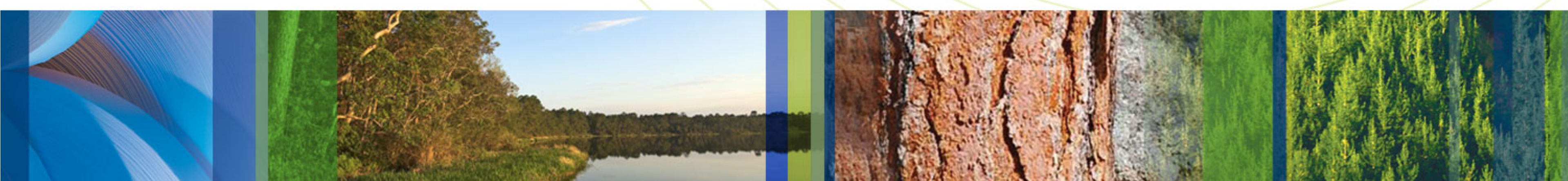
Rayonier

Value From The Ground Up™

Second Quarter 2013
Financial Presentation Material



Safe Harbor

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

The following important factors, among others, could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events, including political changes in particular regions or countries; fluctuations in demand for our products in Asia, and especially China; the uncertainties of potential impacts of climate-related initiatives; changes in energy and raw material prices, particularly for our Performance Fibers business; impacts of the rising cost of fuel, including the cost and availability of transportation for our products, both domestically and internationally, and the cost and availability of third party logging and trucking services; unanticipated equipment maintenance and repair requirements at our manufacturing facilities; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations, including laws regarding air emissions and water discharges, remediation of contaminated sites, timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products and raw materials such as wood, energy and chemicals; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; the ability to complete like-kind exchanges of property; changes in key management and personnel; our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust (“REIT”) and to fund distributions using cash generated through our taxable REIT subsidiaries, and changes in tax laws that could adversely affect tax treatment of our specific businesses or reduce the benefits associated with REIT status.

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

Additional factors are described in the company's most recent Form 10-K and 10-Q reports on file with the Securities and Exchange Commission. Rayonier assumes no obligation to update these statements except as is required by law.

Financial Highlights
($ Millions – Except EPS)

	2Q 2013	1Q 2013	2Q 2012
Profitability			
Sales	409	394	348
Operating income	111	115	94
Pro forma operating income *	94	115	94
Net income attributable to Rayonier Inc.	87	148	69
Pro forma net income*	71	103	66
Diluted Earnings Per Share:			
Income from continuing operations	0.67	0.79	0.52
Net income	0.67	1.13	0.54
Pro forma net income*	0.54	0.79	0.52
Average diluted shares (millions)	130.8	130.4	127.4

	Six Months Ended June 30,	
Capital Resources and Liquidity	2013	2012
Cash Provided by Operating Activities	236	209
Cash Used for Investing Activities	(244)	(164)
Cash Provided by Financing Activities	71	65
EBITDA*	374	249
Pro forma EBITDA*	290	241
Cash Available for Distribution (CAD) *	170	141
	6/30/2013	12/31/2012
Debt	1,667	1,270
Debt / Capital	50%	47%
Cash	344	281

* Non-GAAP measures (see pages 6 and 18 - 21 for definitions and reconciliations).

Variance Analysis – 1Q 13 to 2Q 13

($ Millions)

	Pro Forma Operating Income*
1Q 2013	**$ 115**
Variance	
Forest Resources	
- U.S. Volume	5
New Zealand	
- Price	2
- Volume / Cost / Other	1
Real Estate	(11)
Performance Fibers	
- Price	3
- Volume	(5)
- Costs / Other	(11)
Corporate / Other	(5)
2Q 2013	**$ 94**

* Non-GAAP measure (see page 21 for reconciliation).

Variance Analysis – 2Q 12 to 2Q 13

($ Millions)

	Pro Forma Operating Income*	
	Quarter	Year-to-date
2Q 2012	**$ 94**	**$ 177**
Variance		
Forest Resources		
U.S. Operations		
- Price	6	11
- Volume	3	5
- Costs / Mix / Other	1	(1)
New Zealand		
- Price	5	7
- Volume / Cost / Other	(2)	(4)
Real Estate	-	11
Performance Fibers		
- Price	(1)	2
- Volume	5	15
- Costs / Other	(9)	(10)
Corporate / Other	(8)	(3)
2Q 2013	**$ 94**	**$ 210**

* Non-GAAP measure (see page 21 for reconciliation).

Cash Available for Distribution*

($ Millions – Except Per Share Data)

	Six Months Ended June 30,	
	2013	2012
Cash Available for Distribution (CAD)		
Cash provided by operating activities	$ 236	$ 209
Capital expenditures **	(94)	(76)
Change in committed cash	-	3
Excess tax benefits on stock-based compensation	7	4
Other ***	21	1
Cash Available for Distribution	$ 170	$ 141
Shares outstanding	126,119,760	122,538,279
CAD per share	$ 1.35	$ 1.15
Dividends per share	$ 0.88	$ 0.80

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

** Capital expenditures exclude strategic capital. For the six months ended June 30, 2013, strategic capital totaled $114 million for the Jesup mill cellulose specialties expansion, $10 million for timberland acquisitions and $140 million for the aquisition of additional interest in the New Zealand joint venture. For the six months ended June 30, 2012, strategic capital totaled $73 million for the Jesup mill cellulose specialties expansion and $9 million for timberland acquisitions.

*** Increase in Other due to unusually high accounts payable balance related to the extended Jesup mill shutdown in conjunction with the CSE project.

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Markets and Operations

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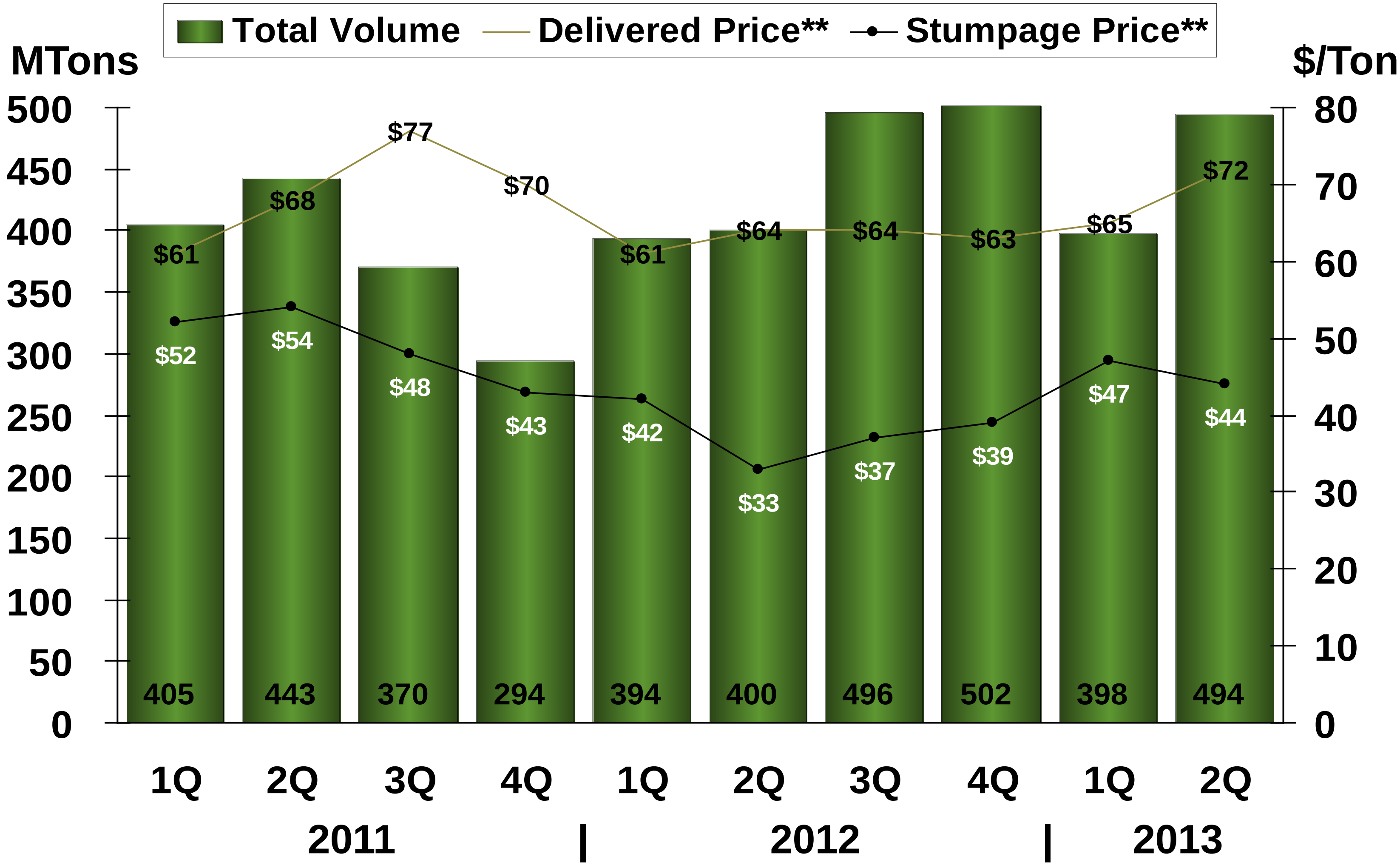
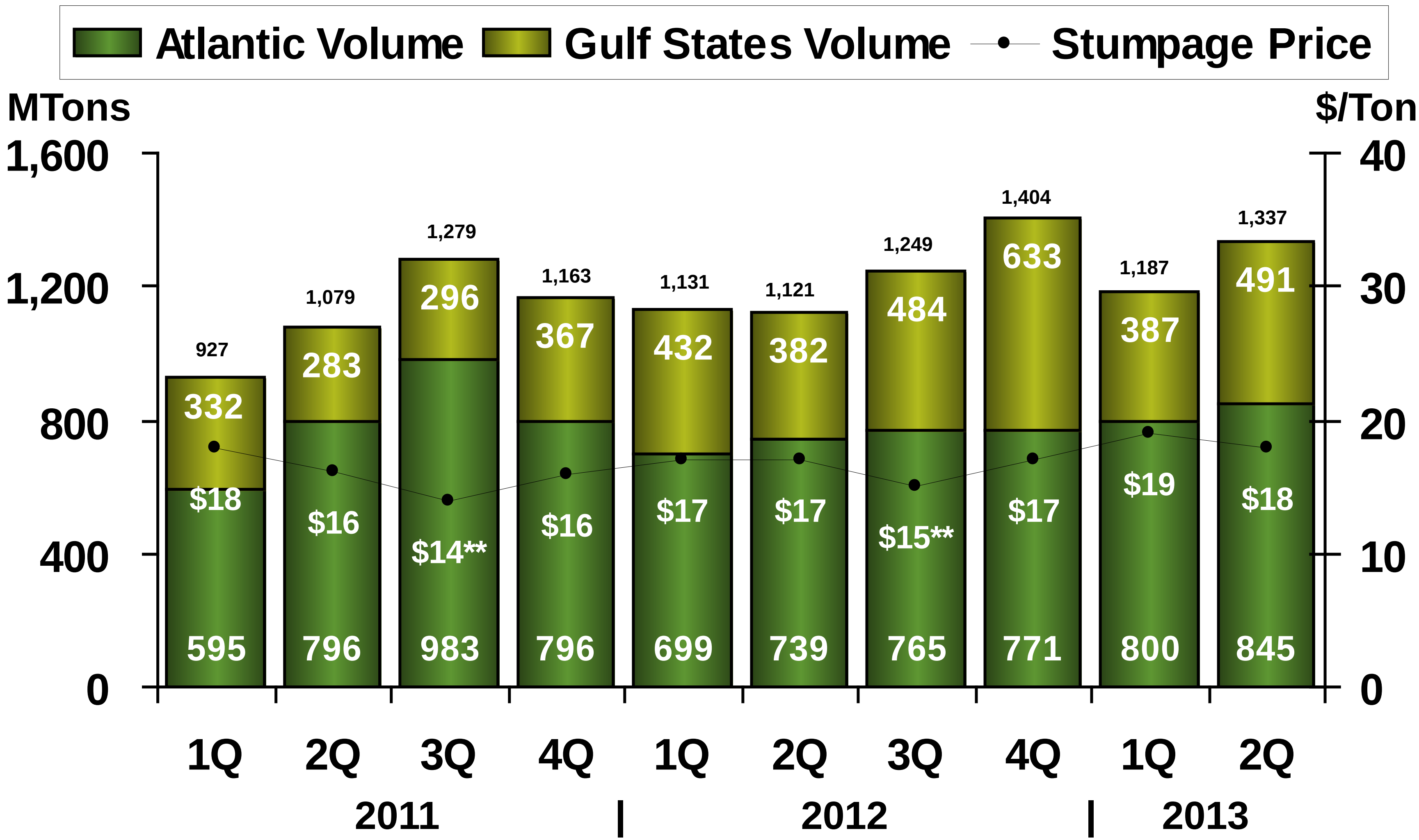
Northern U.S. Timber Sales *



* Chart includes timber sales from Washington state which represent nearly all of the Company's Northern region sales.

** Delivered pricing includes costs to cut and transport the logs. With stumpage sales, the buyer is responsible for cutting and transportation.

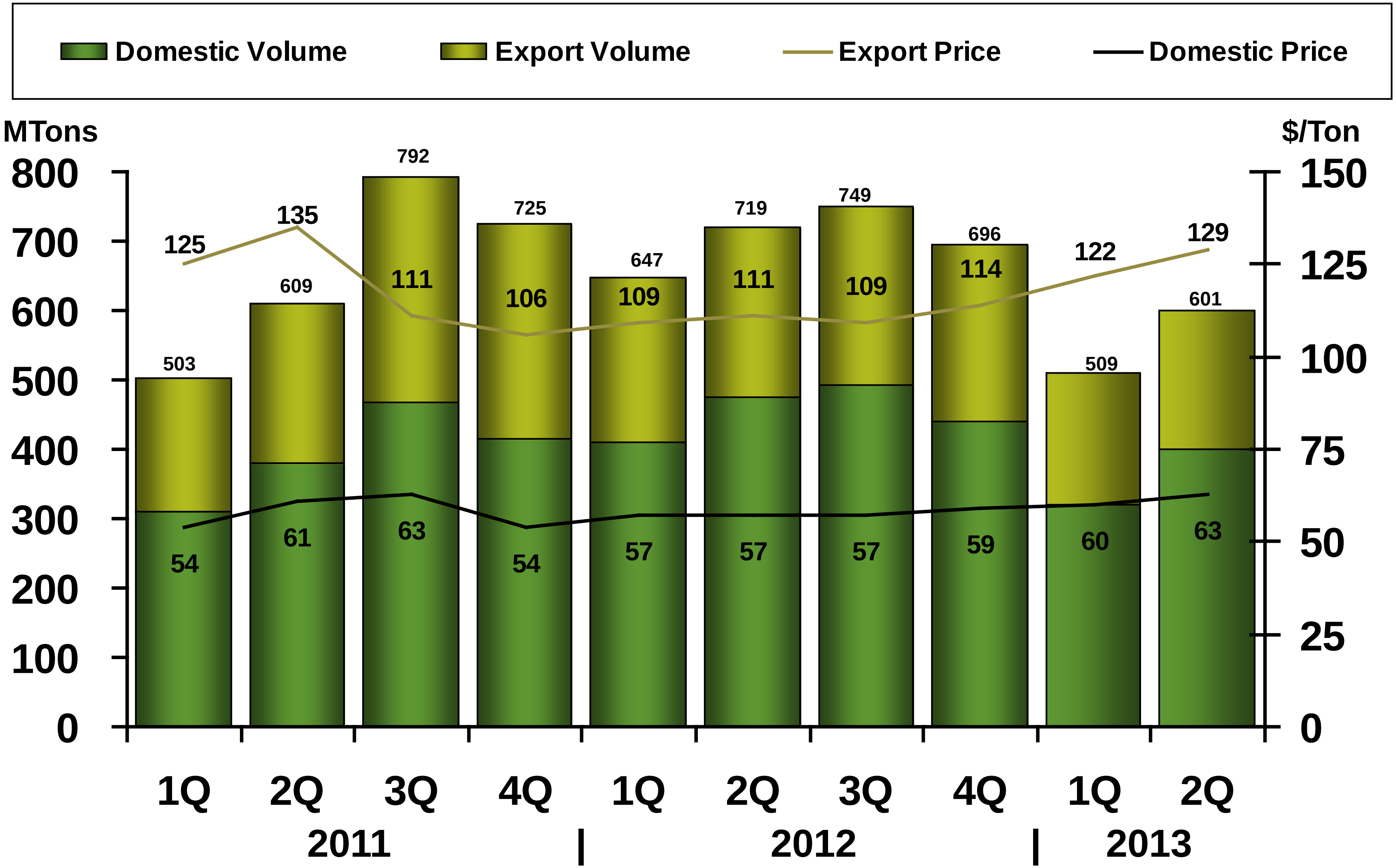
U.S. Pine Timber Sales *



* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Texas) regions.

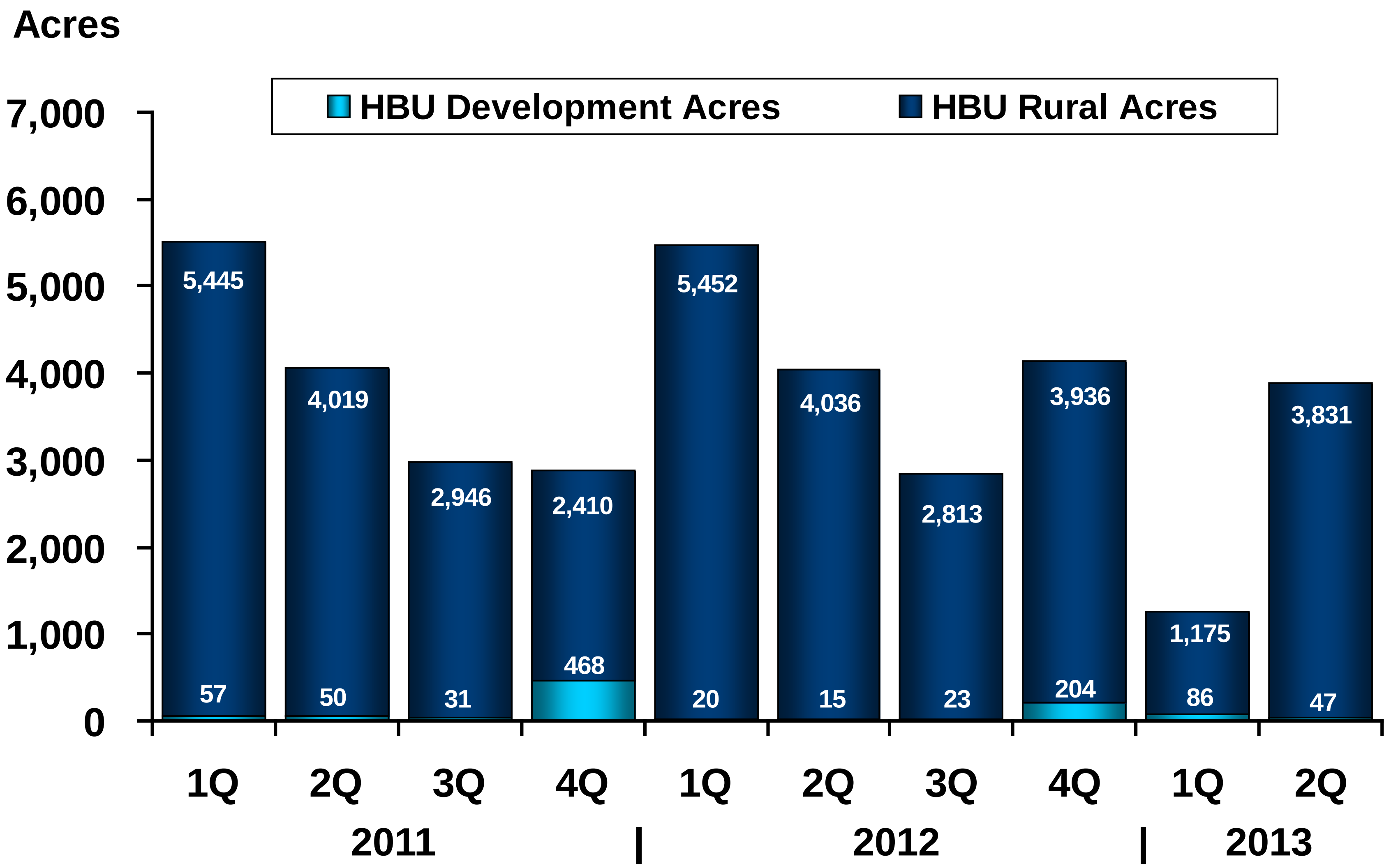
** Q3 2011 prices were lower due to the impact of fire salvage timber. Q3 2012 prices were lower due to sales mix.

New Zealand Log Sales

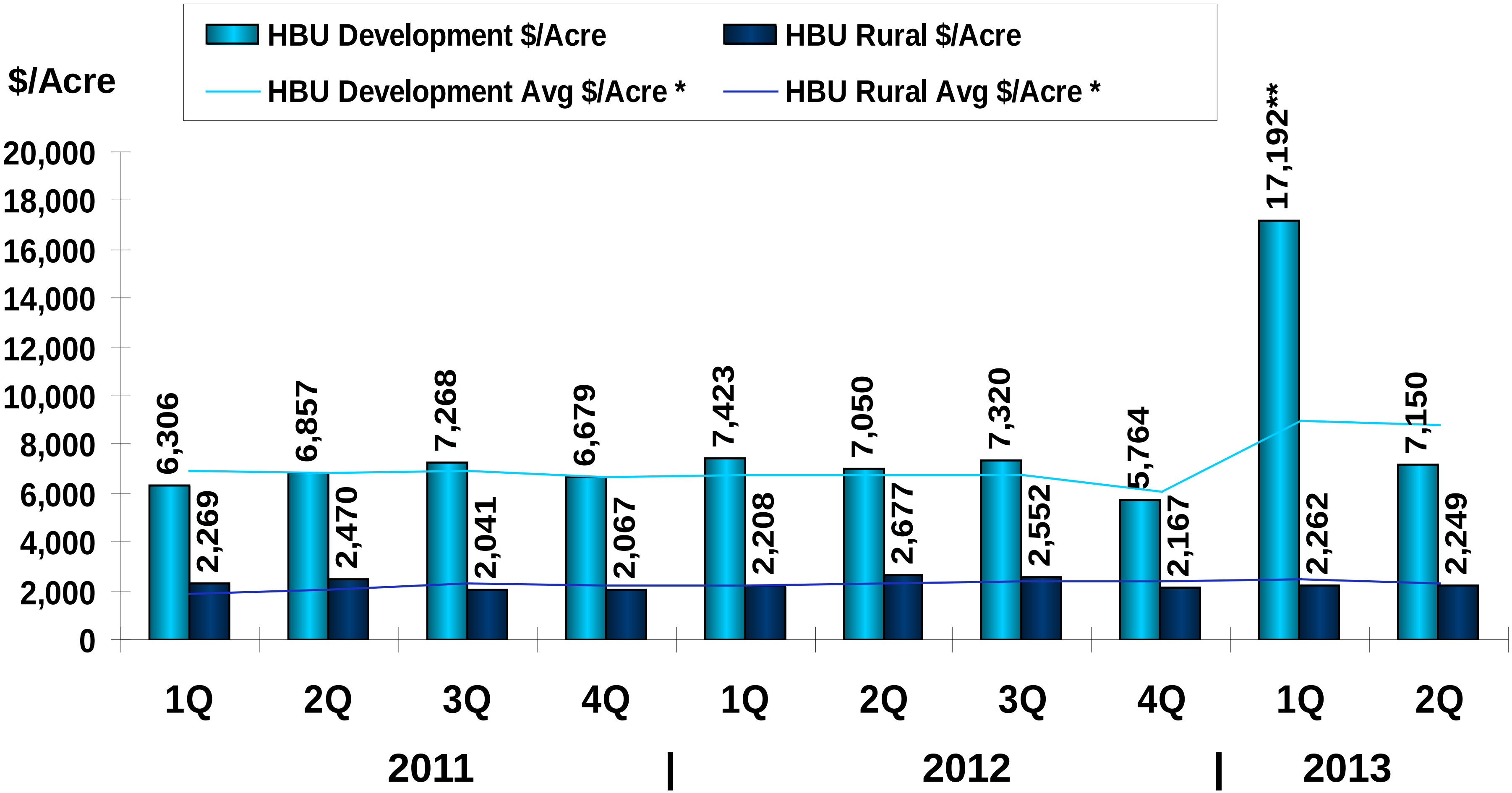


Notes: Beginning in second quarter 2013 New Zealand operating results were fully consolidated into Rayonier Inc.'s financial statements. Pricing includes delivered log pricing only. Volume includes domestic and export delivered log sales and stumpage sales which are included in export volume.

HBU Real Estate Acres - Sales



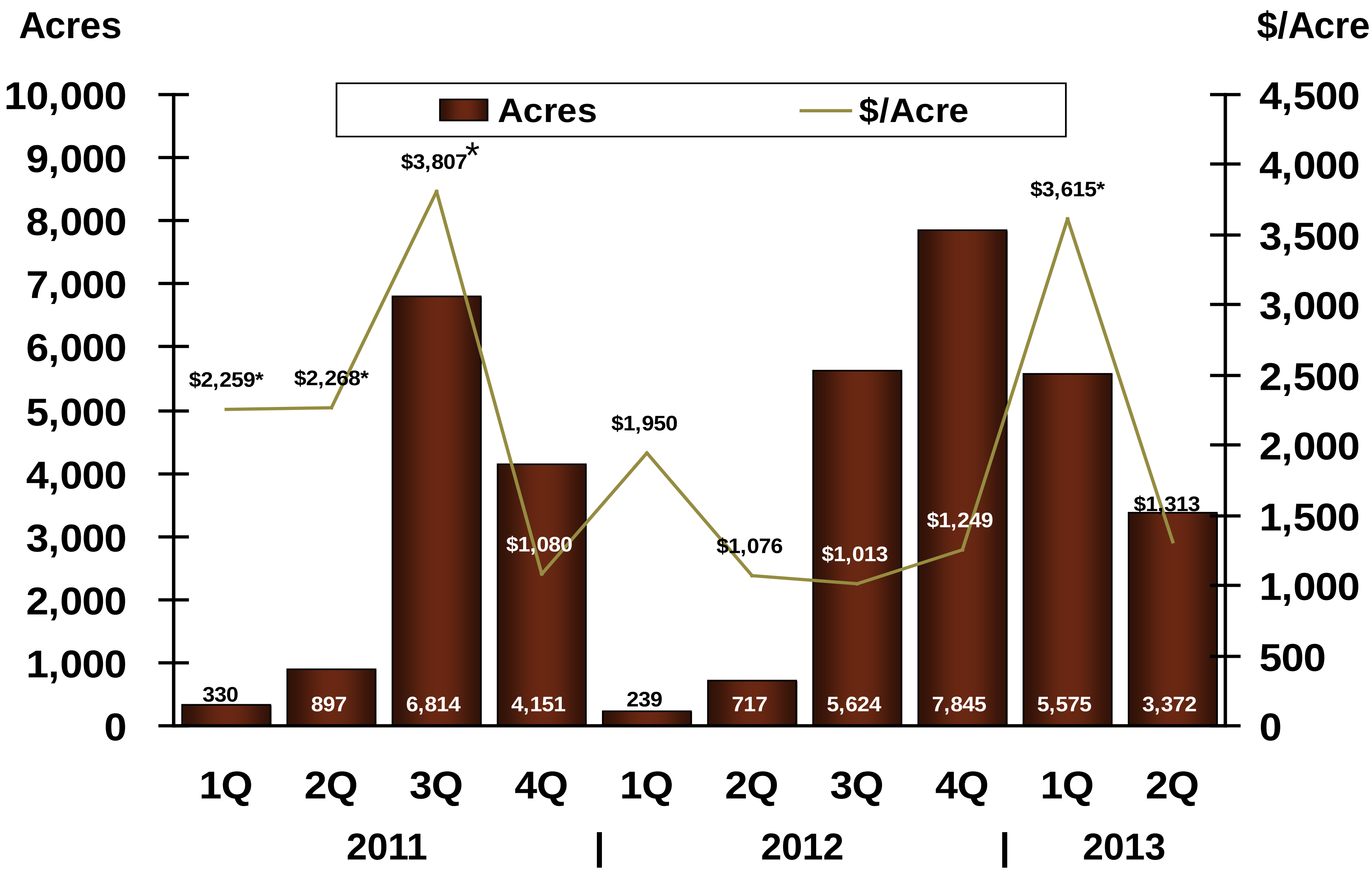
HBU Real Estate Sales Prices



* Four quarter rolling weighted average.

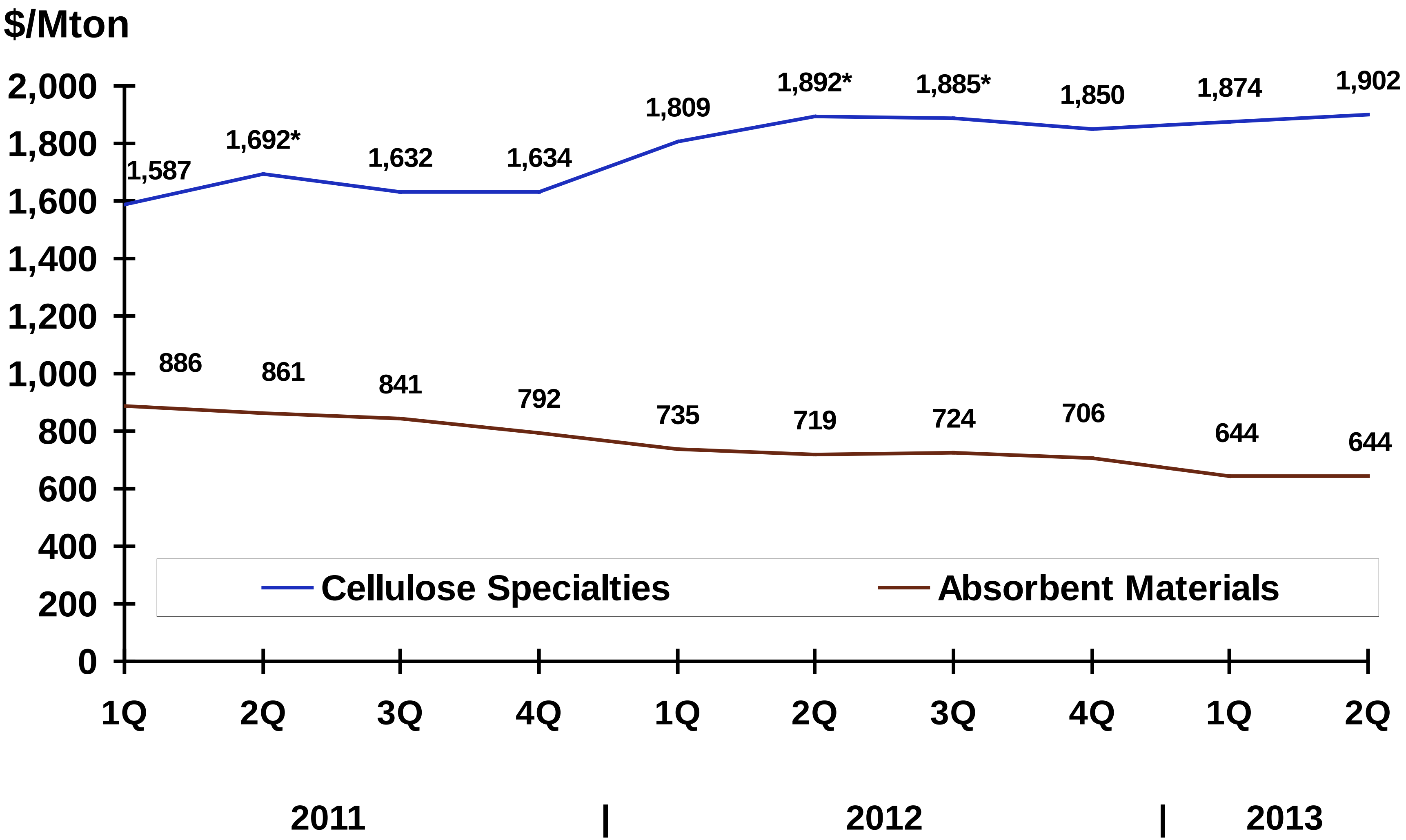
** First quarter 2013 includes a sale of 4 acres for a roadway infrastructure project for $242k per acre.

Non-Strategic Timberland Acres - Sales



* Period included a proportionately higher percentage of sales in the Pacific Northwest where the price per acre is traditionally higher than the Southeast.

Performance Fibers Net Selling Prices



* Prices were higher in Q2 2011, Q2 2012 and Q3 2012 due to sales mix.

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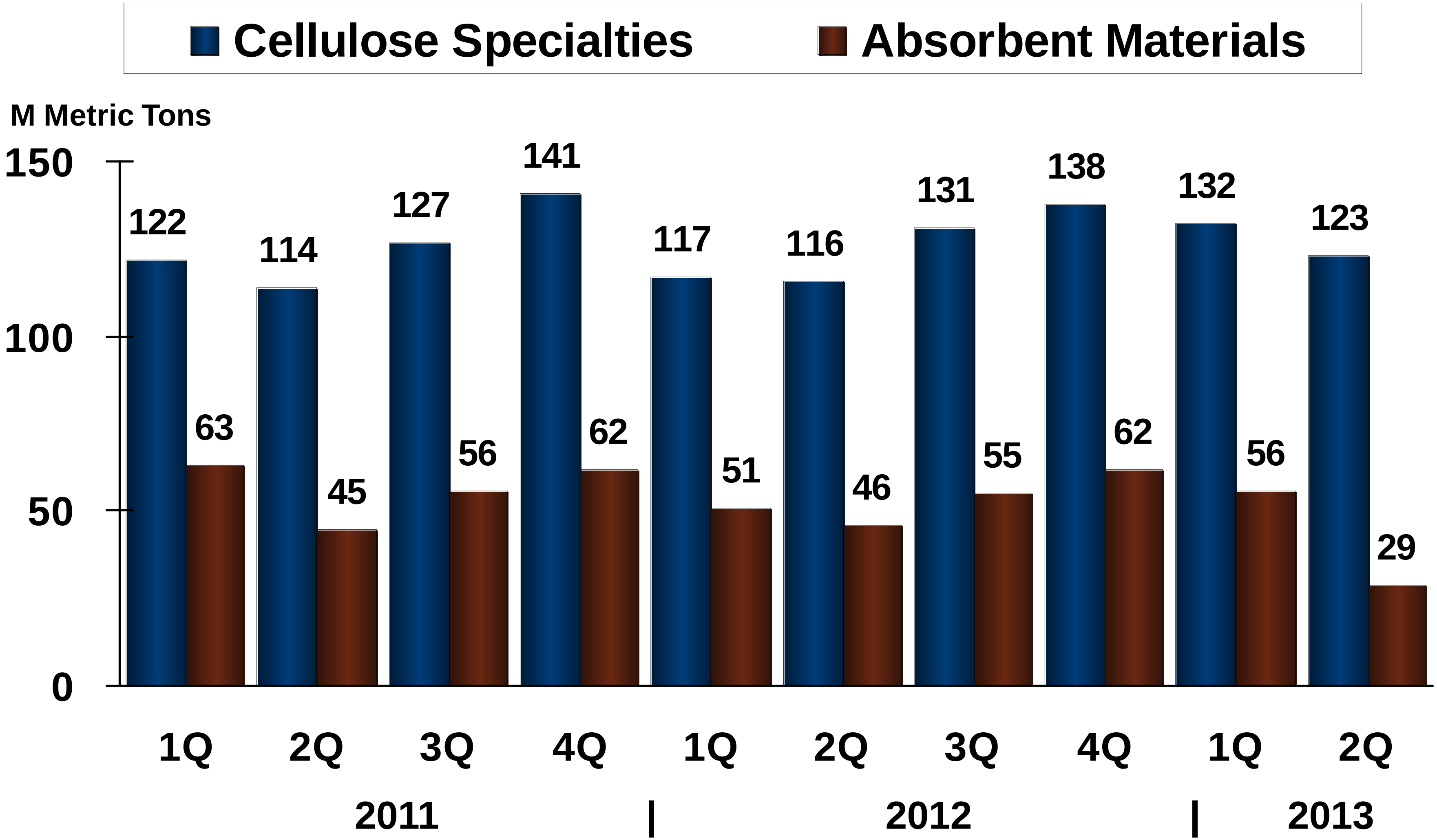
Performance Fibers Sales Volumes



Earnings Per Share

($/share)

	Pro forma Earnings* 2013	Continuing Operations Actual 2013	Continuing Operations Actual 2012
First Quarter	$ 0.79	$ 0.79	$ 0.41
Second Quarter	0.54	0.67	0.52
Third Quarter			0.61
Fourth Quarter			0.57
Full Year	(Moderately above)		$ 2.11

*Pro forma earnings per share is a non-GAAP measure. See page 21 for reconciliation.

Appendix

Definitions of Non-GAAP Measures

EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization. EBITDA is a non-GAAP measure used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management.

Pro forma EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization, excluding discontinued operations and certain non-routine transactions. Pro forma EBITDA is a non-GAAP measure used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities adjusted for capital spending, the change in committed cash, and other items which include cash provided by discontinued operations, excess tax benefits on stock based compensation and the change in capital expenditures purchased on account. CAD is a non-GAAP measure of cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Pro forma Net Income is defined as net income attributable to Rayonier Inc. adjusted for the gain related to consolidation of the New Zealand joint venture and discontinued operations.

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Pro forma EBITDA by Segment
($ Millions)

	Forest Resources	Real Estate	Performance Fibers	Other Operations	Corporate and other	Total
Three Months Ended						
June 30, 2013						
Operating income	$ 21	$ 6	$ 79	$ 2	$ 3	$ 111
Depreciation, depletion & amortization	28	2	14	-	-	44
EBITDA	49	8	93	2	3	155
Gain related to consolidation of New Zealand JV	-	-	-	-	(16)	(16)
Pro forma EBITDA	$ 49	$ 8	$ 93	$ 2	$ (13)	$ 139
March 31, 2013						
Operating income	$ 13	$ 17	$ 92	$ -	$ (7)	$ 115
Depreciation, depletion & amortization	17	4	15	-	-	36
EBITDA	30	21	107	-	(7)	151
Income from discontinued operations	-	-	-	-	67	67
Depreciation, depletion & amortization from discontinued operations	-	-	-	-	1	1
Proforma EBITDA	$ 30	$ 21	$ 107	$ -	$ 61	$ 219
June 30, 2012						
Operating income	$ 8	$ 6	$ 84	$ 1	$ (5)	$ 94
Depreciation, depletion & amortization	17	2	15	-	-	34
EBITDA	25	8	99	1	(5)	128
Income from discontinued operations	-	-	-	-	5	5
Depreciation, depletion & amortization from discontinued operations	-	-	-	-	1	1
Proforma EBITDA	$ 25	$ 8	$ 99	$ 1	$ 1	$ 134

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Pro forma EBITDA by Segment

($ Millions)

	Forest Resources	Real Estate	Performance Fibers	Other Operations	Corporate and other	Total
Six Months Ended						
June 30, 2013						
Operating income	$ 34	$ 23	$ 171	$ 2	$ (4)	$ 226
Depreciation, depletion & amortization	44	6	29	-	2	81
Income from discontinued operations	-	-	-	-	67	67
EBITDA	78	29	200	2	65	374
Gain related to consolidation of New Zealand JV	-	-	-	-	(16)	(16)
Income from discontinued operations	-	-	-	-	(67)	(67)
Depreciation, depletion & amortization from discontinued operations	-	-	-	-	(1)	(1)
Pro forma EBITDA	$ 78	$ 29	$ 200	$ 2	$ (19)	$ 290
June 30, 2012						
Operating income	$ 16	$ 12	$ 164	$ -	$ (15)	$ 177
Depreciation, depletion & amortization	34	3	26	-	3	66
Income from discontinued operations	-	-	-	-	6	6
EBITDA	50	15	190	-	(6)	249
Income from discontinued operations	-	-	-	-	(6)	(6)
Depreciation, depletion & amortization from discontinued operations	-	-	-	-	(2)	(2)
Pro forma EBITDA	$ 50	$ 15	$ 190	$ -	$ (14)	$ 241

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Reconciliation of Reported to Pro forma Earnings

($ Millions, except per share amounts)

	Three Months Ended					
	June 30, 2013		March 30, 2013		June 30, 2012	
	$	EPS	$	EPS	$	EPS
Operating income	$ 110		$ 115		$ 94	
Gain related to consolidation of New Zealand JV	(16)		-		-	
Pro forma operating income	$ 94		$ 115		$ 94	
Net income attributable to Rayonier Inc.	$ 87	$ 0.67	$ 147	$ 1.13	$ 69	$ 0.54
Gain related to consolidation of New Zealand JV	(16)	(0.13)	-	-	-	-
Discontinued operations	-	-	(44)	(0.34)	(3)	(0.02)
Pro forma net income	$ 71	$ 0.54	$ 103	$ 0.79	$ 66	$ 0.52

	Six Months Ended			
	June 30, 2013		June 30, 2012	
	$	EPS	$	EPS
Operating income	$ 226		$ 177	
Gain related to consolidation of New Zealand JV	(16)		-	
Pro forma operating income	$ 210		$ 177	
Net income attributable to Rayonier Inc.	$ 235	$ 1.80	$ 123	$ 0.96
Gain related to consolidation of New Zealand JV	(16)	(0.13)	-	-
Discontinued operations	(45)	(0.34)	(4)	(0.03)
Pro forma net income	$ 174	$ 1.33	$ 119	$ 0.93

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Forest Resources Supplemental Financial Data
($ Millions)

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Forest Resources					
Sales					
Atlantic	$ 19	$ 17	$ 16	$ 37	$ 31
Gulf States	13	12	9	25	19
Northern	30	25	26	54	50
New Zealand *	47	3	2	50	5
Total	$ 109	$ 57	$ 53	$ 166	$ 105
Operating income					
Atlantic	$ 5	$ 5	$ 2	$ 10	$ 5
Gulf States	3	2	2	5	2
Northern	10	5	4	15	8
New Zealand / Other *	3	1	-	4	1
Total	$ 21	$ 13	$ 8	$ 34	$ 16

* The three and six months ended June 30, 2013 include sales and operating income from the consolidation of the New Zealand joint venture.

Selected Operating Information

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Forest Resources					
Sales Volume, in thousands of short green tons					
Atlantic	904	868	823	1,772	1,560
Gulf States	514	410	403	923	845
Northern	512	455	426	967	868
New Zealand	601	-	-	601	-
Total	2,531	1,733	1,652	4,263	3,273
Real Estate					
Acres sold					
HBU Development	47	86	15	133	35
HBU Rural	3,831	1,175	4,036	5,006	9,488
Non-Strategic Timberlands	3,372	5,575	717	8,947	956
Total	7,250	6,836	4,768	14,086	10,479
Performance Fibers					
Sales Volume, in thousands of metric tons					
Cellulose specialties	123	132	116	255	234
Absorbent materials	29	56	46	85	97
Total	152	188	162	340	331

Income Tax Analysis

($ Millions)

	Three Months Ended			
	June 30, 2013		June 30, 2012	
Income tax expense at federal statutory rate	$ 36	35.0%	$ 27	35.0%
REIT income not subject to tax	(15)	(14.3)	(7)	(8.7)
Income tax expense before discrete items	21	20.7%	20	26.3%
AFMC for CBPC exchange	-	-	(8)	(10.9)
Gain related to consolidation of NZ joint venture	(6)	(5.9)	-	-
Income tax expense as reported	$ 15	14.8%	$ 12	15.4%

	Six Months Ended			
	June 30, 2013		June 30, 2012	
Income tax expense at federal statutory rate	$ 74	35.0%	$ 52	35.0%
REIT income not subject to tax	(26)	(12.4)	(12)	(8.1)
Other	(2)	(0.7)	(1)	(0.5)
Income tax expense before discrete items	46	21.9%	39	26.4%
AFMC for CBPC exchange	(19)	(8.9)	(9)	(6.0)
Gain related to consolidation of NZ joint venture	(6)	(2.7)	-	-
Other	(2)	(1.0)	-	-
Income tax expense as reported	$ 19	9.3%	$ 30	20.4%

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Market Price and Dividend History

	High	Low	Dividends
2013			
Second Quarter	$ 60.62	$ 51.04	$ 0.44
First Quarter	$ 59.72	$ 52.17	$ 0.44
2012			
Fourth Quarter	$ 51.86	$ 47.45	$ 0.44
Third Quarter	$ 51.87	$ 44.82	$ 0.44
Second Quarter	$ 46.04	$ 41.33	$ 0.40
First Quarter	$ 47.56	$ 43.38	$ 0.40
2011			
Fourth Quarter	$ 45.28	$ 34.68	$ 0.40
Third Quarter	$ 45.37	$ 35.34	$ 0.40
Second Quarter	$ 44.88	$ 39.64	$ 0.36
First Quarter	$ 41.81	$ 35.28	$ 0.36

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