment and on a consolidated basis:

Financial Information (in millions)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Sales		
Southern Timber	$60.8	$43.6
Pacific Northwest Timber	20.5	31.4
New Zealand Timber	57.1	53.0
Real Estate		
Improved Development	0.3	1.1
Unimproved Development	1.0	7.4
Rural	12.7	1.7
Non-Strategic / Timberlands	6.9	25.8
Other (a)	0.1	—
Total Real Estate	21.0	36.1
Trading	32.1	39.2
Total Sales	$191.5	$203.2
Operating Income (Loss)		
Southern Timber	$21.5	$12.2
Pacific Northwest Timber	(3.7)	4.7
New Zealand Timber	15.7	16.0
Real Estate	10.0	28.1
Trading	0.5	0.1
Corporate and other	(5.5)	(4.0)
Operating Income	38.5	57.1
Interest expense, interest income and other	(6.4)	(7.5)
Income tax expense	(4.3)	(6.9)
Net Income	27.8	42.7
Less: Net income attributable to noncontrolling interest	(3.0)	(2.2)
Net Income Attributable to Rayonier Inc.	$24.8	$40.5
Adjusted EBITDA (b)		
Southern Timber	$41.2	$28.2
Pacific Northwest Timber	3.1	14.2
New Zealand Timber	22.0	21.7
Real Estate	17.4	32.7
Trading	0.5	0.1
Corporate and Other	(5.2)	(3.7)
Total Adjusted EBITDA	$79.0	$93.2

(a) Includes marketing fees from Improved Development sales.

(b) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Southern Timber Overview	Three Months Ended March 31, 2019	2018
Sales Volume (in thousands of tons)		
Pine Pulpwood	1,122	943
Pine Sawtimber	744	580
Total Pine Volume	1,865	1,523
Hardwood	70	45
Total Volume	1,935	1,568
Percentage Delivered Sales	27%	23%
Percentage Stumpage Sales	73%	77%
Net Stumpage Pricing (dollars per ton)		
Pine Pulpwood	$17.94	$17.11
Pine Sawtimber	26.38	26.31
Weighted Average Pine	$21.31	$20.61
Hardwood	13.80	10.49
Weighted Average Total	$21.03	$20.32
Summary Financial Data (in millions of dollars)		
Timber Sales	$51.0	$38.1
Less: Cut, Haul & Freight	(10.3)	(6.3)
Net Stumpage Sales	$40.7	$31.9
Non-Timber Sales	9.8	5.4
Total Sales	$60.8	$43.6
Operating Income	$21.5	$12.2
(+) Depreciation, depletion and amortization	19.7	16.0
Adjusted EBITDA (a)	$41.2	$28.2
Other Data		
Period-End Acres (in thousands)	1,803	1,811

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Pacific Northwest Timber Overview	Three Months Ended March 31, 2019	2018
Sales Volume (in thousands of tons)		
Pulpwood	62	75
Sawtimber	220	304
Total Volume	283	379
Sales Volume (converted to MBF)		
Pulpwood	5,933	7,170
Sawtimber	28,945	38,810
Total Volume	34,878	45,980
Percentage Delivered Sales	100%	79%
Percentage Sawtimber Sales	78%	80%
Delivered Log Pricing (in dollars per ton)		
Pulpwood	$45.15	$44.52
Sawtimber	78.47	95.45
Weighted Average Log Price	$71.11	$84.35
Summary Financial Data (in millions of dollars)		
Timber Sales	$20.1	$30.5
Less: Cut and Haul	(12.0)	(11.4)
Net Stumpage Sales	$8.1	$19.1
Non-Timber Sales	0.4	0.9
Total Sales	$20.5	$31.4
Operating Income (Loss)	($3.7)	$4.7
(+) Depreciation, depletion and amortization	6.8	9.5
Adjusted EBITDA (a)	$3.1	$14.2
Other Data		
Period-End Acres (in thousands)	379	378
Sawtimber (in dollars per MBF)	$609	$764
Estimated Percentage of Export Volume	16%	21%

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

New Zealand Timber Overview	Three Months Ended March 31, 2019	2018
Sales Volume (in thousands of tons)		
Domestic Pulpwood (Delivered)	113	113
Domestic Sawtimber (Delivered)	195	185
Export Pulpwood (Delivered)	41	17
Export Sawtimber (Delivered)	255	244
Total Volume	604	558
Delivered Log Pricing (in dollars per ton)		
Domestic Pulpwood	$39.23	$35.99
Domestic Sawtimber	83.42	87.02
Export Sawtimber	116.24	117.70
Weighted Average Log Price	$90.49	$90.62
Summary Financial Data (in millions of dollars)		
Timber Sales	$54.6	$50.6
Less: Cut and Haul	(20.2)	(18.3)
Less: Port and Freight Costs	(9.7)	(8.6)
Net Stumpage Sales	$24.7	$23.6
Non-Timber Sales / Carbon Credits	2.5	2.4
Total Sales	$57.1	$53.0
Operating Income	$15.7	$16.0
(+) Depreciation, depletion and amortization	6.3	5.7
Adjusted EBITDA (a)	$22.0	$21.7
Other Data		
New Zealand Dollar to U.S. Dollar Exchange Rate (b)	0.6831	0.7236
Net Plantable Period-End Acres (in thousands)	291	293
Export Sawtimber (in dollars per JAS m^3)	$135.15	$136.85
Domestic Sawtimber (in $NZD per tonne)	$134.33	$132.03

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.
(b) Represents the period average rate.

Real Estate Overview	Three Months Ended March 31, 2019	2018
Sales (in millions of dollars)		
Improved Development	$0.3	$1.1
Unimproved Development	1.0	7.4
Rural	12.7	1.7
Non-Strategic / Timberlands - U.S.	6.9	25.8
Other (a)	0.1	—
Total Sales	$21.0	$36.1
Acres Sold		
Improved Development	1.2	4.1
Unimproved Development	7	625
Rural	3,338	415
Non-Strategic / Timberlands - U.S	2,333	7,181
Total Acres Sold	5,679	8,225
Gross Price per Acre (dollars per acre)		
Improved Development	$291,880	$280,691
Unimproved Development	145,773	11,922
Rural	3,794	3,977
Non-Strategic / Timberlands - U.S.	2,972	3,599
Weighted Average (Total)	$3,687	$4,387
Weighted Average (Adjusted) (b)	$3,628	$4,250
Operating Income	$10.0	$28.1
(+) Depreciation, depletion and amortization - U.S.	3.3	3.1
(+) Non-cash cost of land and improved development - U.S.	4.0	1.6
Adjusted EBITDA (c)	$17.4	$32.7

(a) Includes marketing fees from Improved Development sales.
(b) Excludes Improved Development.
(c) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Capital Expenditures By Segment (in millions of dollars)	Three Months Ended March 31, 2019	2018
Timber Capital Expenditures		
Southern Timber		
Reforestation, silviculture and other capital expenditures	$2.8	$2.6
Property taxes	1.8	1.6
Lease payments	1.6	1.6
Allocated overhead	1.2	1.1
Subtotal Southern Timber	$7.4	$6.9
Pacific Northwest Timber		
Reforestation, silviculture and other capital expenditures	2.8	2.5
Property taxes	0.2	0.2
Allocated overhead	0.8	0.6
Subtotal Pacific Northwest Timber	$3.8	$3.3
New Zealand Timber		
Reforestation, silviculture and other capital expenditures	1.7	1.8
Property taxes	0.2	0.2
Lease payments	0.3	0.4
Allocated overhead	0.7	0.7
Subtotal New Zealand Timber	$2.9	$3.0
Total Timber Segments Capital Expenditures	$14.1	$13.2
Total Capital Expenditures	$14.1	$13.2
Timberland Acquisitions		
Southern Timber	$1.8	—
Pacific Northwest Timber	3.6	—
New Zealand Timber	6.9	—
Subtotal Timberland Acquisitions	$12.3	—
Real Estate Development Investments	$1.7	$2.3

The following tables summarize sales, operating income and Adjusted EBITDA variances for March 31, 2019 versus March 31, 2018 (millions of dollars):

Sales	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
Three Months Ended March 31, 2018	$43.6	$31.4	$53.0	$36.1	$39.2	—	$203.2
Volume	7.5	(4.9)	4.0	(11.1)	(6.8)	—	(11.3)
Price	1.4	(6.1)	(0.9)	(4.0)	(0.4)	—	(10.0)
Non-timber sales	4.4	(0.4)	0.3	—	0.1	—	4.4
Foreign exchange (a)	—	—	0.7	—	—	—	0.7
Other	3.9 (b)	0.5 (b)	—	—	—	—	4.5
Three Months Ended March 31, 2019	$60.8	$20.5	$57.1	$21.0	$32.1	—	$191.5

(a) Net of currency hedging impact.
(b) Includes variance due to stumpage versus delivered sales.

Operating Income	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
Three Months Ended March 31, 2018	$12.2	$4.7	$16.0	$28.1	$0.1	($4.0)	$57.1
Volume	3.6	(1.9)	1.5	(9.6)	—	—	(6.4)
Price	1.4	(6.1)	(0.9)	(4.0)	—	—	(9.6)
Cost	(0.2)	(0.3)	(0.4)	(0.4)	0.4	(0.9)	(1.8)
Non-timber income	4.5	(0.4)	0.2	—	—	—	4.3
Foreign exchange (a)	—	—	(0.2)	—	—	—	(0.2)
Depreciation, depletion & amortization	—	0.3	(0.5)	(1.2)	—	—	(1.4)
Non-cash cost of land and improved development	—	—	—	(2.9)	—	—	(2.9)
Other (b)	—	—	—	—	—	(0.6)	(0.6)
Three Months Ended March 31, 2019	$21.5	($3.7)	$15.7	$10.0	$0.5	($5.5)	$38.5

(a) Net of currency hedging impact.
(b) Prior year period includes $0.6 million from the sale of unused Internet Protocol addresses.

Adjusted EBITDA (a)	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
Three Months Ended March 31, 2018	$28.2	$14.2	$21.7	$32.7	$0.1	($3.7)	$93.2
Volume	7.3	(4.3)	1.9	(10.9)	—	—	(6.0)
Price	1.4	(6.1)	(0.9)	(4.0)	—	—	(9.6)
Cost	(0.2)	(0.3)	(0.4)	(0.4)	0.4	(0.9)	(1.8)
Non-timber income	4.5	(0.4)	0.2	—	—	—	4.3
Foreign exchange (b)	—	—	(0.5)	—	—	—	(0.5)
Other (c)	—	—	—	—	—	(0.6)	(0.6)
Three Months Ended March 31, 2019	$41.2	$3.1	$22.0	$17.4	$0.5	($5.2)	$79.0

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators below.
(b) Net of currency hedging impact.
(c) Prior year period includes $0.6 million from the sale of unused Internet Protocol addresses.

SOUTHERN TIMBER

First quarter sales of $60.8 million increased $17.2 million, or 40%, versus the prior year period. Harvest volumes increased 23% to 1.94 million tons versus 1.57 million tons in the prior year period, due to low mill inventories and wet weather conditions driving accelerated stumpage removals on harvestable tracts. Average pine sawtimber stumpage prices were relatively flat at $26.38 per ton versus $26.31 per ton in the prior year period, as price increases in certain regions were largely mitigated by geographic mix. Average pine pulpwood stumpage prices increased 5% to $17.94 per ton versus $17.11 per ton in the prior year period. The increase in average pulpwood prices was driven primarily by limited supply due to persistent wet weather. Overall, weighted-average stumpage prices (including hardwood) increased 3% to $21.03 per ton versus $20.32 per ton in the prior year period. Operating income of $21.5 million increased $9.3 million versus the prior year period as a result of higher volumes ($3.6 million), higher net stumpage prices ($1.4 million) and higher non-timber income ($4.5 million), partially offset by higher overhead expenses ($0.2 million). First quarter Adjusted EBITDA of $41.2 million was $13.0 million above the prior year period.

PACIFIC NORTHWEST TIMBER

First quarter sales of $20.5 million decreased $10.9 million, or 35%, versus the prior year period. Harvest volumes decreased 25% to 283,000 tons versus 379,000 tons in the prior year period, as we reduced harvest levels in response to softer market conditions due to lower export demand and weaker U.S. lumber markets. Average delivered sawtimber prices decreased 18% to $78.47 per ton versus $95.45 per ton in the prior year period, while average delivered pulpwood prices increased 1% to $45.15 per ton versus $44.52 per ton in the prior year period. The decrease in delivered sawtimber prices was driven by uncertainty in the export market resulting from the ongoing trade dispute between the U.S. and China as well as weaker U.S. lumber markets. The increase in delivered pulpwood prices was driven primarily by geographic mix. Operating loss of $3.7 million versus operating income of ($4.7 million) in the prior year period was primarily due to lower net stumpage prices ($6.1 million), lower volumes ($1.9 million), higher overhead and other costs ($0.3 million) and lower non-timber income ($0.4 million), partially offset by lower depletion rates ($0.3 million). First quarter Adjusted EBITDA of $3.1 million was $11.1 million below the prior year period.

NEW ZEALAND TIMBER

First quarter sales of $57.1 million increased $4.1 million, or 8%, versus the prior year period. Volumes increased 8% to 604,000 tons versus 558,000 tons in the prior year period. Average delivered prices for export sawtimber decreased 1% to $116.24 per ton versus $117.70 per ton in the prior year period, while average delivered prices for domestic sawtimber decreased 4% to $83.42 per ton versus $87.02 per ton in the prior year period. The decrease in export sawtimber prices was primarily due to increased competition from lower-cost lumber imports and alternative species. The decrease in domestic sawtimber prices (in U.S. dollar terms) was driven primarily by the fall in the NZ$/US$ exchange rate (US$0.68 per NZ$1.00 versus US$0.72 per NZ$1.00). Excluding the impact of foreign exchange rates, domestic sawtimber prices increased 2% from the prior year period. Operating income of $15.7 million decreased $0.3 million versus the prior year period as a result of lower net stumpage prices ($0.9 million), higher road maintenance costs ($0.4 million), higher depletion rates ($0.5 million), and unfavorable foreign exchange impacts ($0.2 million), partially offset by higher volumes ($1.5 million) and higher non-timber income ($0.2 million). First quarter Adjusted EBITDA of $22.0 million was $0.3 million above the prior year period.

REAL ESTATE

First quarter sales of $21.0 million decreased $15.1 million versus the prior year period, while operating income of $10.0 million decreased $18.1 million versus the prior year period due to a lower number of acres sold (5,679 acres sold versus 8,225 acres sold in the prior year period) and a decrease in weighted-average prices ($3,687 per acre versus $4,387 per acre in the prior year period).

Improved Development sales of $0.3 million in the Wildlight development project consisted of eight residential lots ($42,688 per lot or $292,000 per acre). This compares to prior year period sales of $1.1 million, which consisted of 2.1 acres of commercial property for $0.6 million ($283,000 per acre) and nine residential lots for $0.5 million ($60,000 per lot or $278,000 per acre).

Unimproved Development sales of $1.0 million consisted of a seven-acre tract in Bryan County, Georgia for $145,773 per acre. This compares to prior year period sales of $7.4 million, which consisted of a 494-acre tract in Nassau County, Florida for $10,000 per acre and a 131-acre tract in St. John's County, Florida for $19,195 per acre.

Rural sales of $12.7 million consisted of 3,338 acres at an average price of $3,794 per acre. This compares to prior year period sales of $1.7 million, which consisted of 415 acres at an average price of $3,977 per acre.

Non-strategic / Timberland sales of $6.9 million consisted of 2,333 acres at an average price of $2,972 per acre. This compares to prior year period sales of $25.8 million, which consisted of 7,181 acres at an average price of $3,599 per acre. First quarter Adjusted EBITDA of $17.4 million was $15.3 million below the prior year period.

TRADING

First quarter sales of $32.1 million decreased $7.1 million versus the prior year period primarily due to lower volumes. Sales volumes decreased 18% to 281,000 tons versus 341,000 tons in the prior year period. Operating income and Adjusted EBITDA of $0.5 million increased $0.4 million versus the prior year period, primarily driven by increased volume from higher-margin stumpage blocks purchased from third parties.

OTHER ITEMS

CORPORATE AND OTHER EXPENSE / ELIMINATIONS

First quarter corporate and other operating expenses of $5.5 million increased $1.5 million versus the prior year period due to higher legal and overhead costs ($0.9 million) and the prior year first quarter income from the sale of unused Internet Protocol addresses ($0.6 million).

INTEREST EXPENSE

First quarter interest expense of $7.7 million decreased $0.4 million versus the prior year period due to lower average debt outstanding.

INTEREST AND MISCELLANEOUS INCOME, NET

First quarter non-operating income of $1.3 million, includes interest income and the favorable mark-to-market adjustments on carbon options.

INCOME TAX EXPENSE

First quarter income tax expense of $4.3 million decreased $2.6 million versus the prior year period. The New Zealand subsidiary is the primary driver of income tax expense.

OUTLOOK

Based on our strong start to 2019, we are on track to achieve our full-year Adjusted EBITDA guidance. In our Southern Timber segment, we expect to achieve our full-year volume guidance, although we anticipate lower quarterly harvest volumes for the remainder of the year, as we experienced above average stumpage removals in the first quarter. We continue to expect that average pricing in Southern Timber will improve modestly, with price increases in certain regions moderated by geographic mix on a weighted-average basis. In our Pacific Northwest Timber segment, we expect to achieve our full-year volume guidance with increased harvest volumes in the second half of the year, while we anticipate that any prospective pricing improvements will be largely dependent on a resolution of the U.S.-China trade dispute. In our New Zealand Timber segment, we similarly expect to achieve our full-year volume guidance with increased quarterly harvest volumes for the balance of the year, while we continue to expect that year-over-year pricing will be relatively stable with some fluctuations from quarter to quarter. In our Real Estate segment, we are on track to achieve our full-year Adjusted EBITDA guidance, although quarterly results may vary.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of cash is cash flow from operations, primarily the harvesting of timber and sales of real estate. As a REIT, our main use of cash is dividends. We also use cash to maintain the productivity of our timberlands through replanting and silviculture. Our operations have generally produced consistent cash flow and required limited capital resources. Short-term borrowings have helped fund working capital needs while acquisitions of timberlands generally require funding from external sources or Large Dispositions.

SUMMARY OF LIQUIDITY AND FINANCING COMMITMENTS

(millions of dollars)	March 31, 2019	December 31, 2018
Cash and cash equivalents	$154.6	$148.4
Total debt (a)	975.0	975.0
Shareholders' equity	1,641.2	1,654.6
Total capitalization (total debt plus equity)	2,616.2	2,629.6
Debt to capital ratio	37%	37%
Net debt to enterprise value (b)(c)	17%	19%

(a) Total debt as of March 31, 2019 and December 31, 2018 is presented gross of deferred financing costs of $2.3 million and $2.4 million, respectively.

(b) Net debt is calculated as total debt less cash and cash equivalents.

(c) Enterprise value is calculated as the number of shares outstanding multiplied by the Company's share price plus net debt as of March 31, 2019 and December 31, 2018.

CASH FLOWS

The following table summarizes our cash flows from operating, investing and financing activities for the three months ended March 31, 2019 and 2018.

(millions of dollars)	2019	2018
Cash provided by (used for):		
Operating activities	$70.9	$78.2
Investing activities	(25.8)	(17.6)
Financing activities	(37.9)	(56.1)

CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities decreased $7.3 million primarily due to lower operating results.

CASH USED FOR INVESTING ACTIVITIES

Cash used for investing activities increased $8.2 million versus the prior year period primarily due to an increase in timberland acquisitions ($12.3 million) and capital expenditures ($0.9 million). These activities were offset by a decrease in real estate development investments ($0.7 million) and other investing activities ($4.3 million).

CASH USED FOR FINANCING ACTIVITIES

Cash used for financing activities decreased $18.1 million from the prior year period primarily due to a decrease in net debt repayments ($29.4 million), partially offset by a decrease in equity issuances ($4.9 million) and increases in dividends paid ($2.8 million) and minority shareholder distributions ($3.6 million).

EXPECTED 2019 EXPENDITURES

Capital expenditures in 2019 are expected to be between $67 million and $70 million, excluding any strategic timberland acquisitions we may make. Capital expenditures are expected to primarily consist of seedling planting, fertilization and other silvicultural activities, property taxes, lease payments, allocated overhead and other capitalized costs. Aside from capital expenditures, we may also acquire timberland as we actively evaluate acquisition opportunities.

Real estate development investments in 2019 are expected to be between $7 million and $10 million, net of anticipated reimbursements from community development bonds. Expected real estate development investments are primarily related to Wildlight, our mixed-use community development project located north of Jacksonville, Florida at the interchange of I-95 and State Road A1A.

Our 2019 dividend payments are expected to be approximately $140 million assuming no change in the quarterly dividend rate of $0.27 per share or material changes in the number of shares outstanding.

Future share repurchases, if any, will depend on the Company's liquidity and cash flow, as well as general market conditions and other considerations including capital allocation priorities.

We have approximately $1.3 million of mandatory pension contribution requirements in 2019 and may make discretionary contributions in the future.

Cash tax payments in 2019 are expected to be approximately $3 million, primarily due to the New Zealand subsidiary.

PERFORMANCE AND LIQUIDITY INDICATORS

The discussion below is presented to enhance the reader's understanding of our operating performance, liquidity, and ability to generate cash and satisfy rating agency and creditor requirements. This information includes two measures of financial results: Adjusted Earnings before Interest, Taxes, Depreciation, Depletion and Amortization ("Adjusted EBITDA") and Cash Available for Distribution ("CAD"). These measures are not defined by Generally Accepted Accounting Principles ("GAAP"), and the discussion of Adjusted EBITDA and CAD is not intended to conflict with or change any of the GAAP disclosures described above.

Management uses CAD as a liquidity measure. CAD is a non-GAAP measure that management uses to measure cash generated during a period that is available for common stock dividends, distributions to the New Zealand minority shareholder, repurchase of the Company's common shares, debt reduction, strategic acquisitions and real estate development investments. We define CAD as cash provided by operating activities adjusted for capital spending (excluding timberland acquisitions) and working capital and other balance sheet changes. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Management uses Adjusted EBITDA as a performance measure. Adjusted EBITDA is a non-GAAP measure that management uses to make strategic decisions about the business and that investors can use to evaluate the operational performance of the assets under management. It removes the impact of specific items that management believes do not directly reflect the core business operations on an ongoing basis. We define Adjusted EBITDA as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and improved development, Large Dispositions and non-operating income and expense.

We reconcile Adjusted EBITDA to Net Income for the consolidated Company and to Operating Income for the segments, as those are the most comparable GAAP measures for each. The following table provides a reconciliation of Net Income to Adjusted EBITDA for the respective periods (in millions of dollars):

	Three Months Ended March 31,	
	2019	2018
Net Income to Adjusted EBITDA Reconciliation		
Net income	$27.8	$42.7
Interest, net	6.7	7.7
Income tax expense	4.3	6.9
Depreciation, depletion and amortization	36.5	34.5
Non-cash cost of land and improved development	4.0	1.6
Non-operating income	(0.3)	(0.2)
Adjusted EBITDA	$79.0	$93.2

The following tables provide a reconciliation of Operating Income (Loss) by segment to Adjusted EBITDA by segment for the respective periods (in millions of dollars):

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and other	Total
March 31, 2019							
Operating income (loss)	$21.5	($3.7)	$15.7	$10.0	$0.5	($5.5)	$38.5
Depreciation, depletion and amortization	19.7	6.8	6.3	3.3	—	0.3	36.5
Non-cash cost of land and improved development	—	—	—	4.0	—	—	4.0
Adjusted EBITDA	$41.2	$3.1	$22.0	$17.4	$0.5	($5.2)	$79.0
March 31, 2018							
Operating income	$12.2	$4.7	$16.0	$28.1	$0.1	($4.0)	$57.1
Depreciation, depletion and amortization	16.0	9.5	5.7	3.1	—	0.3	34.5
Non-cash cost of land and improved development	—	—	—	1.6	—	—	1.6
Adjusted EBITDA	$28.2	$14.2	$21.7	$32.7	$0.1	($3.7)	$93.2

The following table provides a reconciliation of Cash Provided by Operating Activities to Adjusted CAD (in millions of dollars):

	Three Months Ended March 31,	
	2019	2018
Cash provided by operating activities	$70.9	$78.2
Capital expenditures (a)	(14.1)	(13.2)
Working capital and other balance sheet changes	5.4	12.2
CAD	62.2	77.2
Mandatory debt repayments	—	—
CAD after mandatory debt repayments	62.2	77.2
Cash used for investing activities	($25.8)	($17.6)
Cash used for financing activities	($37.9)	($56.1)

(a) Capital expenditures exclude timberland acquisitions during the three months ended March 31, 2019.

The following table provides supplemental cash flow data (in millions):

	Three Months Ended March 31,	
	2019	2018
Purchase of timberlands	($12.3)	—
Real Estate Development Investments	(1.7)	(2.3)
Distributions to New Zealand minority shareholder (a)	(3.6)	(3.4)

(a) 2018 amount includes debt repayments on the New Zealand subsidiary noncontrolling interest shareholder loan.

LIQUIDITY FACILITIES

2019 DEBT ACTIVITY

See Note 6 — Debt for additional information.

OFF-BALANCE SHEET ARRANGEMENTS

We utilize off-balance sheet arrangements to provide credit support for certain suppliers and vendors in case of their default on critical obligations, and collateral for outstanding claims under the Company's previous workers' compensation self-insurance programs. These arrangements consist of standby letters of credit and surety bonds. As part of our ongoing operations, we also periodically issue guarantees to third parties. Off-balance sheet arrangements are not considered a source of liquidity or capital resources and do not expose us to material risks or material unfavorable financial impacts. See Note 11 — Guarantees for details on the letters of credit, surety bonds and guarantees as of March 31, 2019.

CONTRACTUAL FINANCIAL OBLIGATIONS

In addition to using cash flow from operations and proceeds from Large Dispositions, we finance our operations through the issuance of debt and by entering into leases. These financial obligations are recorded in accordance with accounting rules applicable to the underlying transaction, with the result that some are recorded as liabilities on the Consolidated Balance Sheets, while others are required to be disclosed in the Notes to Consolidated Financial Statements and Management's Discussion and Analysis.

The following table aggregates our contractual financial obligations as of March 31, 2019 and anticipated cash spending by period:

		Payments Due by Period			
Contractual Financial Obligations (in millions)	**Total**	**Remaining 2019**	**2020-2021**	**2022-2023**	**Thereafter**
Long-term debt (a)	$975.0	—	—	$325.0	$650.0
Interest payments on long-term debt (b)	206.5	29.8	79.5	58.1	39.1
Operating leases — timberland (c)	189.3	7.1	16.1	14.9	151.2
Operating leases — PP&E, offices (c)	9.6	1.5	3.2	1.7	3.2
Commitments — derivatives (d)	0.6	0.6	—	—	—
Commitments — other (e)	4.5	3.8	0.7	—	—
Total contractual cash obligations	$1,385.5	$42.8	$99.5	$399.7	$843.5

(a) The book value of long-term debt, net of deferred financing costs, is currently recorded at $972.7 million on the Company's Consolidated Balance Sheet, but upon maturity the liability will be $975.0 million.

(b) Projected interest payments for variable rate debt were calculated based on outstanding principal amounts and interest rates as of March 31, 2019.

(c) Includes anticipated renewal options.

(d) Commitments — derivatives represents payments expected to be made on derivative financial instruments (foreign exchange contracts and interest rate swaps). See Note 13 — Derivative Financial Instruments and Hedging Activities.

(e) Commitments — other includes $1.3 million of pension contribution requirements remaining in 2019 based on actuarially determined estimates and IRS minimum funding requirements, payments expected to be made on the Company's Wildlight development project, payments made on timberland deeds and other purchase obligations.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including changes in interest rates, commodity prices and foreign exchange rates. Our objective is to minimize the economic impact of these market risks. We use derivatives in accordance with policies and procedures approved by the Audit Committee of the Board of Directors. Derivatives are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. We do not enter into financial instruments for trading or speculative purposes.

Interest Rate Risk

We are exposed to interest rate risk through our variable rate debt, primarily due to changes in LIBOR. However, we use interest rate swaps to manage our exposure to interest rate movements on our term credit agreements by swapping existing and anticipated future borrowings from floating rates to fixed rates. As of March 31, 2019, we had $650 million of U.S. long-term variable rate debt. The notional amount of outstanding interest rate swap contracts with respect to this debt at March 31, 2019 was also $650 million. The term credit agreement and associated interest rate swaps mature in August 2024 and the incremental term loan agreement and associated interest rate swaps mature in May 2026. At this borrowing level, a hypothetical one-percentage point increase/decrease in interest rates would result in no corresponding increase/decrease in interest payments and expense over a 12-month period.

The fair market value of our long-term fixed interest rate debt is also subject to interest rate risk. The estimated fair value of our long-term fixed rate debt at March 31, 2019 was $326 million compared to the $325 million principal amount. We use interest rates of debt with similar terms and maturities to estimate the fair value of our debt. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical one-percentage point increase/decrease in prevailing interest rates at March 31, 2019 would result in a corresponding decrease/increase in the fair value of our long-term fixed rate debt of approximately $9 million.

We estimate the periodic effective interest rate on our U.S. long-term fixed and variable rate debt to be approximately 3.3% after consideration of interest rate swaps and estimated patronage refunds, excluding unused commitment fees on the revolving credit facility.

The following table summarizes our outstanding debt, interest rate swaps and average interest rates, by year of expected maturity and their fair values at March 31, 2019:

(Dollars in thousands)	2019	2020	2021	2022	2023	Thereafter	Total	Fair Value
Variable rate debt:								
Principal amounts	—	—	—	—	—	$650,000	$650,000	$650,000
Average interest rate (a)(b)	—	—	—	—	—	4.24%	4.24%	—
Fixed rate debt:								
Principal amounts	—	—	—	$325,000	—	—	$325,000	$326,073
Average interest rate (b)	—	—	—	3.75%	—	—	3.75%	—
Interest rate swaps:								
Notional amount	—	—	—	—	—	$650,000	$650,000	$12,187
Average pay rate (b)	—	—	—	—	—	1.91%	1.91%	—
Average receive rate (b)	—	—	—	—	—	2.49%	2.49%	—

(a) Excludes estimated patronage refunds.
(b) Interest rates as of March 31, 2019.

Foreign Currency Exchange Rate Risk

The functional currency of the Company's New Zealand-based operations and New Zealand subsidiary is the New Zealand dollar. Through these operations and our ownership in the New Zealand subsidiary, we are exposed to foreign currency risk on cash held in foreign currencies, shareholder distributions which are paid in U.S. dollars and on foreign export sales and ocean freight payments that are predominantly denominated in U.S. dollars. To mitigate these risks, the New Zealand subsidiary routinely enters into foreign currency exchange contracts and foreign currency option contracts to hedge a portion of the New Zealand subsidiary's foreign exchange exposure.

Sales and Expense Exposure

At March 31, 2019, the New Zealand subsidiary had foreign currency exchange contracts with a notional amount of $78 million and foreign currency option contracts with a notional amount of $24 million outstanding related to foreign export sales and ocean freight payments. The amount hedged represents a portion of forecast U.S. dollar denominated export timber and log trading sales proceeds over the next 18 months and next 3 months, respectively.

Shareholder Distributions

At March 31, 2019, the New Zealand subsidiary had foreign currency exchange contracts with a notional amount of NZ$6 million representing a portion of anticipated shareholder distribution payments over the next 12 months.

The following table summarizes our outstanding foreign currency exchange rate risk contracts at March 31, 2019:

(Dollars in thousands)	0-1 months	1-2 months	2-3 months	3-6 months	6-12 months	12-18 months	Total	Fair Value
Foreign exchange contracts to sell U.S. dollar for New Zealand dollar								
Notional amount	$15,250	$9,250	$6,000	$18,000	$23,000	$6,000	$77,500	($450)
Average contract rate	1.4693	1.4683	1.4675	1.4658	1.4622	1.4588	1.4653	
Foreign currency option contracts to sell U.S. dollar for New Zealand dollar								
Notional amount	$2,000	$2,000	$4,000	$4,000	12,000	—	$24,000	$223
Average strike price	1.4757	1.5239	1.4987	1.5028	1.5249	—	1.5127	
Foreign exchange contracts to sell New Zealand dollar for U.S. dollar								
Notional amount (NZ$)	—	—	$6,000	—	—	—	$6,000	$51
Average contract rate	—	—	0.6815		—	—	0.6815	

Item 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Rayonier management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Securities Exchange Act of 1934 (the “Exchange Act”), are designed with the objective of ensuring information required to be disclosed by the Company in reports filed under the Exchange Act, such as this quarterly report on Form 10-Q, is (1) recorded, processed, summarized and reported or submitted within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no control evaluation can provide absolute assurance that all control exceptions and instances of fraud have been prevented or detected on a timely basis. Even systems determined to be effective can provide only reasonable assurance that their objectives are achieved.

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q, our management, including the Chief Executive Officer and Chief Financial Officer, concluded the design and operation of the disclosure controls and procedures were effective as of March 31, 2019.

In the quarter ended March 31, 2019, based upon the evaluation required by Rule 13a-15(d) under the Exchange Act, there were no changes in our internal control over financial reporting that would materially affect or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The information set forth in Note 10 — Contingencies in the “Notes to Consolidated Financial Statements” under Item 1 of Part I of this report is incorporated herein by reference.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information regarding our purchases of Rayonier common shares during the quarter ended March 31, 2019:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (b)
January 1 to January 31	14	27.37	—	7,028,100
February 1 to February 28	—	—	—	7,028,100
March 1 to March 31	1,126	29.85	—	7,028,100
Total	1,140		—	

(a) Includes 1,140 shares of the Company’s common shares purchased in January and March from current employees in non-open market transactions. The shares were sold by current employees of the Company in exchange for cash that was used to pay withholding taxes associated with the vesting of restricted stock awards under the Company’s stock incentive plan. The price per share surrendered is based on the closing price of the company’s common shares on the respective vesting dates of the awards.

(b) Maximum number of shares authorized to be purchased as of March 31, 2019 include 3,877,389 under the 1996 anti-dilutive program and approximately 3,150,711 under the share repurchase program.

Item 6. EXHIBITS

10.1	2019 Performance Share Award Program*	Filed herewith
10.2	Rayonier Incentive Stock Plan, as amended*	Filed herewith
31.1	Chief Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Chief Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	Certification of Periodic Financial Reports Under Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	The following financial information from our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019, formatted in Extensible Business Reporting Language ("XBRL"), includes: (i) the Consolidated Statements of Income and Comprehensive Income for the Three Months Ended March 31, 2019 and 2018; (ii) the Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018; (iii) the Consolidated Statements of Changes in Shareholders' Equity for the Three Months Ended March 31, 2019 and 2018; (iv) the Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2019 and 2018; and (v) the Notes to Consolidated Financial Statements	Filed herewith

* Management contract or compensatory plan.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RAYONIER INC.
(Registrant)

By: /s/ APRIL TICE

April Tice
Vice President, Financial Services and Corporate Controller
(Duly Authorized Officer, Principal Accounting Officer)

Date: May 3, 2019

Exhibit 10.1

Rayonier

2019 Performance Share Award Program

The number of shares to which a participant could become entitled under the 2019 Performance Share Award Program (the "Program") can range from 0% to a maximum of 200% of the Target Award depending on Rayonier's total shareholder return ("TSR") performance for the Performance Period of April 1, 2019 through March 31, 2022, as compared to the TSR performance of the designated peer group companies for the same period. There will be no payout if results fall below the 30th percentile performance threshold.

- TSR is defined as stock price appreciation plus the reinvestment of dividends on the ex-dividend date. For purposes of performance measurement, TSR shall be the final reported figure as may be adjusted by the Committee for unusual, special or non-recurring items to avoid distortion in the operation of the Program.
- TSR over the performance period will be calculated by measuring the value of a hypothetical $100 investment in Rayonier shares as compared to an equal investment in each of the peer group companies.
- TSR calculations of stock price appreciation will be the average of the closing prices of Rayonier common shares and that of each of the peer group companies for the first 20 trading dates and last 20 trading dates of the Performance Period.

The final number of shares in an Award will be determined as follows:

- The TSR performance of Rayonier and the peer group companies will be calculated and Rayonier's relative performance, on a percentile basis, is determined.
- The payout percentage of Target Award based on Rayonier's percentile TSR performance against the peer group companies will be calculated per the following table:

Percentile Rank	**Award (Expressed As Percent of Target Award)**
80th and Above	200%
51st –79th	100%, plus 3.33% for each incremental percentile position over the 50th percentile
50th	100%
31st – 49th	30%, plus 3.5% for each incremental percentile position over the 30th percentile
30th	30%
Below 30th	0%

- The payout percentage may not exceed 100% of the Target Award if Rayonier's TSR for the Performance Period is negative.
- Payment, if any, is to be made in Rayonier Common Shares, and may be offset, to the extent allowed under applicable regulations, by the number of shares equal in value to the amount needed to cover associated tax liabilities.
- Dividend equivalents and interest will be paid in cash on the number of Rayonier Common Shares earned under the Program. Dividends will be calculated by taking the dividends paid on one share of Rayonier Common Stock during the performance period times the number of shares awarded at the end of the period. Interest on such dividends will be earned at a rate equal to the prime rate as reported in the Wall Street Journal, adjusted and compounded annually, from the date such cash dividends were paid by the Company.
- Awards will be valued on April 14 following the end of the performance period. If April 14 is a non-trading day, then the next trading following April 14 will be used. Awards, including dividends and interest, will be distributed to participants as soon as practicable following the valuation date.
- In cases of termination of participant's employment due to Retirement, Death, or Total Disability, in accordance with Plan provisions, outstanding Performance Shares will remain outstanding and will vest subject to the terms and conditions of the Award Agreement and this Performance Share Award Program document. Any Performance Shares earned based on performance during the full performance period will be prorated based on the portion of the performance period during which the participant was employed by the Company, with payment of any such earned Performance Shares to occur at the time that the Awards are paid to employees generally.
- Notwithstanding any other provision in this Plan to the contrary, any award or shares issued thereunder and any amount received with respect to the sale of any such Award or shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's Clawback Policy as in effect from time to time (the "Clawback Policy").

2019 Performance Share Award Program – Peer Group

April 1, 2019 – March 31, 2022

The peer group consists of timber companies and the companies comprising the real estate segment of the S&P 400 Midcap Index. In order to place more weighting on those companies considered to be our closest competitors, each timber company will be counted in the percentile calculation eight times whereas each real estate company will be counted only once.

- Catchmark Timber Trust (8x)
- PotlatchDeltic Corporation (8x)
- Pope Resources (8x)
- Weyerhaeuser (8x)
- Jones Lang LaSalle Incorporated (1x)
- CoreSite Realty Corporation (1x)
- First Industrial Realty Trust Inc. (1x)
- Cousins Properties Incorporated (1x)
- CyrusOne Inc. (1x)
- LaSalle Hotel Properties (1x)
- Camden Property Trust (1x)
- Liberty Property Trust (1x)
- Life Storage, Inc. (1x)
- Lamar Advertising Company (1x)
- Douglas Emmett, Inc. (1x)
- Medical Properties Trust, Inc. (1x)
- JBG Smith Properties (1x)
- Kilroy Realty Corporation (1x)
- Taubman Centers, Inc. (1x)

- Hospitality Properties Trust (1x)
- National Retail Properties, Inc. (1x)
- Alexander & Baldwin, Inc. (1x)
- Weingarten Realty Investors (1x)
- Healthcare Realty Trust Incorporated (1x)
- Urban Edge Properties (1x)
- Senior Housing Properties Trust (1x)
- Realogy Holding Corp (1x)
- Omega Healthcare Investors, Inc. (1x)
- EPR Properties (1x)
- Corporate Office Properties Trust (1x)
- American Campus Communities, Inc. (1x)
- Sabra Health Care REIT, Inc (1x)
- Tanger Factory Outlet Centers, Inc. (1x)
- Mack-Call Realty Corporation (1x)
- The GEO Group, Inc. (1x)
- CoreCivic, Inc. (1x)
- Uniti Group Inc. (1x)
- Highwoods Properties, Inc (1x)

- § In the event of a merger, acquisition, or business combination transaction of a peer company with or by another peer company, the surviving entity shall remain a peer company and the acquired entity shall be removed from the peer group.
- § In the event of a merger of a peer company with an entity that is not a peer company, where the peer company is the surviving entity and remains publicly traded, the peer company shall remain in the peer group.
- § In the event of a merger or acquisition or business combination transaction of a peer company by or with an entity that is not a peer company or a "going private" transaction involving a peer company, where the peer company is not the surviving entity or is otherwise no longer publicly traded, the peer company shall be removed from the peer group.
- § In the event of a bankruptcy, liquidation or delisting of a peer company, such company shall remain a peer company but be forced to the lowest performance within the peer group.
- § In the event of a stock distribution from a peer company consisting of the shares of a new publicly-traded company (a "spin-off"), the peer company shall remain a peer company and the stock distribution shall be treated as a dividend from the peer company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR.

Exhibit 10.2

RAYONIER INCENTIVE STOCK PLAN

1. Purpose

The purpose of the Rayonier Incentive Stock Plan is to attract and retain highly qualified employees and directors and to motivate and reward performance that will lead to sustained increases in shareholder value. The Plan furthers opportunities for share ownership by our employees in order to increase their proprietary interest in Rayonier Inc. and, as a result, their interest in our long-term success and their commitment to creating shareholder value.

2. Definitions

When used herein, the following terms shall have the indicated meaning:

"Act" means the Securities Exchange Act of 1934, as amended.

"Award" means an award granted to any Key Employee in accordance with the provisions of the Plan in the form of Options, Rights, Performance Shares, Restricted Stock, Restricted Stock Units or any combination of the foregoing.

"Award Agreement" means the written agreement or document, including electronic communication, evidencing each Award granted to a Key Employee under the Plan.

"Beneficiary" means the estate of a Key Employee or such other beneficiary or beneficiaries lawfully designated pursuant to Section 11 to receive the amount, if any, payable under the Plan upon the death of a Key Employee.

"Board" means the Board of Directors of the Company.

"Change in Control" has the meaning set forth in Section 10(b).

"Clawback Policy" has the meaning set forth in Section 17.

"Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. (All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.)

"Committee" means the Compensation and Management Development Committee of the Board or such other committee as may be designated by the Board to administer the Plan.

"Company" means Rayonier Inc. and its subsidiaries, successors and assigns.

"Effective Date" has the meaning set forth in Section 20.

"Fair Market Value", unless otherwise indicated in the provisions of this Plan, means, as of any date, the closing price for one share of Stock on the New York Stock Exchange on that date or, if no sales of Stock have taken place on such date, the closing price on the most recent date on which selling prices were quoted, the determination to be made in the discretion of the Committee.

"GAAP" means U.S. Generally Accepted Accounting Principles.

"Incentive Stock Option" means a stock option qualified under Section 422 of the Code.

“Key Employee” means an employee (including any officer or director who is also an employee) of any Participating Company whose responsibilities and decisions, in the judgment of the Committee, directly affect the performance of the Company and its subsidiaries. References to the term “Key Employees” shall be read to include “Non-employee Directors” in the application of Sections 3, 5, 7, 8, 9 and 11 through 17 of the Plan as the context may require in relationship to Awards to Non-employee Directors hereunder. Except as otherwise may be determined by the Board, a Non-employee Director’s ceasing to be a director of the Company shall be treated in the same manner as a voluntary termination of employment by a Key Employee on such date.

“Non-employee Director” means a member of the Board who is not otherwise an employee of the Company.

“Option” means an Incentive Stock Option or a non-qualified stock option awarded under Section 5 of the Plan.

“Original Plan” means the 2004 Rayonier Incentive Stock and Management Bonus Plan, as subsequently amended and restated.

“Participating Company” means the Company or any subsidiary or other affiliate of the Company; provided, however, for Incentive Stock Options only, “Participating Company” means the Company or any corporation that, at the time such Option is granted, qualifies as a “subsidiary” of the Company under Section 424(f) of the Code.

“Performance Goals” means or may be expressed in terms of any of the following business criteria measured on an absolute or relative basis, and in each case measurable as objective goals: (i) net income or net earnings (before or after taxes), (ii) earnings per share, (iii) operating income, (iv) operating cash flow, (v) free cash flow, (vi) recurring cash flow, (vii) cash available for distribution, (viii) revenue growth, (ix) earnings before income taxes and depreciation, (x) earnings before interest, taxes, depreciation and amortization, (xi) margins (including but not limited to gross or operating margins), (xii) reductions in operating expenses, (xiii) sales or return on sales, (xiv) stock price (including, but not limited to, growth measures and total stockholder return), (xiv) return measures (including but not limited to return on equity, return on total capital, return on invested capital and return on assets), (xv) economic value added, (xvii) expense targets, (xviii) cost reductions and savings, (xix) attainment of budget goals, (xx) increase in surplus, (xxi) productivity improvements, (xxii) attainment of strategic or operational initiatives, (xxiii) an executive’s attainment of personal objectives with respect to any of the foregoing criteria or other criteria, such as growth and profitability, customer satisfaction, market share, leadership effectiveness, business development, operational efficiency or operational improvement, strategic or operational initiatives, negotiating transactions and sales or developing long term business goals, (xxiv) any other financial or business measures as may be determined by the Committee, and (xxv) any combination of the foregoing. A Performance Goal may be measured over a Performance Period on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. Unless otherwise determined by the Committee, the Performance Goals will be determined using GAAP consistently applied during a Performance Period, or on a non-GAAP basis with any such exclusions or adjustments as the Committee may determine from time to time.

"Performance Objective" means the level or levels of performance required to be attained with respect to specified Performance Goals in order that a Key Employee shall become entitled to specified rights in connection with a Performance Share or other Award subject to performance-based vesting criteria. The level or levels of performance specified with respect to a Performance Goal may be established in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more peer companies or an index covering multiple companies, or otherwise as the Committee may determine.

"Performance Period" means the period of time designated by the Committee, during which performance will be measured in order to determine a Key Employee's entitlement to receive payment of a Performance Share.

"Performance Share" means a performance share awarded under Section 6 of the Plan.

"Plan" means this Rayonier Incentive Stock Plan, which amends and restates the Original Plans, as the same may be further amended, administered or interpreted from time to time.

"Plan Year" means the calendar year.

"Retirement" means an employee's separation from service having met the age and service requirements that would have resulted in the employee's being eligible to receive immediate retirement benefits under a Participating Company qualified defined benefit pension plan, but without regard to whether or not such employee participates in such pension plan.

"Restricted Stock" means Stock awarded under Section 7 of the Plan subject to such restrictions as the Committee deems appropriate or desirable.

"Restricted Stock Unit" means a contractual right to receive a share of Stock at a future date subject to such terms and conditions as may be established by the Committee, including the attainment of Performance Goals or service-based vesting criteria. If determined by the Committee and provided in the Award Agreement, all or a portion of a Restricted Stock Unit Award may be settled in cash.

"Right" means a stock appreciation right awarded in connection with an Option under Section 5 of the Plan.

"Share Limit" has the meaning set forth in Section 3 of the Plan.

"Shareholder Approval" shall mean approval of holders of a majority of the shares of Stock represented and voting in person or by proxy at an annual or special meeting of shareholders of the Company where a quorum is present.

"Stock" means the common shares of the Company.

"Successor Corporation" has the meaning set forth in Section 14(b) of the Plan.

"Total Disability" means a determination that a Key Employee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months, as determined by the Committee upon the basis of such evidence as the Committee deems appropriate or necessary. A determination that the Key Employee is eligible for full long-term disability payments under the Company's long-term disability plan, as may be in effect from time to time, shall be conclusive evidence of Total Disability.

3. **Shares Subject to the Plan**

(a) The total number of shares of Stock that may be issued pursuant to Awards under the Plan shall not exceed 7,241,663, together with any shares of Stock reserved for issuance as Awards under Original Plan. The shares of Stock may be authorized, but unissued, or reacquired shares of Stock. Subject to Section 3(b), the number of shares available for issuance under the Plan shall be reduced by: (i) 1 share for each share of stock issued pursuant to an Option or a Right granted under Section 5, and (ii) 2.27 shares for each share of Stock issued pursuant to a Performance Share, Restricted Stock Award or Restricted Stock Unit granted under Section 6, Section 7 or Section 8. Shares may be issued in connection with a merger or acquisition as permitted by NYSE Listed Company Manual Section 303A.08, and such issuance shall not reduce the number of shares available for issuance under the Plan. No more than 1,000,000 shares of Stock may be cumulatively available for Awards of Incentive Stock Options under the Plan. For any Plan Year, no individual employee may receive an Award of Options, Performance Shares, Restricted Stock, Restricted Stock Units or Rights for more than four percent (4%) of the total number of shares authorized under the Plan (with respect to any Key Employee, his or her "Share Limit"). The number of shares available in each category hereunder shall be subject to adjustment as provided in Section 14 in connection with a Stock split, Stock dividend, or other extraordinary transaction affecting the Stock.

For any Plan Year, the value of Awards granted to an individual Non-employee Director (which are limited to Options, Restricted Stock and Restricted Stock Unit Awards pursuant to Section 4(b)) may not exceed $350,000, calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes. Any Awards granted to an individual while he or she is an employee of the Company but not a Non-employee Director, shall not count against the limitation in the preceding sentence.

(b) Subject to the above limitations, shares of Stock to be issued under the Plan may be made available from the authorized but unissued shares, or from shares purchased in the open market. For the purpose of computing the total number of shares of Stock available for future Awards under the Plan, shares of Stock shall be reserved for issuance under outstanding Performance Share programs (or any other Awards subject to performance-based vesting criteria) at the maximum award level and counted against the foregoing limitations. If any Awards under the Plan are forfeited, terminated, expire unexercised, are settled in cash in lieu of Stock, are exchanged for other Awards or are released from a reserve for failure to meet the maximum payout under a program, the shares of Stock that were theretofore subject to or reserved for such Awards shall again be available for Awards under the Plan to the extent of such forfeiture, expiration of such Awards or so released from a reserve. To the extent there is issued a share of Common Stock pursuant to an Award that counted as 2.27 shares against the number of shares available for issuance under the Plan pursuant to Section 3(a) and such share of Common Stock again becomes available for issuance under the Plan pursuant to this Section 3(b), then the number of shares of Common Stock available for issuance under the Plan shall increase by 2.27 shares. Any shares that are exchanged (either actually or constructively) by optionees as full or partial payment to the Company of the purchase price of shares being acquired through the exercise of an Option granted under the Plan will not be available for subsequent Awards. If any shares subject to an Award are not delivered to a Key Employee because such shares are withheld for the payment of taxes or the Award is exercised through a reduction of shares subject to the Award (*i.e.*, "net exercised") or an appreciation distribution in respect of a Right is paid in shares of Common Stock, the number of shares subject to the Award that are not delivered to the Key Employee shall not remain available for subsequent issuance under the Plan. If the exercise price of any Award is satisfied by tendering shares of Common Stock held by the Key Employee (either by actual delivery or attestation), then the number of shares so tendered shall not be available for subsequent issuance under the Plan.

4. **Grant of Awards and Award Agreements**

(a) Subject to the provisions of the Plan, the Committee shall (i) determine and designate from time to time those Key Employees or groups of Key Employees to whom Awards are to be granted; (ii) determine the form or forms of Award to be granted to any Key Employee; (iii) determine the amount or number of shares of Stock subject to each Award, and (iv) determine the terms and conditions of each Award.

(b) The Board shall serve to administer and interpret the Plan with respect to any grants of Awards made to Non-employee Directors. Non-employee Directors shall only be eligible for Options pursuant to Section 5, Restricted Stock under Section 7 and/or Restricted Stock Units under Section 8. Non-employee Directors shall not be entitled to receive any Rights or Performance Shares. Any such Awards, and all duties, powers and authority given to the Committee in this Plan, including those provided for in this Section 4, in Section 12 and elsewhere in the Plan, in connection with Awards to Key Employees shall be deemed to be given to the Board in its sole discretion in connection with Awards to Non-employee Directors. The Board may request of the Committee, its Nominating and Corporate Governance Committee or of any other Board committee comprised of independent directors, its recommendation on the level of Awards for this purpose. Except as may be specifically provided by the Board at the time of grant or in the applicable Award Agreement, the provisions of Sections 10, 15 and 16 shall not apply in respect of Awards made to Non-employee Directors.

(c) Each Award granted under the Plan shall be evidenced by a written Award Agreement, which may be electronic. Such agreement shall be subject to and incorporate the express terms and conditions, if any, required under the Plan or required by the Committee, including such covenants and agreements with respect to the subject matter of Sections 15 and 16 as the Committee may determine in its sole discretion.

5. **Stock Options and Rights**

(a) With respect to Options and Rights, the Committee shall (i) authorize the granting of Incentive Stock Options, nonqualified Options, or any combination thereof; (ii) authorize the granting of Rights that may be granted in connection with all or part of any Option granted under this Plan, either concurrently with the grant of the Option or at any time thereafter during the term of the Option; (iii) determine the number of shares of Stock subject to each Option or the number of shares of Stock that shall be used to determine the value of a Right; and (iv) determine the time or times when and the manner in which each Option or Right shall be exercisable and the duration of the exercise period.

(b) Any Option issued hereunder that is intended to qualify as an Incentive Stock Option shall be subject to such limitations or requirements as may be necessary for the purposes of Section 422 of the Code or any regulations and rulings thereunder to the extent and in such form as determined by the Committee in its discretion.

(c) Rights may be granted to any Key Employee, in the discretion of the Committee.

(d) The exercise period for Options and any related Rights shall not exceed ten years from the date of grant.

(e) The Option price per share shall be determined by the Committee at the time any Option is granted and shall be not less than the Fair Market Value of one share of Stock on the date the Option is granted.

(f) No part of any Option or Right may be exercised until the Key Employee who has been granted the Award shall have remained in the employ of a Participating Company for such period after the date of grant as the Committee may specify, if any, and the Committee may further require exercisability in installments.

(g) The Option purchase price, and any required tax withholding obligations, shall be paid to the Company at the time of exercise either in cash or Stock already owned by the optionee, or by the withholding of shares that would otherwise be delivered upon exercise, or any combination thereof, having a total Fair Market Value equal to the purchase price and any required tax withholding obligation. The Committee shall determine acceptable methods for tendering Stock as payment upon exercise of an Option and related tax withholding and may impose such limitations and prohibitions on the use of Stock to exercise an Option as it deems appropriate.

(h) In case of termination of employment, the following provisions shall apply:

(A) If a Key Employee who has been granted an Option shall die before such Option has expired, his or her Options, to the extent vested at the date of death, may be exercised in full by the person or persons to whom the Key Employee's rights under the Option pass by will, or if no such person has such right, by his or her executors or administrators, at any time, or from time to time, in each such case, such heir, executor or administrator may exercise the Option within five years after the date of the Key Employee's death or within such other period, and subject to such terms and conditions as the Committee may specify, but in all events not later than the expiration date specified in Section 5(d) above. Unless the Committee or the Award Agreement shall specify otherwise, unvested Options shall be forfeited as of the date of the Key Employee's death.

(B) If the Key Employee's employment by any Participating Company terminates because of his or her Retirement, any such Options not fully exercisable immediately prior to such optionee's Retirement shall become fully exercisable upon such Retirement unless the Committee, in its sole discretion, shall otherwise determine. Key Employee may exercise his or her Options, in full at any time, or from time to time, within five years after the date of the termination of his or her employment or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 5(d) above.

(C) If the Key Employee's employment by any Participating Company terminates because of his or her Total Disability, he or she may exercise his or her Options, to the extent vested at the date of the termination of his or her employment, at any time, or from time to time, within five years after the date of the termination of his or her employment or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 5(d) above. Upon a Key Employee's termination due to Total Disability, his or her unvested Options shall be forfeited as of the date of the termination unless the Committee or the Award Agreement shall specify otherwise.

(D) Except as provided in Section 10, if the Key Employee shall voluntarily resign before eligibility for Retirement or he or she is terminated for cause as determined by the Committee, the Options shall be cancelled coincident with the effective date of the termination of employment.

(E) If the Key Employee's employment terminates for any other reason, he or she may exercise his or her Options, to the extent vested at the date of the termination of his or her employment, at any time, or from time to time, within three months after the date of the termination of his or her employment or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 5(d) above. Unless the Committee or the Award Agreement shall specify otherwise, unvested Options shall be forfeited as of the effective date of the termination.

This Section 5(h) shall also apply with respect to any Rights granted in connection with an Option.

(i) No Option or Right granted under the Plan shall be transferable other than by will or by the laws of descent and distribution. During the lifetime of the optionee, an Option or Right shall be exercisable only by the Key Employee to whom the Option or Right is granted.

(j) With respect to an Incentive Stock Option, the Committee shall specify such terms and provisions as the Committee may determine to be necessary or desirable in order to qualify such Option as an "incentive stock option" within the meaning of Section 422 of the Code.

(k) With respect to the exercisability and settlement of Rights:

(A) Upon exercise of a Right, the Key Employee shall be entitled, subject to such terms and conditions as the Committee may specify, to receive all or a portion of the excess of (i) the Fair Market Value of a specified number of shares of Stock at the time of exercise, as determined by the Committee, over (ii) a specified amount that shall not, subject to Section 5(e), be less than the Fair Market Value of such specified number of shares of Stock at the time the Right is granted. Upon exercise of a Right, payment of such excess shall be made by the issuance or transfer to the Key Employee of whole shares of Stock or cash with a Fair Market Value at such time equal to any excess, all as determined by the Committee. The Company will not issue a fractional share of Stock and, if a fractional share would otherwise be issuable, the Company shall pay cash equal to the Fair Market Value of the fractional share of Stock at such time.

(B) In the event of the exercise of such Right, the Company's obligation in respect of any related Option or such portion thereof will be discharged by payment of the Right so exercised.

6. **Performance Shares**

(a) Subject to the provisions of the Plan, the Committee shall (i) determine and designate from time to time those Key Employees or groups of Key Employees to whom Awards of Performance Shares are to be made, (ii) determine the Performance Period and Performance Objectives applicable to such Awards, (iii) determine the form of settlement of a Performance Share, whether in Stock or cash, as provide in the Award Agreement, and (iv) generally determine the terms and conditions of each such Award. At any date, each Performance Share shall have a value equal to the Fair Market Value of a share of Stock at such date; provided that the Committee may limit the aggregate amount payable upon the settlement of any such Award.

(b) The Committee shall determine a Performance Period of not less than two nor more than five years with respect to the award of Performance Shares. Performance Periods may overlap and Key Employees may participate simultaneously with respect to Performance Shares for which different Performance Periods are prescribed.

(c) The Committee shall determine the Performance Objectives of Awards of Performance Shares. Performance Objectives may vary from Key Employee to Key Employee and between groups of Key Employees and shall be based upon such Performance Goals as the Committee may deem appropriate. The Performance Objectives shall be established by the Committee prior to, or reasonably promptly following the inception of, a Performance Period.

(d) Following the completion of each Performance Period, the Committee shall determine whether the Performance Objective and other material terms for paying amounts in respect of each Performance Share Award related to that Performance Period have been achieved or met. Unless the Committee determines otherwise, Performance Share Awards shall not be settled until the Committee has made the determination specified under this Section 6(d).

(e) The Committee is authorized at any time during or after a Performance Period to reduce, increase or eliminate the Performance Share Award of any Key Employee for any reason, including, without limitation, changes in the position or duties of any Key Employee with the Participating Company during or after a Performance Period, whether due to any termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. In addition, to the extent necessary to preserve the intended economic effects of the Plan to the Participating Company and the Key Employee, the Committee shall have the discretion to adjust Performance Objectives, the Performance Share Awards or both to take into account: (i) a change in corporate capitalization, (ii) a corporate transaction, such as any merger of the Company or any subsidiary into another corporation, any consolidation of the Company or any subsidiary into another corporation, any separation of the Company or any subsidiary (including a spin-off or the distribution of stock or property of the Company or any subsidiary), any reorganization of the Company or any subsidiary or a large, special and non-recurring dividend paid or distributed by the Company (whether or not such reorganization comes within the definition of Section 368 of the Code), (iii) any partial or complete liquidation of the Company or any subsidiary, (iv) a change in accounting or other relevant rules or regulations (any adjustment pursuant to this Clause (iv) shall be subject to the timing requirements in the definition of Performance Goal set forth in Section 2 of the Plan), or (v) any other unusual, non-recurring, non-core or other event, as determined by the Committee in its discretion.

(f) When establishing the Performance Objectives for Performance Shares, the Committee may provide with respect to any such Award that the evaluation of Performance Objectives shall exclude or otherwise equitably adjust for any specified circumstance or event that occurs during a Performance Period, including by way of example, but not limited to, the following: (i) asset write-downs or impairment charges; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (iv) reorganization and restructuring; (v) acquisitions or divestitures and expenses related thereto; (vi) foreign exchange gains and losses; or (vii) any other unusual or infrequently occurring items or any other special or designated items, events or circumstances as the Committee may in its discretion determine.

(g) At the beginning of a Performance Period, the Committee shall determine for each Key Employee or group of Key Employees the number of Performance Shares or the percentage of Performance Shares that shall be paid to the Key Employee or member of the group of Key Employees if Performance Objectives are met in whole or in part.

(h) If a Key Employee terminates service with all Participating Companies during a Performance Period because of death, Total Disability, Retirement, or under other circumstances where the Committee in its sole discretion finds that a waiver would be in the best interests of the Company, that Key Employee may, as determined by the Committee, be entitled to an Award of Performance Shares at the end of the Performance Period based upon the extent to which the Performance Objectives were satisfied at the end of such period, which Award, in the discretion of the Committee, may be maintained without change or reduced and prorated for the portion of the Performance Period during which the Key

Employee was employed by any Participating Company; provided, however, the Committee may provide for an earlier payment in settlement of such Performance Shares in such amount and under such terms and conditions as the Committee deems appropriate or desirable. If a Key Employee terminates service with all Participating Companies during a Performance Period for any other reason, then such Key Employee shall not be entitled to any Award with respect to that Performance Period unless the Committee shall otherwise determine.

(i) Each Award of a Performance Share shall be paid in shares of Stock, with payment to commence as soon as practicable after the end of the relevant Performance Period but no earlier than following the determination made in Section 6(d) hereof. To the extent provided at the beginning of a Performance Period and in the applicable Award Agreement, dividends with respect to such Award (if any) shall be deemed invested in additional shares of Stock or credited to the Award and paid in cash following, and to the extent of, vesting of the Award. Subject to the terms of the applicable program and notwithstanding the foregoing, the Award may also be paid in shares of Restricted Stock, Restricted Stock Units or cash, as set forth in the Award Agreement, in the discretion of the Committee.

(j) A Key Employee shall not be granted Performance Shares for all of the Performance Periods commencing in the same calendar year that permit the Key Employee to earn Stock covering more than the Share Limit in respect of such Key Employee. In addition, separate and apart from the limit in the previous sentence, with respect to Performance Share Awards to be settled in cash, a Key Employee shall not be granted Performance Share Awards for all of the Performance Periods commencing in a calendar year that permit the Key Employee in the aggregate to earn a cash payment in excess of the Fair Market Value of the Share Limit determined as of the first day of the first Performance Period commencing in such calendar year.

(k) Performance Share Awards may be structured in the form of Restricted Stock, Restricted Stock Units or any substantially similar instrument evidencing the right to receive a share of Stock or, in the discretion of the Committee, cash at some future date upon the lapse of the applicable restrictions established by the Committee or upon the satisfaction of any applicable Performance Goals established by the Committee hereunder.

7. **Restricted Stock**

(a) Restricted Stock shall be subject to a restriction period (after which restrictions will lapse), which shall mean a period commencing on the date the Award is granted and ending on such date as the Committee shall determine (the “Restriction Period”). The Committee may provide for the lapse of restrictions in installments where deemed appropriate.

(b) Except when the Committee determines otherwise pursuant to Section 7(d), if a Key Employee terminates employment with all Participating Companies for any reason before the expiration of the Restriction Period, all shares of Restricted Stock still subject to restriction shall be forfeited by the Key Employee and shall be reacquired by the Company.

(c) Except as otherwise provided in this Section 7, no shares of Restricted Stock received by a Key Employee shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of during the Restriction Period.

(d) In cases of death, Total Disability or Retirement or in cases of other circumstances deemed appropriate by the Committee, the Committee may, in its sole discretion when it finds that a waiver would be in the best interests of the Company, elect to waive all or part of any remaining restrictions with respect to such Key Employee's Restricted Stock.

(e) The Committee may require, under such terms and conditions as it deems appropriate or desirable, that the certificates for Stock delivered under the Plan may be held in custody by a bank or other institution, or that the Company may itself hold such shares in custody until the Restriction Period expires or until restrictions thereon otherwise lapse, and may require, as a condition of any Award of Restricted Stock, that the Key Employee shall have delivered a stock power endorsed in blank relating to the Restricted Stock.

(f) Nothing in this Section 7 shall preclude a Key Employee from exchanging any shares of Restricted Stock subject to the restrictions contained herein for any other shares of Stock that are similarly restricted.

(g) Subject to Section 7(e) and Section 9, each Key Employee entitled to receive Restricted Stock under the Plan shall be issued a certificate for the shares of Stock (or alternatively, an applicable book entry shall be made for noncertificated shares of Stock). Such certificate shall be registered in the name of the Key Employee, and shall bear an appropriate legend reciting the terms, conditions and restrictions, if any, applicable to such Award and shall be subject to appropriate stop-transfer orders.

8. **Restricted Stock Units**

(a) Restricted Stock Units shall be subject to a Restriction Period (after which restrictions will lapse), which shall mean a period commencing on the date the Award is granted and ending on such date as the Committee shall determine. The Committee may provide for the lapse of restrictions in installments where deemed appropriate.

(b) Except when the Committee determines otherwise pursuant to Section 8(d), if a Key Employee terminates employment with all Participating Companies for any reason before the expiration of the Restriction Period, all Restricted Stock Units still subject to restriction shall be forfeited by the Key Employee.

(c) Except as otherwise provided in this Section 8, no Restricted Stock Units received by a Key Employee shall be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of during the Restriction Period.

(d) In cases of death, Total Disability or Retirement or in cases of in cases of other circumstances deemed appropriate by the Committee, the Committee may, in its sole discretion when it finds that a waiver would be in the best interests of the Company, elect to waive all or part of any remaining restrictions with respect to such Key Employee's Restricted Stock Units.

(e) Restricted Stock Units are contractual rights only, and no Stock will be issued in respect of Restricted Stock Units unless and until the terms and conditions established by the Committee are obtained or satisfied. Restricted Stock Units do not carry any rights of a shareholder, including voting rights, and subject to Section 8(f), do not carry a right to receive an amount in respect of dividends.

(f) The Committee may, in its sole discretion, provide that Awards of Restricted Stock Units earn dividend equivalents. Any such dividend equivalents shall be accumulated and credited to an account for the Key Employee, settled in cash or shares of Stock, and paid at the time and subject to any terms and conditions, in each case, as determined by the Committee. If the Committee so determines, dividend equivalents shall be subject to the same terms and conditions, including vesting restrictions, as the Award with respect to which the dividend equivalents are credited ("Restricted Dividend Equivalents"). The Committee may further determine that any Restricted Dividend Equivalents so credited to a Key Employee's account shall accrue interest at a rate per annum specified by the Committee. Any such credited Restricted Dividend Equivalents, and accrued interest if any, shall be paid as soon as administratively practicable following the time the related Restricted Stock Units vest and are paid to the Key Employee. For the avoidance of doubt, to the extent an Award of Restricted Stock Units is terminated, cancelled or forfeited in whole or in part, due to failure to meet performance conditions or otherwise, any Restricted Dividend Equivalents, and accrued interest if any, credited with respect to such Award shall be terminated, cancelled or forfeited at the same time and to the same extent as such Award.

9. **Certificates for Awards of Stock**

(a) The Company shall not be required to issue or deliver any shares of Stock prior to (i) the listing of such shares on any stock exchange on which the Stock may then be listed and (ii) the completion of any registration or qualification of such shares under any federal or state law, or any ruling or regulation of any government body that the Company shall, in its sole discretion, determine to be necessary or advisable.

(b) All certificates for shares of Stock delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed and any applicable federal or state securities laws, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions. The foregoing provisions of this Section 9(b) shall not be effective if and to the extent that the shares of Stock delivered under the Plan are covered by an effective and current registration statement under the Securities Act of 1933, or if and so long as the Committee determines that application of such provisions is no longer required or desirable. In making such determination, the Committee may rely upon an opinion of counsel for the Company. The rules applicable to certificates hereunder shall apply equally to noncertificated shares of Stock held pursuant to any electronic, book entry or other means or record of ownership and transfer.

(c) Except for the restrictions on Restricted Stock under Section 7, each Key Employee who receives Stock in settlement of an Award shall have all of the rights of a shareholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions. No Key Employee awarded an Option, a Right, Restricted Stock Unit or Performance Share shall have any right as a shareholder with respect to any shares covered by his or her Option, Right, Restricted Stock Unit or Performance Share prior to the date of issuance to him or her of such shares.

10. **Change in Control**

Notwithstanding any provisions in this Plan to the contrary:

(a) Options and Rights shall not terminate and shall continue to be fully exercisable for a period of seven months following the occurrence of a Change in Control in the case of an employee who is terminated other than for just cause or who voluntarily terminates his or her employment because he or she in good faith believes that as a result of such Change in Control he or she is unable effectively to discharge the duties of the position he or she occupied just prior to the occurrence of such Change in Control. For purposes of Section 10 only, termination shall be for "just cause" only if such termination is based on fraud, misappropriation or embezzlement on the part of the employee that results in a final conviction of a felony. Under no circumstances, however, shall any Option or Right be exercised beyond the expiration date of its original term.

(b) For purposes of this Plan, "Change in Control" means the occurrence of any one or more of the following events:

(i) subject to the conditions contained in the final paragraph of this definition, the filing of a report on Schedule 13D with the Securities and Exchange Commission pursuant to Section 13(d) of the Act disclosing that any person, other than the Company or any employee benefit plan sponsored by the Company, is the beneficial owner (as the term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities representing 50 percent or more of the total voting power represented by the Company's then outstanding Voting Securities (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Voting Securities); or

(ii) the purchase by any person, other than the Company or any employee benefit plan sponsored by the Company, of shares pursuant to a tender offer or exchange offer to acquire any Voting Securities of the Company (or securities convertible into such Voting Securities) for cash, securities, or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner, directly or indirectly, of securities representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding Voting Securities (all as calculated under clause (i)); or

(iii) the approval by the shareholders of the Company, and the subsequent occurrence, of (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation (other than a merger of the Company in which holders of shares of Common Stock of the Company immediately prior to the merger have the same proportionate ownership of Common Shares of the surviving corporation immediately after the merger as immediately before), or pursuant to which shares of Common Stock of the Company would be converted into cash, securities, or other property, or (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company; or

(iv) a change in the composition of the Board of the Company at any time during any consecutive 24-month period such that "continuing directors" cease for any reason to constitute at least a 70 percent majority of the Board.

For purposes of this definition of "Change in Control," the term "Voting Securities" means any securities of the Company that vote generally in the election of members of the Board and the term "continuing directors" means those members of the Board who either were directors at the beginning of a consecutive 24-month period or were elected during such period by or on the nomination or recommendation of at least a 70 percent majority of the then-existing Board. So long as there has not been a Change in Control within the meaning of clause (iv) above, the Board may adopt by a 70 percent majority vote of the "continuing directors" a resolution to the effect that the occurrence of an event described in clause (i) (a "Clause (i) Event") does not constitute a "Change in Control" (an "Excluding Resolution") or a resolution to the effect that the occurrence of a Clause (i) Event does constitute a "Change in Control" (an" Including Resolution"). The adoption of an Excluding Resolution with respect to any Clause (i) Event shall not deprive the Board of the right to adopt an Including Resolution with respect to such Clause (i) Event at a later date. A Clause (i) Event shall not in and of itself constitute a "Change in Control" until the earlier of (x) the effective date of an Including Resolution with respect thereto or (y) the passage of a period of 30 calendar days after the occurrence thereof without an Excluding Resolution having been adopted with respect thereto; notwithstanding the adoption of an Excluding Resolution within the 30-day period referred to in (y), an Including Resolution may subsequently be adopted with respect to the relevant Clause (i) Event while it continues to exist, in which event a "Change in Control" shall be deemed to have occurred for purposes of this definition upon the effective date of such Including Resolution. The provisions of this paragraph of the definition of "Change in Control" relate only to situations where a Clause (i) Event has occurred and no Change in Control within the meaning of clause (ii), (iii), or (iv) of the preceding paragraph has occurred, and nothing in this paragraph shall derogate from the principle that the occurrence of an event described in clause (ii), (iii), or (iv) of the preceding paragraph shall be deemed an immediate Change in Control regardless of whether or not a Clause (i) Event has occurred and an Excluding Resolution or Including Resolution become effective.

11. **Beneficiary**

The Beneficiary of a Key Employee shall be the Key Employee's estate, which shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. A Key Employee may file with the Company a written designation of one or more persons as a Beneficiary in lieu of his or her estate, who shall be entitled to receive the Award, if any, payable under the Plan upon his or her death, subject to the enforceability of the designation under applicable law at that time. A Key Employee may from time-to-time revoke or change his or her Beneficiary designation, with or without the consent of any prior Beneficiary as required by applicable law, by filing a new designation with the Company. Subject to the foregoing, the last such designation received by the Company shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Key Employee's death, and in no event shall it be effective as of a date prior to such receipt. If the Committee is in doubt as to the right of any person to receive such Award, the Company may retain such Award, without liability for any interest thereon, until the Committee determines the rights thereto, or the Company may pay such Award into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Company therefore.

12. **Administration of the Plan**

(a) Each member of the Committee shall be a member of the Board, a "non-employee director" within the meaning of Rule 16b-3(b)(3)(i) under the Act or successor rule or regulation.

(b) All decisions, determinations or actions of the Committee made or taken pursuant to grants of authority under the Plan shall be made or taken in the sole discretion of the Committee and shall be final, conclusive and binding on all persons for all purposes.

(c) The Committee shall have full power, discretion and authority to interpret, construe and administer the Plan and any part thereof, and its interpretations and constructions thereof and actions taken thereunder shall be, except as otherwise determined by the Board, final, conclusive and binding on all persons for all purposes.

(d) The Committee's decisions and determinations under the Plan need not be uniform and may be made selectively among Key Employees, whether or not such Key Employees are similarly situated.

(e) The Committee may, in its sole discretion, delegate such of its powers as it deems appropriate; provided, however, that the Committee may not delegate its responsibility to (i) make Awards to executive officers of the Company or (ii) determine the satisfaction of Performance Objectives with respect to Performance Shares or other Award subject to performance-based vesting criteria. The Committee may also appoint agents to assist in the day-to-day administration of the Plan and may delegate the authority to execute documents under the Plan to one or more members of the Committee or to one or more officers of the Company.

(f) If a Change in Control has not occurred and if the Committee determines that a Key Employee has taken action inimical to the best interests of any Participating Company, the Committee may, in its sole discretion, terminate in whole or in part such portion of any Option (including any related Right) as has not yet become exercisable at the time of termination, terminate any Performance Share Award for which the Performance Period has not been completed or terminate any Award of Restricted Stock or Restricted Stock Units for which the Restriction Period has not lapsed.

13. **Amendment, Extension or Termination**

The Board may, at any time, amend or terminate the Plan. However, no amendment shall, without Shareholder Approval, (a) alter the group of persons eligible to participate in the Plan, (b) except as provided in Section 14, increase the maximum number of shares of Stock that are available for Awards under the Plan, or (c) except for adjustments pursuant to Section 14 or as otherwise provided for in the Plan, decrease the Option price for any outstanding Option or Right after the date the Option or Right is granted, or cancel or accept the surrender of any outstanding Option or Right at a time when its exercise price exceeds the fair market value of the underlying Stock, in exchange for another Award, cash or other property or the grant of a new Option or Right with a lower price than the Option or Right being surrendered. If a Change in Control has occurred, no amendment or termination shall impair the rights of any person with respect to a prior Award.

14. **Adjustments in Event of Change in Common Stock and Change in Control**

(a) Adjustments: In the event of any recapitalization, reclassification, split-up or consolidation of shares of Stock or stock dividend, merger or consolidation of the Company or sale by the Company of all or a portion of its assets, the Committee shall make such adjustments in the Stock subject to Awards, including Stock subject to purchase by an Option, or the terms, conditions or restrictions on Stock or Awards, including the price payable upon the exercise of such Option, as the Committee deems equitable; provided however, that in the event of a stock split, stock dividend or consolidation of shares, the number of shares subject to an outstanding Option and the exercise price thereof, and the number of outstanding Performance Shares or Restricted Stock Units, shall be proportionately adjusted to reflect such action.

(b) Change in Control: In the event of a merger of the Company with or into another company or a Change in Control, each outstanding Award will be treated as the Committee determines, including, without limitation, that each Award be assumed or cancelled or that an equivalent option or right be substituted by the successor corporation or a Parent or Subsidiary of the successor corporation (the “Successor Corporation”). The Committee will not be required to treat all Awards similarly in the transaction.

For the purposes of this subsection (b), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each share of Stock subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a Right upon the exercise of which the Committee determines to pay cash, or a Restricted Stock Unit or Performance Share which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Stock for each share held on the effective date of the transaction; provided, however, that if such consideration received in the Change in Control is not solely common stock of the Successor Corporation, the Committee may, with the consent of the Successor Corporation, provide for the consideration to be received upon the exercise of an Option or Right or upon the payout of a Restricted Stock Unit or Performance Share, for each share of Stock subject to such Award, to be solely common stock of the Successor Corporation equal in fair market value to the per share consideration received by holders of Stock in the Change in Control.

Notwithstanding anything in this Section 14(b) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more Performance Goals will not be considered assumed if the Company or its successor modifies any of such Performance Goals without the Key Executive's consent; provided, however, a modification to such Performance Goals only to reflect the Successor Corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

15. **Forfeiture of Gains on Exercise**

Except following a Change in Control, if the Key Employee terminates employment in breach of any covenants and conditions subsequent set forth in Section 16 and becomes employed by a competitor of the Company within one year after the date of exercise of any Option or the receipt, settlement or payment of any Award, the Key Employee shall pay to the Company an amount equal to any gain from the exercise of the Option or the value of the Award other than Options, in each case measured by the amount reported as taxable compensation to the Key Employee by the Company for federal income tax purposes and in the case of Options that are Incentive Stock Options, in an amount equal to the amount that would have been reported as taxable income were such Options not incentive stock options, and in each case without regard to any subsequent fluctuation in the market price of the shares of Stock. Any such amount due hereunder shall be paid by the Key Employee within thirty days of becoming employed by a competitor. By accepting an Option or other Award hereunder, the Key Employee is authorizing the Company to withhold, to the extent permitted by law, the amount owed to the Company hereunder from any amounts that the Company may owe to the Key Employee in any capacity whatsoever.

16. **Conditions Subsequent**

Except after a Change in Control, the exercise of any Option or Right and the receipt of any Award shall be subject to the satisfaction of the following conditions subsequent which shall apply while the Key Employee is employed by the Company and for a period of twelve months after termination of employment with the Company: (i) that Key Employee refrain from engaging in any activity that in the opinion of the Committee is competitive with any activity of the Company or any subsidiary, excluding any activity undertaken upon the written approval or request of the Company, (ii) that Key Employee refrain from otherwise acting in a manner inimical or in any way contrary to the best interests of the Company as defined by the Committee, and (iii) that the Key Employee furnish the Company such information with respect to the satisfaction of the foregoing conditions subsequent as the Committee shall reasonably request.

17. **Clawback Policy**

Notwithstanding any other provision in this Plan to the contrary, any Award or shares issued thereunder and any amount received with respect to the exercise or sale of any such Award or shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's Clawback Policy as in effect from time to time (the "Clawback Policy").

18. **Miscellaneous**

(a) Nothing in this Plan or any Award granted hereunder shall confer upon any employee any right to continue in the employ of any Participating Company or interfere in any way with the right of any Participating Company to terminate his or her employment at any time. No Award payable under the Plan shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of any Participating Company for the benefit of its employees unless the Company shall determine otherwise. No Key Employee shall have any claim to an Award until it is actually granted under the Plan. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as provided in Section 7(e) with respect to Restricted Stock.

(b) The Committee may cause to be made, as a condition precedent to the payment of any Award, or otherwise, appropriate arrangements with the Key Employee or his or her Beneficiary, for the withholding of any federal, state, local or foreign taxes.

(c) The Plan and the grant of Awards shall be subject to all applicable federal, state and local laws, rules, and regulations and to such approvals by any government or regulatory agency as may be required.

(d) The terms of the Plan shall be binding upon the Company and its successors and assigns.

(e) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

19. Provisions Related to Code Section 409A

(a) To the extent applicable, the Plan is intended to be compliant with the requirements of Code Section 409A, and the Plan and Award Agreements shall be interpreted and administered accordingly, though no guarantee or warranty of such compliance is made to any individual.

(b) Notwithstanding anything in the Plan or in any Award Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Code Section 409A would otherwise be payable or distributable under the Plan or any Award Agreement by reason of the occurrence of a Change in Control, or the Key Employee's Total Disability or separation from service, such amount or benefit will not be payable or distributable to the Key Employee by reason of such circumstance unless (i) the circumstances giving rise to such Change in Control, Total Disability or separation from service meet any description or definition of "change in control event", "disability" or "separation from service," as the case may be, in Code Section 409A and applicable regulations (without giving effect to any elective provisions that may be available under such definition), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Code Section 409A by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the vesting of any Award. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the next earliest payment or distribution date or event specified in the Award Agreement that is permissible under Code Section 409A.

(c) Notwithstanding anything in the Plan or in any Award Agreement to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Code Section 409A would otherwise be payable or distributable under this Plan or any Award Agreement by reason of a Key Employee's separation from service during a period in which the Key Employee is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Committee under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) if the payment or distribution is payable in a lump sum, the Key Employee's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of the Key Employee's death or the first day of the seventh month following the Key Employee's separation from service; and

(ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following the Key Employee's separation from service will be accumulated and the Key Employee's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of the Key Employee's death or the first day of the seventh month following the Key Employee's separation from service, whereupon the accumulated amount will be paid or distributed to the Key Employee and the normal payment or distribution schedule for any remaining payments or distributions will resume.

For purposes of this Plan, the term "Specified Employee" has the meaning given such term in Code Section 409A and the final regulations thereunder, provided, however, that, as permitted in such final regulations, the Company's Specified Employees and its application of the six-month delay rule of Code Section 409A(a)(2)(B)(i) shall be determined in accordance with any rules adopted by the Board or any committee of the Board, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including this Plan.

(d) If any one or more Awards granted under the Plan to a Key Employee could qualify for any separation pay exemption described in Treas. Reg. Section 1.409A-1(b)(9), but such Awards in the aggregate exceed the dollar limit permitted for the separation pay exemptions, the Company shall determine which Awards or portions thereof will be subject to such exemptions.

(e) If, pursuant to an Award, a Key Employee is entitled to a series of installment payments, such Key Employee's right to the series of installment payments shall be treated as a right to a series of separate payments and not to a single payment. For purposes of the preceding sentence, the term "series of installment payments" has the meaning provided in Treas. Reg. Section 1.409A-2(b)(2)(iii) (or any successor thereto).

20. **Effective Date, Term of Plan and Shareholder Approval**

This Plan, as amended, shall become effective on February 21, 2019 (the "Effective Date"). The Plan will continue in effect for existing Awards as long as any such Award is outstanding. For the avoidance of doubt, the amendments to the Plan adopted on the Effective Date shall not affect the ability of any Awards granted prior to the Effective Date to qualify as "performance-based compensation" under Section 162(m) of the Code as in effect prior to 2018.

EXHIBIT 31.1

CERTIFICATION

I, David L. Nunes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2019

/s/ DAVID L. NUNES

David L. Nunes
President and Chief Executive Officer, Rayonier Inc.

EXHIBIT 31.2

CERTIFICATION

I, Mark McHugh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2019

/s/ MARK MCHUGH

Mark McHugh
Senior Vice President and Chief Financial Officer, Rayonier Inc.

EXHIBIT 32

CERTIFICATION

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to our knowledge:

1. The quarterly report on Form 10-Q of Rayonier Inc. (the "Company") for the period ended March 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 3, 2019

/s/ DAVID L. NUNES

David L. Nunes

President and Chief Executive Officer, Rayonier Inc.

/s/ MARK MCHUGH

Mark McHugh

Senior Vice President and
Chief Financial Officer, Rayonier Inc.