

RAYONIER INC  
Form 424B5  
March 16, 2017  
Table of Contents

Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-203733

**This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.**

*SUBJECT TO COMPLETION DATED MARCH 16, 2017*

*PRELIMINARY PROSPECTUS SUPPLEMENT*

*(To Prospectus dated April 30, 2015)*

*5,000,000 Shares*

*Common Shares*

*We are offering 5,000,000 common shares, no par value, as described in this prospectus supplement and the accompanying prospectus.*

*Our common shares are listed on the New York Stock Exchange under the symbol RYN. On March 15, 2017, the reported closing price of our common shares on the New York Stock Exchange was \$28.86 per share.*

*We have granted the underwriters a 30-day option to purchase up to an additional 750,000 common shares on the same terms and conditions as set forth above if the underwriters sell more than 5,000,000 common shares in this offering.*

*In order to maintain our qualification as a real estate investment trust, we must abide by certain provisions in the Internal Revenue Code of 1986, as amended, including rules restricting concentration of ownership. For more information, see *Additional Material U.S. Federal Income Tax Considerations* in this prospectus supplement and *Certain Federal Income Tax Consequences* in the accompanying prospectus.*

*Investing in our common shares involves risks. Before buying any shares, you should carefully consider the risk factors described in the section titled Risk Factors beginning on page S-7 of this prospectus supplement.*

*Per Share                      Total*

<i>Public offering price</i>	\$	\$
<i>Underwriting discounts and commissions (1)</i>	\$	\$
<i>Proceeds, before expenses, to us</i>	\$	\$

*(1) We have agreed to reimburse the underwriters for certain expenses. See Underwriters. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.*

*The common shares will be ready for delivery on or about March , 2017.*

*MORGAN STANLEY*

*The date of this prospectus supplement is March , 2017*

*RAYMOND JAMES*

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Prospectus Supplement</b>	
<u>About This Prospectus Supplement</u>	S-i
<u>Forward-Looking Statements</u>	S-i
<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-7
<u>Use of Proceeds</u>	S-10
<u>Capitalization</u>	S-11
<u>Price Range Of Common Shares And Dividend Policy</u>	S-13
<u>Additional Material U.S. Federal Income Tax Considerations</u>	S-14
<u>Underwriters</u>	S-23
<u>Legal Matters</u>	S-28
<u>Experts</u>	S-28
<u>Where You Can Find More Information</u>	S-28
<u>Incorporation by Reference</u>	S-28
<b>Prospectus</b>	
<u>About This Prospectus</u>	3
<u>Where You Can Find More Information</u>	3
<u>Forward-Looking Information</u>	4
<u>The Company</u>	5
<u>Risk Factors</u>	5
<u>Use of Proceeds</u>	6
<u>Ratios of Earnings to Fixed Charges</u>	6
<u>Description of Debt Securities</u>	6
<u>Description of Guarantees</u>	19
<u>Description of Capital Stock</u>	20
<u>Description of Warrants</u>	23
<u>Certain Federal Income Tax Consequences</u>	24
<u>Plan of Distribution</u>	30
<u>Legal Matters</u>	32
<u>Experts</u>	32

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement and the information incorporated by reference herein, which, among other things, describes the specific terms of this offering and adds to and updates the information contained in the accompanying prospectus. The second part is the accompanying prospectus and the information incorporated by reference therein, which, among other things, provides more general information about the Company and its business, some of which may not apply to this offering. If any information varies between this prospectus supplement and the information incorporated by reference herein and the accompanying prospectus and the information incorporated by reference therein, you should rely on the information in this prospectus supplement and the information incorporated by reference herein.

Additional information about us is incorporated in this prospectus supplement and the accompanying prospectus by reference to certain of our filings with the Securities and Exchange Commission (the "SEC"). You are urged to read carefully this prospectus supplement and the accompanying prospectus and the information incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors and other cautionary statements described under the heading "Risk Factors" elsewhere in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2016, before deciding whether to invest in our common shares. See "Where You Can Find More Information" and "Incorporation by Reference" in this prospectus supplement.

References in this prospectus supplement to the terms "we," "us," "our," "Rayonier," the "Company" or other similar terms mean Rayonier Inc. and its subsidiaries, unless we state otherwise or the context indicates otherwise.

**FORWARD-LOOKING STATEMENTS**

Some of the information included in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus regarding anticipated financial outcomes, including Rayonier's earnings guidance, if any, Rayonier's ability to complete this offering, the gross proceeds and uses of those proceeds, business and market conditions, outlook, expected dividend rate, Rayonier's business strategies, including expected harvest schedules, timberland acquisitions, Rayonier's targets for incremental Adjusted EBITDA and Cash Available for Distribution ( "CAD" ) from timberland acquisitions, sales of non-strategic timberlands, the anticipated benefits of Rayonier's business strategies, and other similar statements relating to Rayonier's future events, developments or financial or operational performance or results, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "project," "anticipate," "target" and other similar language. However, the use 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. These statements are based on beliefs and assumptions of management, which in turn are based on currently available information. In particular, Rayonier's targets for incremental Adjusted EBITDA and CAD from timberland acquisitions are based on a range of assumptions, including the price realized and cost associated with harvesting acquired timber, the harvest yield of the timberlands acquired and estimates of merchantable timber inventories, growth rates and end-product yields. These assumptions could prove inaccurate.

The forward-looking statements also involve significant business, economic, regulatory and competitive uncertainties, many of which are outside of our control. In addition, the following important factors, together with those identified in the sections titled Risk Factors in this prospectus supplement, the accompanying

S-i

**Table of Contents**

prospectus and any documents we incorporate by reference in this prospectus supplement or the accompanying prospectus, 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;

fluctuations in demand for our products in Asia, and especially China;

various lawsuits relating to matters arising out of our previously announced internal review and restatement of our consolidated financial statements;

the uncertainties of potential impacts of climate-related initiatives;

the cost and availability of third party logging and trucking services;

the geographic concentration of a significant portion of our timberland;

our ability to identify, finance and complete timberland acquisitions, including the Acquisitions (as defined below);

changes in environmental laws and regulations regarding timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so;

adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect the availability of our timberlands;

interest rate and currency movements;

our capacity to incur additional debt;

changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors;

changes in key management and personnel;

our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust ( REIT ) and changes in tax laws that could adversely affect beneficial tax treatment;

the cyclical nature of the real estate business generally;

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;

unexpected delays in the entry into or closing of real estate transactions;

changes in environmental laws and regulations that may restrict or adversely impact our ability to sell or develop properties;

the timing of construction and availability of public infrastructure; and

the availability of financing for real estate development and mortgage loans.

The above description of risks and uncertainties is not all-inclusive but is designed to highlight what we believe are important factors to consider. For additional factors that could impact future results, please see Risk Factors herein and similar discussions in our other SEC filings, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent reports we file with the SEC.

**Table of Contents**

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

**You may rely on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus we may authorize to be delivered to you. Neither we nor the underwriters have authorized anyone to provide information different from that contained in this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters take any responsibility for, or provide any assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying prospectus and any such free writing prospectus may be used only for the purposes for which they have been published. Neither the delivery of this prospectus supplement nor the sale of common shares means that information contained in this prospectus supplement or the accompanying prospectus is correct after the date of this prospectus supplement. This prospectus supplement is not an offer to sell or the solicitation of an offer to buy these common shares in any circumstances under which the offer or solicitation is unlawful.**



**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should carefully read this prospectus supplement, the accompanying prospectus and the information incorporated by reference into this prospectus supplement and the accompanying prospectus in their entirety, including especially the Risk Factors section, as well as the documents that we have referred you to under Where You Can Find More Information below, before making an investment decision.*

**The Company**

We are a leading timberland REIT with assets located in some of the most productive softwood timber growing regions in the U.S. and New Zealand. The focus of our business is to invest in timberlands and to actively manage them to provide current income and attractive long-term returns to our shareholders. As of December 31, 2016, we owned, leased or managed approximately 2.7 million acres of timberlands located in the U.S. South (1.85 million acres), U.S. Pacific Northwest (378,000 acres) and New Zealand (433,000 gross acres, or 299,000 net plantable acres). In addition, we engage in the trading of logs from New Zealand and Australia to Pacific Rim markets, primarily to support our New Zealand export operations. We have an added focus to maximize the value of our land portfolio by pursuing higher and better use ( HBU ) land sales opportunities.

On June 27, 2014, Rayonier completed the tax-free spin-off of its Performance Fibers manufacturing business from its timberland and real estate operations, thereby becoming a pure-play timberland REIT. As a REIT, we are generally not required to pay U.S. federal income taxes on our earnings from timber harvest operations and other REIT-qualifying activities contingent upon meeting applicable distribution, income, asset, shareholder and other tests.

Our U.S. timber operations are primarily conducted by our wholly-owned REIT subsidiaries. Our New Zealand timber operations are conducted by Matariki Forestry Group, a majority-owned joint venture subsidiary (the New Zealand JV ). Our non-REIT qualifying operations, which are subject to corporate-level tax, are held by various taxable REIT subsidiaries. These operations include our log trading business and certain real estate activities, such as the sale and entitlement of development HBU properties.

Our common shares are publicly traded on the New York Stock Exchange ( NYSE ) under the symbol RYN. We are a North Carolina corporation with executive offices located at 225 Water Street, Suite 1400, Jacksonville, Florida 32202. Our telephone number is (904) 357-9100. Our website address is [www.rayonier.com](http://www.rayonier.com). The information contained on our website is not part of this prospectus supplement unless it is otherwise filed with the SEC. Computershare is the transfer agent and registrar of our common shares.

**Recent Developments**

***Proposed Acquisitions***

In March 2017, we entered into three transactions with separate sellers, pursuant to which we agreed to purchase approximately 95,100 acres of industrial timberlands located in Florida, Georgia, and South Carolina for an aggregate purchase price of approximately \$217 million, or \$2,280 per acre (the Acquisitions ), in each case, subject to customary closing conditions. The Acquisitions are expected to close in the second quarter of 2017. We expect to finance the Acquisitions, in part, with the net proceeds of this offering. The Acquisitions are comprised of highly productive timberlands located in some of the strongest timber markets in the U.S. South (based on average composite

stumpage price by region), primarily along the I-95 coastal corridor near Savannah, Georgia. The timberlands are complementary to our existing holdings and increase our ownership in

S-1

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**Table of Contents**

the U.S. South Coastal Atlantic markets by approximately 15%. Approximately 89% of the acreage is held in fee simple interest, while the remaining 11% is held in timber leases. The Acquisitions are comprised of approximately 73% planted/plantable lands supporting predominantly loblolly plantations with an average site index of 78 and an average plantation age of approximately 14 years. The Acquisitions contain merchantable timber inventory of approximately 4.3 million tons (45 tons per gross acre) and are expected to improve our sustainable yield by approximately 450,000 tons annually (or 4.7 tons per acre per year on the acquired lands). As a result of the Acquisitions, we are targeting an annual increase in Adjusted EBITDA and CAD of approximately \$13 million and \$10 million, respectively, over the medium-term.

For a description of, and further discussion on, merchantable timber inventory and sustainable yield, see Item 1 Business Discussion of Timber Inventory and Sustainable Yield in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference into this prospectus supplement. For definitions of Adjusted EBITDA and CAD, and a reconciliation of each measure to the most comparable GAAP (as defined below) measure for our historical periods, see Summary Historical Consolidated Financial Data Non-GAAP Financial Measures. We have not provided a reconciliation of these forward-looking non-GAAP financial measures to the most comparable GAAP measures because Adjusted EBITDA and CAD exclude the impact of certain items, as described in further detail below, and management cannot estimate the impact these items will have on Adjusted EBITDA or CAD on a forward-looking basis without unreasonable effort. We believe that the probable significance of providing these forward-looking non-GAAP financial measures without a reconciliation to net income and cash provided by operating activities, as applicable, is that investors and analysts will have certain information that we believe is useful and meaningful regarding the Acquisitions, but will not have that information on a GAAP basis. As a result, investors and analysts may be unable to accurately compare the expected impact of the Acquisitions to our historical results or the results or expected results of other companies who may have treated such matters differently. Management believes that, given the inherent uncertainty of forward-looking statements, investors and analysts will be able to understand and appropriately take into account the limitations in the information we have provided. Investors are cautioned that we cannot predict the occurrence, timing or amount of all non-GAAP items that we exclude from Adjusted EBITDA or CAD. Accordingly, the actual effect of these items, when determined, could potentially be significant to the calculation of Adjusted EBITDA or CAD over the medium-term.

Further, these medium-term targets for Adjusted EBITDA and CAD are based on assumptions and are subject to significant uncertainties, many of which are outside of our control. While management believes these targets and the underlying assumptions are reasonable, they are not guarantees of future performance. Actual results will vary, and those variations may be material. Please see Forward-Looking Statements in this prospectus supplement for a discussion of some of the factors that may cause variations. Nothing herein is a representation by any person that these targets will be achieved, and we undertake no duty to update these targets.

***Settlement Agreement***

On March 13, 2017, we announced that we had reached an agreement in principle to settle the securities class action litigation pending against us in the United States District Court for the Middle District of Florida (the District Court), entitled *In re Rayonier Inc. Securities Litigation*, Case No. 3:14-cv-01395-TJC-JBT. The settlement will resolve the claims currently asserted against all defendants in the action, including the Company and three former executive officers. The terms agreed upon by the parties contemplate a settlement payment to the class of \$73 million, all of which will be funded by our directors and officers liability insurance carriers. We expect to incur approximately \$740,000 of costs in the first half of 2017 for reimbursement of certain pre-litigation legal expenses in connection with the settlement. The proposed settlement is subject to completion of formal documentation and approval by the District Court following notice to all class members.

S-2

**Table of Contents**

**THE OFFERING**

<b>Issuer</b>	Rayonier Inc., a North Carolina corporation.
<b>Common shares offered by us</b>	5,000,000 shares, plus up to an additional 750,000 shares if the underwriters exercise their option to purchase additional shares in full.
<b>Common shares to be outstanding after this offering</b>	128,009,175 shares (or 128,759,175 shares if the underwriters exercise their option to purchase additional shares in full).
<b>Use of proceeds</b>	<p>The net proceeds from this offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses, are expected to be approximately \$137.8 million (or \$158.6 million if the underwriters exercise their option to purchase additional shares in full), in each case assuming a public offering price of \$28.86 per common share, which is equal to the last reported sale price of our common shares on March 15, 2017. A \$1.00 increase (decrease) in the assumed offering price per common share would increase (decrease) the estimated net proceeds from this offering by approximately \$4.8 million (or \$5.5 million if the underwriters exercise their option to purchase additional shares in full), after deducting underwriting discounts and commissions and estimated offering expenses.</p> <p>We intend to use the net proceeds from this offering to finance a portion of the Acquisitions and the remainder, if any, for general corporate purposes. This offering is not contingent on the completion of the Acquisitions. See Use of Proceeds.</p>
<b>Option to purchase additional shares</b>	To the extent that the underwriters sell more than 5,000,000 common shares, the underwriters will have a 30-day option to purchase up to an additional 750,000 common shares from us at the initial price to public less the underwriting discount.
<b>NYSE symbol</b>	RYN
<b>Risk Factors</b>	You should carefully read and consider the information set forth in Risk Factors beginning on page S-7 of this prospectus supplement, including the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2016, incorporated by reference into this prospectus supplement before deciding whether to invest in our common shares.

The total number of common shares to be outstanding following this offering is based on 123,009,175 common shares outstanding as of March 15, 2017 and does not include any securities convertible into or exercisable for common shares (including common shares issuable pursuant to awards outstanding under, or common shares available for

issuance under, our existing shareholder-approved incentive plans).

Unless we specifically state otherwise, the information contained in this prospectus supplement is based upon the assumption that the underwriters will not exercise the option to purchase additional shares.

S-3

**Table of Contents****SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following tables set forth our summary historical consolidated financial data as of and for the periods and the dates indicated. Our summary historical consolidated financial data as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 have been derived from, and should be read together with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus.

The summary historical consolidated financial data presented below does not contain all of the information you should consider before deciding whether or not to invest in our common shares, and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and related notes, each of which are incorporated by reference into this prospectus supplement. See Where You Can Find More Information and Incorporation by Reference.

	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>(in thousands)</b>		
<b>Income Statement Data:</b>			
Sales <sup>(a)</sup>	\$ 788,278	\$ 544,874	\$ 603,521
<b>Costs and expenses</b>			
Cost of sales	524,707	441,099	483,860
Selling and general expenses	42,785	45,750	47,883
Other operating income, net	(34,991)	(19,759)	(26,511)
	532,501	467,090	505,232
Operating income <sup>(a)</sup>	255,777	77,784	98,289
Interest expense	(32,245)	(31,699)	(44,248)
Interest and miscellaneous expense, net	(698)	(3,003)	(9,199)
Income from continuing operations before income taxes	222,834	43,082	44,842
Income tax (expense) benefit	(5,064)	859	9,601
Income from continuing operations	217,770	43,941	54,443
Discontinued Operations, net			
Income from discontinued operations, net of income tax expense			43,403
Net Income	217,770	43,941	97,846
Net income (loss) attributable to noncontrolling interest	5,798	(2,224)	(1,491)
Net income attributable to Rayonier Inc.	211,972	46,165	99,337
Other comprehensive income (loss)			
Foreign currency translation adjustment, net of income tax expense	6,322	(32,451)	(15,847)
Cash flow hedges, net of income tax (expense) benefit	22,822	(9,961)	(1,855)
	5,533	2,933	54,046

Actuarial change and amortization of pension and postretirement plan liabilities, net of income tax effect

34,677	(39,479)	36,344
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- (a) The 2016 results included sales and operating income of \$207.3 million and \$143.9 million, respectively, related to Large Dispositions. The 2014 results included sales and operating income of \$22 million and \$21.4 million, respectively, related to Large Dispositions. Large Dispositions are defined as transactions involving the sale of timberland that exceed \$20 million in size and do not have any identified HBU premium relative to timberland value.

S-4



**Table of Contents**

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Comprehensive Income	252,447	4,462	134,190
Comprehensive income (loss) attributable to noncontrolling interest	9,555	(13,027)	(6,462)
Comprehensive Income Attributable to Rayonier Inc.	\$ 242,892	\$ 17,489	\$ 140,652

**Other Data:**

Cash provided by (used for):

Operating activities	\$ 203,801	\$ 177,164	\$ 320,416
Investing activities	(283,155)	(166,309)	(196,676)
Financing activities	114,423	(116,463)	(161,449)
Ratio of earnings to fixed charges	7.82x	2.35x	2.01x

**Balance Sheet Data (at end of period):**

Cash and cash equivalents	\$ 85,909	\$ 51,777
Restricted deposits	71,708	23,525
Total assets	2,685,760	2,315,938
Long-term debt, net of deferred financing costs	1,030,205	830,554
Total debt, net of deferred financing costs	1,061,881	830,554
Total shareholders' equity	1,496,752	1,361,740

**Non-GAAP Financial Measures**

We include or incorporate by reference into this prospectus supplement certain financial measures, including Adjusted EBITDA and Cash Available for Distribution ( CAD ), which are not defined by generally accepted accounting principles ( GAAP ) and should not be considered as alternatives to net income, cash provided by operating activities, or any other financial performance measure derived in accordance with GAAP. Management considers Adjusted EBITDA and CAD to be important in order to estimate the enterprise and shareholder values of the Company as a whole and of its core segments, and for allocating capital resources. In addition, analysts, investors and creditors use these measures when analyzing our operating performance, financial condition and cash generating ability. Management uses Adjusted EBITDA as a performance measure and CAD as a liquidity measure. Adjusted EBITDA and CAD as defined may not be comparable to similarly titled measures reported by other companies.

Adjusted EBITDA is a non-GAAP financial measure and is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and real estate sold, costs related to shareholder litigation, gain on foreign currency derivatives, costs related to the spin-off of the Performance Fibers business, internal review and restatement costs, Large Dispositions and discontinued operations.

The following table presents our Adjusted EBITDA and reconciles our net income to our Adjusted EBITDA for the periods indicated:

Year Ended December 31,  
2016      2015      2014  
(in millions)

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Net income	\$ 217.8	\$ 43.9	\$ 97.8
Interest, net, continuing operations	33.0	34.7	49.7
Income tax expense (benefit), continuing operations	5.0	(0.9)	(9.6)
Depreciation, depletion and amortization	115.1	113.7	120.0
Non-cash cost of land and improved development	11.7	12.5	13.2
Costs related to shareholder litigation <sup>(a)</sup>	2.2	4.1	

S-5

**Table of Contents**

	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>(in millions)</b>		
Gain on foreign currency derivatives <sup>(b)</sup>	\$ (1.2)	\$	\$
Large Dispositions	(143.9)		(21.4)
Cost related to spin-off of Performance Fibers			3.8
Internal review and restatement costs			3.4
Net income from discontinued operations			(43.4)
Adjusted EBITDA	\$ 239.7	\$ 208.0	\$ 213.5

- (a) Costs related to shareholder litigation include expenses incurred as a result of the securities litigation and the shareholder derivative demands. See Note 10 of the notes to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference into this prospectus supplement. In addition, these costs include the costs associated with the Company's response to a subpoena it received from the SEC in November 2014. In July 2016, the Division of Enforcement of the SEC notified the Company that it had concluded its investigation into the Company.
- (b) Gain on foreign currency derivatives is the gain resulting from the foreign exchange derivatives the Company used to mitigate the risk of fluctuations in foreign exchange rates while awaiting the capital contribution to the New Zealand JV.

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. We define CAD as cash provided by operating activities adjusted for capital spending (excluding timberland acquisitions), Large Dispositions, cash provided by discontinued operations and working capital and other balance sheet changes. In compliance with SEC requirements for non-GAAP measures, we reduce CAD by mandatory debt repayments which results in the measure entitled Adjusted CAD. Adjusted CAD generated in any period is not necessarily indicative of the amounts that may be generated in future periods.

The following table presents CAD and Adjusted CAD and reconciles each measure to cash provided by operating activities for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>(in millions)</b>		
Cash provided by operating activities	\$ 203.8	\$ 177.2	\$ 320.4
Capital expenditures from continuing operations <sup>(a)</sup>	(58.7)	(57.3)	(63.7)
Large Dispositions			(21.4)
Cash flow from discontinued operations			(102.4)
Working capital and other balance sheet changes	(0.8)	(2.5)	(39.5)
CAD	\$ 144.3	\$ 117.4	\$ 93.4
Mandatory debt repayments	(31.5)	(131.0)	
Adjusted CAD	\$ 112.8	\$ (13.6)	\$ 93.4

Cash used for investing activities	\$ (283.2)	\$ (166.3)	\$ (196.7)
Cash provided by (used for) financing activities	\$ 114.4	\$ (116.5)	\$ (161.4)
Purchase of timberlands	\$ (366.4)	\$ (98.4)	\$ (130.9)

(a) Capital expenditures exclude timberland acquisitions.

S-6

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**Table of Contents**

**RISK FACTORS**

*An investment in our common shares involves various risks. You should carefully consider the risks and uncertainties described below and the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2016, before deciding to invest in our common shares. Any of the risk factors described therein or set forth below could significantly and adversely affect our business, prospects, financial condition and results of operations. As a result, the trading price of our common shares could decline and you could lose a part or all of your investment.*

**Risk Related to the Proposed Acquisitions**

*This offering is not contingent upon the completion of the Acquisitions. If one or more of the Acquisitions are not completed, we will have broad discretion to use the net proceeds of this offering for general corporate purposes.*

This offering is not contingent upon the completion of the Acquisitions. Accordingly, your purchase of common shares in this offering may be an investment in us on a stand-alone basis without the anticipated benefits of the Acquisitions. We will have broad discretion to use the net proceeds of this offering for general corporate purposes if one or more of the Acquisitions do not occur.

There are a number of risks and uncertainties relating to the Acquisitions. For example, one or more of the Acquisitions may not be completed, or may not be completed in the time frame, on the terms or in the manner currently anticipated, as a result of a number of factors, including, among other things, the failure of one or more of the conditions to closing. There can be no assurance that the conditions to closing of the Acquisitions will be satisfied or waived or that other events will not intervene to delay or result in the failure to close one or more of the Acquisitions. Any delay in closing or a failure to close could have a negative impact on our business and the trading prices of our securities, including our common shares. Likewise, one or more of the Acquisitions may be completed on terms that differ, perhaps substantially, from those currently anticipated and investors will not be entitled to require us to repurchase, redeem or repay any of the common shares sold as a result of any such differences.

**Risks Related to our Common Shares**

*The price of our common shares may be volatile, which may make it difficult for you to resell the common shares when you want or at prices you find attractive.*

The market price of our common shares could be subject to significant fluctuations and may decline below the offering price. This may make it difficult for you to resell the common shares when you want or at prices you find attractive. Among the factors that could affect the price of our common shares are:

our operating and financial performance and prospects;

variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;

changes in revenue or earnings estimates;

publication of research reports by analysts;

speculation in the press or investment community;

strategic actions by us or our competitors, such as acquisitions or restructurings;

sales of our common shares by shareholders;

actions by institutional investors;

S-7

**Table of Contents**

actions by regulators;

fluctuations in commodity prices;

general market conditions; and

U.S. and international economic, legal and regulatory factors unrelated to our performance.

Recently, stock markets have experienced extreme volatility that has at times been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common shares, regardless of our operating performance.

***Loss of our REIT status would adversely affect our cash flow and stock price.***

We intend to continue to operate in accordance with REIT requirements pursuant to the Internal Revenue Code of 1986, as amended (the Code), and related U.S. Treasury regulations and administrative guidance. Qualification as a REIT involves the application of highly technical and complex provisions of the Code, which are subject to change, perhaps retroactively, and which are not within our control. We cannot assure that we will remain qualified as a REIT or that new legislation, U.S. Treasury regulations, administrative interpretations or court decisions will not significantly affect our ability to remain qualified as a REIT or the U.S. federal income tax consequences of such qualification.

We continually monitor and test our compliance with all REIT requirements. In particular, we regularly test our compliance with the REIT asset tests, which require generally that, at the close of each calendar quarter, (1) at least 75% of the market value of our total assets must consist of REIT-qualifying interests in real property (such as timberlands), including leaseholds and options to acquire real property and leaseholds, as well as cash and cash items and certain other specified assets, (2) no more than 25% of the market value of our total assets may consist of other assets that are not qualifying assets for purposes of the 75% test in clause (1) above and (3) for calendar years prior to 2018, no more than 25% of the market value of our total assets may consist of the securities of one or more taxable REIT subsidiaries.

If in any taxable year we fail to qualify as a REIT, we will not be allowed a deduction for dividends paid to shareholders in computing our taxable income and we will be subject to U.S. federal income tax on our REIT taxable income. In addition, we will be disqualified from qualification as a REIT for the four taxable years following the year during which the qualification was lost, unless we are entitled to relief under certain provisions of the Code. As a result, our net income and the cash available for distribution to our shareholders could be reduced for up to five years or longer, which could have a material adverse effect on our financial condition.

If we fail to remain qualified as a REIT, we may need to borrow funds or liquidate some investments or assets to pay any resulting additional tax liability. Accordingly, cash available for distribution to our shareholders would be reduced.

***Our cash dividends are not guaranteed and may fluctuate.***

Generally, REITs are required to distribute 90% of their ordinary taxable income, but not their net capital gains income. Accordingly, we do not generally believe that we are required to distribute material amounts of cash since

substantially all of our taxable income is generally treated as capital gains income. However, a REIT must pay corporate level tax on its undistributed taxable income and capital gains.

Our Board of Directors, in its sole discretion, determines the amount of quarterly dividends to be paid to our shareholders based on consideration of a number of factors. These factors include, but are not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing



**Table of Contents**

capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands, including those timberland properties that have higher and better uses. Consequently, our dividend levels may fluctuate.

***Lack of shareholder ownership and transfer restrictions in our articles of incorporation may affect our ability to qualify as a REIT.***

In order to qualify as a REIT, an entity cannot have five or fewer individuals who own, directly or indirectly after applying attribution of ownership rules, 50% or more of the value of its outstanding shares during the last six months in each calendar year. Although it is not required by law or the REIT provisions of the Code, almost all REITs have adopted ownership and transfer restrictions in their articles of incorporation or organizational documents which seek to assure compliance with that rule. While we are not in violation of the ownership rules, we do not have, nor do we have any current plans to adopt, share ownership and transfer restrictions. As such, the possibility exists that five or fewer individuals could acquire 50% or more of the value of our outstanding shares, which could result in our disqualification as a REIT.

***We may issue preferred stock with rights senior to our common shares.***

Our articles of incorporation authorize the issuance of preferred shares without shareholder approval. The shares may have dividend, voting, liquidation and other rights and preferences that are senior to the rights of our common shares. In addition, such preferred shares may be convertible into common shares. Conversion of preferred shares into our common shares may dilute the value of our common shares, which may adversely affect the value of your common shares.

***Additional issuances of equity securities would dilute the ownership of our existing shareholders and could reduce our earnings per share.***

We may issue additional equity securities in the future in connection with capital raises, acquisitions, strategic transactions or for other purposes. To the extent we issue substantial additional equity securities, the ownership of our existing shareholders would be diluted and our earnings per share could be reduced.

**Table of Contents**

**USE OF PROCEEDS**

We expect to receive net proceeds of approximately \$137.8 million from this offering (or \$158.6 million if the underwriters exercise their option to purchase additional shares in full), after deducting underwriting discounts and commissions and estimated offering expenses. We intend to use the net proceeds from this offering to finance a portion of the Acquisitions and the remainder, if any, for general corporate purposes. This offering is not contingent on the Acquisitions. We will have broad discretion to use the net proceeds of this offering if the completion of the Acquisitions does not occur. See **Risk Factors** **Risk Related to the Proposed Acquisitions**. This offering is not contingent upon the completion of the Acquisitions. If one or more of the Acquisitions are not completed, we will have broad discretion to use the net proceeds of this offering for general corporate purposes.

The estimated net proceeds from this offering have been calculated by assuming a public offering price of \$28.86 per common share, which is equal to the last reported sale price of our common shares on March 15, 2017. A \$1.00 increase (decrease) in the assumed offering price per common share would increase (decrease) the estimated net proceeds from this offering by approximately \$4.8 million (or \$5.5 million if the underwriters exercise their option to purchase additional shares in full), after deducting underwriting discounts and commissions and estimated offering expenses.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and capitalization as of December 31, 2016:

on an actual basis; and

on an as adjusted basis to give effect to (i) the issuance of 5,000,000 common shares in this offering and the use of the net proceeds therefrom as described under *Use of Proceeds* and (ii) the consummation of the Acquisitions as described under *Prospectus Supplement Summary Recent Developments*.

You should read the information in this table in conjunction with *Risk Factors Risk Related to the Proposed Acquisitions*. This offering is not contingent upon the completion of the Acquisitions. If one or more of the Acquisitions are not completed, we will have broad discretion to use the net proceeds of this offering for general corporate purposes, and *Management's Discussion and Analysis of Financial Condition and Results of Operations* and our audited consolidated financial statements and related notes, each of which are included in our Annual Report on Form 10-K for the year ended December 31, 2016 incorporated by reference into this prospectus supplement.

	<b>As of December 31, 2016</b>	
	<b>Actual</b>	<b>As Adjusted<sup>(1)</sup></b>
	<b>(Dollars in thousands)</b>	
<b>Cash and cash equivalents</b>	\$ 85,909	\$ 77,909
<b>Total debt:</b>		
Term credit agreement	350,000	350,000
Incremental term loan agreement	300,000	300,000
Revolving credit facility <sup>(2)</sup>	25,000	25,000
3.75% senior notes due 2022	325,000	325,000
4.35% mortgage notes due 2017 <sup>(3)</sup>	31,676	31,676
Solid waste bonds due 2020 <sup>(4)</sup>	15,000	15,000
New Zealand JV noncontrolling interest shareholder loan <sup>(5)</sup>	18,796	18,796
Less: deferred financing costs	(3,591)	(3,591)
<b>Total debt</b>	<b>\$ 1,061,881</b>	<b>\$ 1,061,881</b>
<b>Shareholders' equity:</b>		
Common shares; 480,000,000 shares authorized, 122,904,368 shares issued and outstanding at December 31, 2016, 127,904,368 shares issued and outstanding as adjusted	709,867	847,667
Retained earnings	700,887	700,887
Accumulated other comprehensive income	856	856
<b>Total Rayonier Inc. shareholders' equity</b>	<b>1,411,610</b>	<b>1,549,410</b>
<b>Noncontrolling interest</b>	<b>85,142</b>	<b>85,142</b>

Total shareholders' equity	1,496,752	1,634,552
<b>Total capitalization</b>	<b>\$ 2,558,633</b>	<b>\$ 2,696,433</b>

- (1) This assumes the Acquisitions are completed on currently anticipated terms. If the Acquisitions are not completed, cash and cash equivalents would increase by \$137.8 million. See Risk Factors Risk Related to the Proposed Acquisitions This offering is not contingent upon the completion of the Acquisitions. If one or more of the Acquisitions are not completed, we will have broad discretion to use the net proceeds of this offering for general corporate purposes.
- (2) As of December 31, 2016, the Company had \$169.6 million of available borrowings under this facility, net of \$5.4 million to secure its outstanding letters of credit.
- (3) These notes were recorded at a premium of \$0.2 million as of December 31, 2016. Upon maturity, the liability will be \$31.5 million.

S-11

**Table of Contents**

- (4) The solid waste bonds bear interest at a variable interest rate of 2.0% at December 31, 2016. The solid waste bonds are the obligation of Rayonier Inc. and Rayonier TRS Holdings Inc. ( Rayonier TRS ). As part of Rayonier Inc. s conversion into a real estate investment trust, Rayonier TRS assumed the obligations of Rayonier Inc. under the solid waste bonds, but Rayonier Inc. continues to be the primary obligor of such bonds.
- (5) The shareholder loan is an interest-free loan from the noncontrolling New Zealand JV partner in the amount of \$19 million. Although Rayonier Inc. is not liable for this loan, the shareholder loan instrument contains features with characteristics of both debt and equity and is therefore required to be classified as debt and consolidated.

S-12

**Table of Contents****PRICE RANGE OF COMMON SHARES AND DIVIDEND POLICY**

Our common shares are listed on NYSE. The following table sets forth the highest and lowest intra-day sales prices per share of our common shares and the cash dividends paid per share for the periods indicated.

On June 27, 2014, we spun off our Performance Fibers business to our shareholders as a newly formed publicly traded company named Rayonier Advanced Materials. On June 27, 2014, the shareholders of record received one share of Rayonier Advanced Materials common stock for every three common shares of Rayonier held as of the close of business on the record date of June 18, 2014. The high end of the second quarter 2014 range as well as the first quarter 2014 range in the following table reflects share prices adjusted for the spin-off. Dividends for the first and second quarter 2014 have also been adjusted for the spin-off.

	<b>High</b>	<b>Low</b>	<b>Dividends</b>
<b>2017:</b>			
First Quarter (through March 15, 2017)	\$ 29.86	\$ 26.54	
<b>2016:</b>			
Fourth Quarter	\$ 28.47	\$ 25.24	\$ 0.25
Third Quarter	28.16	25.50	0.25
Second Quarter	26.37	24.01	0.25
First Quarter	24.80	17.85	0.25
<b>2015:</b>			
Fourth Quarter	\$ 24.83	\$ 21.83	\$ 0.25
Third Quarter	26.49	21.84	0.25
Second Quarter	27.03	24.70	0.25
First Quarter	29.88	26.19	0.25

As of March 15, 2017, we had approximately 6,347 holders of record of our common shares.

Our Board of Directors, in its sole discretion, determines the amount of quarterly dividends to be paid to our shareholders based on consideration of a number of factors. These factors include, but are not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands, including those timberland properties that have higher and better uses. Consequently, our dividend levels may fluctuate.

**Table of Contents****ADDITIONAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

*The following is a summary of additional material U.S. federal tax considerations with respect to the ownership of our common shares. This summary includes a description of the changes to the Code made by the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act). This summary supplements and, where applicable, supersedes the discussion under Certain Federal Income Tax Consequences in the accompanying prospectus, and should be read together with such discussion.*

**Taxation of Rayonier**

If we acquire any asset from a C corporation, or a corporation generally subject to full corporate-level tax, in a merger or other transaction in which we acquire a basis in the asset that is determined by reference either to the C corporation's basis in the asset or to another asset, we will pay tax at the highest regular corporate rate applicable if we recognize gain on the sale or disposition of the asset during the 5-year period after we acquire the asset.

**Taxable REIT Subsidiaries**

As discussed in the accompanying prospectus under Certain Federal Income Tax Consequences Taxation of Rayonier Taxable REIT Subsidiaries, a REIT may jointly elect with a subsidiary corporation, whether or not wholly-owned, to treat the subsidiary corporation as a taxable REIT subsidiary (TRS). Overall, no more than 25% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. For taxable years beginning after December 31, 2017, that percentage is reduced to 20%.

**Gross Income Tests**

As discussed in the accompanying prospectus under Certain Federal Income Tax Consequences Taxation of Rayonier Income Test, we must satisfy two gross income tests annually to maintain our qualification as a REIT. Although a debt instrument issued by a publicly offered REIT (i.e., a REIT that is required to file annual and periodic reports with the SEC under the Securities and Exchange Act of 1934 (the Exchange Act)) is treated as a real estate asset for purposes of the asset tests, the gain from the sale of such debt instruments is not treated as qualifying income for the 75% gross income test unless the debt instrument is secured by real property or an interest in real property.

Additionally, as discussed in the accompanying prospectus under Certain Federal Income Tax Consequences Taxation of Rayonier Income Test, certain hedging income is excluded from gross income for purposes of the 75% and 95% income tests. Effective for taxable years beginning after December 31, 2015, if we have entered into a qualifying hedging transaction (an Original Hedge), and a portion of the hedged indebtedness is extinguished or the related property is disposed of and in connection with such extinguishment or disposition we enter into a new clearly identified hedging transaction that would counteract the Original hedging transaction (a Counteracting Hedge), income from the Original Hedge and income from the Counteracting Hedge (including gain from the disposition of the Original Hedge and the Counteracting Hedge) will not be treated as gross income for purposes of the 95% and 75% gross income tests.

The accompanying prospectus also explains that income derived from mortgages on real property will be qualifying income for purposes of the 75% gross income test. For taxable years beginning after December 31, 2015, in the case of mortgage loans secured by both real property and personal property, if the fair market value of such personal property does not exceed 15% of the total fair market value of all such property securing the loan, then the personal property securing the loan will be treated as real property for purposes of determining whether the mortgage loan is a qualifying asset for the 75% asset test and the related interest income qualifies for purposes of the 75% gross income

test.

S-14



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**Table of Contents**

The PATH Act expands the safe harbor referenced in the accompanying prospectus under Certain Federal Income Tax Consequences Taxation of Rayonier Income Test that would protect the sale of timberlands from a 100% prohibited transaction tax. Effective for taxable years beginning after December 31, 2015, a REIT may also satisfy this safe harbor if, among other requirements:

the aggregate adjusted tax bases of all property sold by the REIT (other than foreclosure property or sales to which section 1033 of the Code applies) during the year did not exceed 20% of the aggregate tax bases of all property of the REIT at the beginning of the year and the average annual percentage of properties sold by the REIT compared to all the REIT's properties (measured by adjusted tax bases) in the current and two prior years did not exceed 10%; or

the aggregate fair market value of all such property sold by the REIT during the year did not exceed 20% of the aggregate fair market value of all property of the REIT at the beginning of the year and the average annual percentage of properties sold by the REIT compared to all the REIT's properties (measured by fair market value) in the current and two prior years did not exceed 10%.

**Asset Tests**

As discussed in the accompanying prospectus under Certain Federal Income Tax Consequences Taxation of Rayonier Asset Tests, in order to maintain our qualification as a REIT, we also must satisfy several asset tests at the end of each quarter of each taxable year. Under the first test described in the accompanying prospectus, at least 75% of the value of our total assets must consist of the items listed in the accompanying prospectus. In addition to those items, qualifying assets for purposes of the 75% asset test include (i) personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as rents from real property and (ii) debt instruments issued by publicly offered REITs.

In addition, the fourth test described in the accompanying prospectus in such subsection is replaced in its entirety by the following:

Fourth, not more than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total assets may be represented by the securities of one or more TRSs.

Finally, an additional test provides that not more than 25% of the value of our total assets may be represented by debt instruments issued by publicly offered REITs to the extent not secured by real property or interests in real property.

**Distribution Requirements**

The accompanying prospectus discusses our distribution requirements under the caption Certain Federal Income Tax Consequences Taxation of Rayonier Annual Distribution Requirements. In between the third paragraph and fourth paragraphs of this discussion, the following paragraph is added:

In order for distributions to be counted towards our distribution requirement, and to provide us with a tax deduction, such distributions must not have been preferential dividends. A distribution is not a preferential dividend if it is pro rata among all outstanding shares within a particular class, and is in accordance with the preferences among the different classes of shares as set forth in our organizational documents. However, the PATH Act provides that for distributions in taxable years beginning after 2014, the preferential dividend rules do not apply to publicly offered

REITs. Consequently, so long as we continue to be a publicly offered REIT, the preferential dividend rule does not apply to us beginning with our 2015 taxable year.

In addition, as discussed in the accompanying prospectus, we will incur a 4% nondeductible excise tax on the excess of our required distribution amount over the amount we actually distributed. Under the PATH Act, the amount that a REIT is treated as having actually distributed during the current taxable year is both the

S-15

## **Table of Contents**

amount distributed during the current year and the amount by which the distributions during the prior year exceed its taxable income and capital gain for that prior year (the prior year calculation uses the same methodology, and therefore, in determining the amount of the distribution in the prior year, one looks back to the year before, and so forth).

### **Taxation of Taxable U.S. Shareholders**

The term "U.S. shareholder" means a holder of our common shares that for federal income tax purposes is:

a citizen or resident of the United States;

a corporation (including an entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the United States, any of its states or the District of Columbia;

an estate whose income is subject to federal income taxation regardless of its source; or

a trust if: (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (2) it has a valid election in place to be treated as a U.S. person.

If a partnership, entity or arrangement treated as a partnership for federal income tax purposes holds our common shares, the federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership and upon certain determinations made at the partnership level. If you are a partner in a partnership holding our common shares, you should consult your tax advisor regarding the consequences of the purchase, ownership and disposition of our common shares by the partnership.

### ***Taxation of U.S. Shareholders on Distributions on Our Common Shares***

As long as we qualify as a REIT, a taxable U.S. shareholder must generally take into account as ordinary income distributions made out of our current or accumulated earnings and profits that we do not designate as capital gain dividends or retained long-term capital gain.

Dividends paid to U.S. shareholders will not qualify for the dividends received deduction generally available to corporations. In addition, dividends paid to a U.S. shareholder generally will not qualify for the preferential tax rate for qualified dividend income. The maximum tax rate for qualified dividend income is 20%. Qualified dividend income generally includes dividends paid to U.S. shareholders taxed at individual rates by domestic C corporations and certain qualified foreign corporations. Because we are not generally subject to federal income tax on the portion of our REIT taxable income distributed to our shareholders (see "Taxation of Rayonier" in the accompanying prospectus, as supplemented above), our dividends generally will not be eligible for the 20% rate on qualified dividend income. As a result, our ordinary REIT dividends will be taxed at the higher federal income tax rate applicable to ordinary income, which is a maximum rate of 39.6%. However, the 20% tax rate for qualified dividend income will apply to our ordinary REIT dividends to the extent attributable: (1) to dividends received by us from non-REIT corporations, such as domestic TRSs; and (2) to the extent attributable to income upon which we have paid corporate income tax (e.g., to the extent that we distribute less than 100% of our net taxable income). In general, to

qualify for the reduced tax rate on qualified dividend income, a shareholder must hold our common shares for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which our common shares become ex-dividend. In addition, dividends paid to certain individuals, trusts and estates whose income exceeds certain levels are subject to a 3.8% Medicare tax.

A U.S. shareholder generally will take into account as long-term capital gain any distributions that we designate as capital gain dividends without regard to the period for which the U.S. shareholder has held our common shares. A corporate U.S. shareholder, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income.

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**Table of Contents**

We may elect to retain and pay income tax on the net long-term capital gain that we receive in a taxable year. In that case, to the extent that we designate such amount in a timely notice to such shareholder, a U.S. shareholder would be taxed on its proportionate share of our undistributed long-term capital gain. The U.S. shareholder would receive a credit for its proportionate share of the tax we paid. The U.S. shareholder would increase the basis in its common shares by the amount of its proportionate share of our undistributed long-term capital gain, minus its share of the tax we paid.

To the extent that we make a distribution in excess of our current and accumulated earnings and profits, such distribution will not be taxable to a U.S. shareholder to the extent that it does not exceed the adjusted tax basis of the U.S. shareholder's common shares. Instead, such distribution will reduce the adjusted tax basis of such shares. To the extent that we make a distribution in excess of both our current and accumulated earnings and profits and the U.S. shareholder's adjusted tax basis in its common shares, such shareholder will recognize long-term capital gain or short-term capital gain if the common shares have been held for one year or less, assuming the shares are a capital asset in the hands of the U.S. shareholder. In addition, if we declare a distribution in October, November or December of any year that is payable to a U.S. shareholder of record on a specified date in any such month, such distribution shall be treated as both paid by us and received by the U.S. shareholder on December 31 of such year, provided that we actually pay the distribution during January of the following calendar year.

Shareholders may not include in their individual income tax returns any of our net operating losses or capital losses. Instead, we would carry over such losses for potential offset against our future income. Taxable distributions from us and gain from the disposition of our shares will not be treated as passive activity income, and therefore, shareholders generally will not be able to apply any passive activity losses, such as losses from certain types of limited partnerships in which the shareholder is a limited partner against such income. In addition, taxable distributions from us and gain from the disposition of our common shares generally may be treated as investment income for purposes of the investment interest limitations (although any capital gains so treated will not qualify for the lower 20% tax rate applicable to capital gains of U.S. shareholders taxed at individual rates). We will notify shareholders after the close of our taxable year as to the portions of our distributions attributable to that year that constitute ordinary income, return of capital and capital gain.

***Taxation of U.S. Shareholders on the Disposition of Our Common Shares***

In general, a U.S. shareholder who is not a dealer in securities must treat any gain or loss realized upon a taxable disposition of our common shares as long-term capital gain or loss if the U.S. shareholder has held the shares for more than one year and otherwise as short-term capital gain or loss. However, a U.S. shareholder must treat any loss upon a sale or exchange of shares held by such shareholder for six months or less as a long-term capital loss to the extent of any actual or deemed distributions from us that such U.S. shareholder previously has characterized as long-term capital gain. All or a portion of any loss that a U.S. shareholder realizes upon a taxable disposition of the common shares may be disallowed if the U.S. shareholder purchases other common shares within 30 days before or after the disposition.

***Capital Gains and Losses***

A taxpayer generally must hold a capital asset for more than one year for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal individual income tax rate is currently 39.6%. However, the maximum tax rate on long-term capital gain applicable to U.S. shareholders taxed at individual rates is 20%. In addition, capital gains recognized by certain individuals, trusts and estates whose income exceeds certain thresholds are subject to a 3.8% Medicare tax. Thus, the tax rate differential between capital gain and ordinary income for those taxpayers may be significant. In addition, the characterization of income as capital gain or ordinary

income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum annual amount of \$3,000. A non-corporate taxpayer may carry forward unused capital losses indefinitely. A corporate taxpayer must pay tax on its net capital gain at ordinary corporate rates. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

S-17

**Table of Contents****Taxation of Tax-Exempt Shareholders**

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts and annuities, generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income ( UBTI ). The Internal Revenue Service (the IRS ) has issued a published ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI, provided that the exempt employee pension trust does not otherwise use the shares of the REIT in an unrelated trade or business of the pension trust. Based on that ruling, amounts that we distribute to tax-exempt shareholders generally should not constitute UBTI. However, if a tax-exempt shareholder were to finance its investment in our common shares with debt, a portion of the income that it receives from us would constitute UBTI pursuant to the debt-financed property rules. Finally, in certain circumstances, a qualified employee pension or profit sharing trust that owns more than 10% of our shares may be required to treat a percentage of the dividends that it receives from us as UBTI. Such percentage is equal to the gross income that we derive from an unrelated trade or business, determined as if we were a pension trust, divided by our total gross income for the year in which we pay the dividends. That rule applies to a pension trust holding more than 10% of our shares only if:

the percentage of our dividends that the tax-exempt trust would be required to treat as UBTI is at least 5%;

we qualify as a REIT by reason of the modification of the rule requiring that no more than 50% of our shares be owned by five or fewer individuals that allows the beneficiaries of the pension trust to be treated as holding our shares in proportion to their actuarial interests in the pension trust; and

either: (1) one pension trust owns more than 25% of the value of our shares; or (2) a group of pension trusts individually holding more than 10% of the value of our shares collectively owns more than 50% of the value of our shares.

**Taxation of Non-U.S. Shareholders**

The term non-U.S. shareholder means a holder of our common shares that is not a U.S. shareholder or a partnership or an entity treated as a partnership for federal income tax purposes. The rules governing federal income taxation of non-U.S. shareholders are complex. This section is only a summary of such rules. Non-U.S. shareholders are urged to consult their tax advisors to determine the impact of federal, state, local and foreign income tax laws on the ownership of our common shares, including any reporting requirements.

A non-U.S. shareholder that receives a distribution that is not attributable to gain from our sale or exchange of a United States real property interest, or USRPI, and that we do not designate as a capital gain dividend or retained capital gain will recognize ordinary income to the extent that we pay such distribution out of our current or accumulated earnings and profits. A withholding tax equal to 30% of the gross amount of the distribution ordinarily will apply to such distribution unless an applicable tax treaty reduces or eliminates the tax. If a distribution is treated as effectively connected with the non-U.S. shareholder's conduct of a U.S. trade or business, the non-U.S. shareholder generally will be subject to federal income tax on the distribution at graduated rates, in the same manner as U.S. shareholders are taxed with respect to such distribution, and a non-U.S. shareholder that is a corporation also may be subject to the 30% branch profits tax with respect to the distribution. We plan to withhold U.S. income tax at the rate of 30% on the gross amount of any such distribution paid to a non-U.S. shareholder unless either:

a lower treaty rate applies and the non-U.S. shareholder files an IRS Form W-8BEN with us evidencing eligibility for that reduced rate; or

the non-U.S. shareholder files an IRS Form W-8ECI with us claiming that the distribution is effectively connected income.

S-18



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**Table of Contents**

A non-U.S. shareholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the excess portion of such distribution does not exceed the adjusted basis of its common shares. Instead, the excess portion of such distribution will reduce the adjusted basis of such shares. A non-U.S. shareholder will be subject to tax on a distribution that exceeds both our current and accumulated earnings and profits and the adjusted basis of its common shares, if the non-U.S. shareholder otherwise would be subject to tax on gain from the sale or disposition of its common shares, as described below. Because we generally cannot determine at the time we make a distribution whether the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend. However, a non-U.S. shareholder may claim a refund of amounts that we withhold if we later determine that a distribution in fact exceeded our current and accumulated earnings and profits.

If we are treated as a United States real property holding corporation, as described below, we will be required to withhold 15% of any distribution that exceeds our current and accumulated earnings and profits. Consequently, although we intend to withhold at a rate of 30% on the entire amount of any distribution, to the extent that we do not do so, we may withhold at a rate of 15% on any portion of a distribution not subject to withholding at a rate of 30%.

For any year in which we qualify as a REIT, a non-U.S. shareholder will incur tax on distributions that are attributable to gain from our sale or exchange of a USRPI under the Foreign Investment in Real Property Tax Act of 1980 ( FIRPTA ). A USRPI includes certain interests in real property and stock in United States real property holding corporations, which are corporations at least 50% of whose assets consist of interests in real property. Under FIRPTA, a non-U.S. shareholder is taxed on distributions attributable to gain from sales of USRPIs as if such gain were effectively connected with a U.S. business of the non-U.S. shareholder. A non-U.S. shareholder thus would be taxed on such a distribution at the normal capital gains rates applicable to U.S. shareholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A non-U.S. corporate shareholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on such a distribution. We must withhold 35% of any distribution that we could designate as a capital gain dividend. A non-U.S. shareholder may receive a credit against its tax liability for the amount we withhold.

Capital gain distributions to a non-U.S. shareholder that are attributable to our sale of real property will be treated as ordinary dividends rather than as gain from the sale of a USRPI, as long as: (i)(A) our common shares are regularly traded on an established securities market in the United States; and (i)(B) the non-U.S. shareholder did not own more than 10% of our common shares at any time during the one-year period prior to the distribution; or (ii) the non-U.S. shareholder was treated as a qualified shareholder or qualified foreign pension fund, as discussed below. As a result, so long as our common shares continue to be regularly traded on an established securities market in the United States, non-U.S. shareholders owning 10% or less of our common shares generally will be subject to withholding tax on such capital gain distributions in the same manner as they are subject to withholding tax on ordinary dividends. If our common shares are not regularly traded on an established securities market in the United States or the non-U.S. shareholder owned more than 10% of our common shares at any time during the one-year period prior to the distribution, capital gain distributions that are attributable to our sale of real property would be subject to tax under FIRPTA, as described in the preceding paragraph. Moreover, if a non-U.S. shareholder disposes of our common shares during the 30-day period preceding a dividend payment, and such non-U.S. shareholder (or a person related to such non-U.S. shareholder) acquires or enters into a contract or option to acquire our common shares within 61 days of the first day of the 30 day period described above, and any portion of such dividend payment would, but for the disposition, be treated as a USRPI capital gain to such non-U.S. shareholder, then such non-U.S. shareholder shall be treated as having USRPI capital gain in an amount that, but for the disposition, would have been treated as USRPI capital gain.



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**Table of Contents**

Although the law is not clear on the matter, it appears that amounts we designate as retained capital gains in respect of the common shares held by U.S. shareholders generally should be treated with respect to non-U.S. shareholders in the same manner as actual distributions by us of capital gain dividends. Under this approach, a non-U.S. shareholder would be able to offset as a credit against its federal income tax liability its proportionate share of the tax paid by us on such retained capital gains, and to receive from the IRS a refund to the extent the non-U.S. shareholder's proportionate share of such tax paid by us exceeds its actual federal income tax liability, provided that the non-U.S. shareholder furnishes required information to the IRS on a timely basis.

A non-U.S. shareholder generally will not incur tax under FIRPTA with respect to gain realized upon a disposition of our common shares as long as we: (1) are not a United States real property holding corporation during a specified testing period; or (2) are a domestically controlled qualified investment entity. We believe that we are a United States real property holding corporation based on our current asset holdings and that we currently are a domestically controlled qualified investment entity, but because our common shares are publicly traded, we cannot assure you that we are or will be a domestically controlled qualified investment entity in the future. However, even if we were a United States real property holding corporation and we were not a domestically controlled qualified investment entity, a non-U.S. shareholder that owned, actually or constructively, 10% or less of our common shares at all times during a specified testing period would not incur tax under FIRPTA if our common shares are regularly traded on an established securities market. Because we expect that our common shares will continue to be regularly traded on an established securities market, a non-U.S. shareholder will not incur tax under FIRPTA with respect to any such gain unless it owns, actually or constructively, more than 10% of our common shares. If the gain on the sale of our common shares was taxed under FIRPTA, a non-U.S. shareholder would be taxed in the same manner as U.S. shareholders with respect to such gain, subject to applicable alternative minimum tax or, a special alternative minimum tax in the case of nonresident alien individuals. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax when received by a non-U.S. shareholder that is a corporation. Furthermore, a non-U.S. shareholder will incur tax on gain not subject to FIRPTA if: (1) the gain is effectively connected with the non-U.S. shareholder's U.S. trade or business, in which case the non-U.S. shareholder will be subject to the same treatment as U.S. shareholders with respect to such gain; or (2) the non-U.S. shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the non-U.S. shareholder will incur a 30% tax on his capital gains.

***Qualified Shareholders***

Subject to the exception discussed below, any distribution to a qualified shareholder, as defined below, who holds our common shares directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. While a qualified shareholder will not be subject to FIRPTA withholding on REIT distributions, certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of our shares (whether or not by reason of the investor's ownership in the qualified shareholder)) may be subject to FIRPTA withholding.

In addition, a sale of our common shares by a qualified shareholder who holds such shares directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA. As with distributions, certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of our shares (whether or not by reason of the investor's ownership in the qualified shareholder)) may be subject to FIRPTA withholding on a sale of such shares.

A qualified shareholder is a foreign person that: (i) either is eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income

S-20

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**Table of Contents**

tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that is regularly traded on the NYSE or NASDAQ markets; (ii) is a qualified collective investment vehicle, as defined below; and (iii) maintains records on the identity of each person who, at any time during the foreign person's taxable year, is the direct owner of 5% or more of the class of interests or units, as applicable, described in (i), above.

A qualified collective investment vehicle is a foreign person that: (i) would be eligible for a reduced rate of withholding under the comprehensive income tax treaty described above, even if such entity holds more than 10% of the stock of such REIT; (ii) is publicly traded, is treated as a partnership under the Code, is a withholding foreign partnership, and would be treated as a United States real property holding corporation if it were a domestic corporation; or (iii) is designated as such by the Secretary of the Treasury and is either (A) fiscally transparent within the meaning of section 894 or (B) required to include dividends in its gross income, but is entitled to a deduction for distributions to its investors.

***Qualified Foreign Pension Funds***

Any distribution to a qualified foreign pension fund (or an entity all of the interests of which are held by a qualified foreign pension fund) who holds our common shares directly or indirectly (through one or more partnerships) will not be subject to U.S. tax as income effectively connected with a U.S. trade or business and thus will not be subject to special withholding rules under FIRPTA. In addition, a sale of our common shares by a qualified foreign pension fund that holds such shares directly or indirectly (through one or more partnerships) will not be subject to U.S. federal income taxation under FIRPTA.

A qualified foreign pension fund is any trust, corporation or other organization or arrangement: (i) which is created or organized under the law of a country other than the United States; (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered; (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income; (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates; and (v) with respect to which, under the laws of the country in which it is established or operates, (A) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate or (B) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

***FATCA Withholding***

Under the Foreign Account Tax Compliance Act ( FATCA ), a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our common shares received by certain non-U.S. shareholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed on proceeds from the sale of our common shares received after December 31, 2018 by certain non-U.S. shareholders. If payment of withholding taxes is required, non-U.S. shareholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect to such dividends and proceeds will be required to seek a refund from the IRS to obtain the benefit of such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.



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**Table of Contents**

**Information Reporting Requirements and Backup Withholding; Shares Held Offshore**

We will report to our shareholders and to the IRS the amount of distributions we pay during each calendar year, and the amount of tax we withhold, if any. Under the backup withholding rules, a shareholder may be subject to backup withholding at a rate of 28% with respect to distributions unless the holder:

is a corporation or qualifies for certain other exempt categories and, when required, demonstrates this fact; or

provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A shareholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the shareholder's income tax liability. In addition, we may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their non-foreign status to us.

Backup withholding will generally not apply to payments of dividends made by us or our paying agents, in their capacities as such, to a non-U.S. shareholder provided that the non-U.S. shareholder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as providing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient. Payments of the net proceeds from a disposition or a redemption effected outside the United States by a non-U.S. shareholder made by or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) generally will apply to such a payment if the broker has certain connections with the U.S. unless the broker has documentary evidence in its records that the beneficial owner is a non-U.S. shareholder and specified conditions are met or an exemption is otherwise established. Payment of the net proceeds from a disposition by a non-U.S. shareholder of our shares made by or through the U.S. office of a broker is generally subject to information reporting and backup withholding unless the non-U.S. shareholder certifies under penalties of perjury that it is not a U.S. person and satisfies certain other requirements or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the shareholder's federal income tax liability if certain required information is furnished to the IRS. Shareholders are urged to consult their tax advisors regarding the application of backup withholding to them and the availability of, and procedure for obtaining an exemption from, backup withholding.

Under FATCA, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on our shares received by U.S. shareholders who own their shares through foreign accounts or foreign intermediaries if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed on proceeds from the sale of our shares received after December 31, 2018 by U.S. shareholders who own their shares through foreign accounts or foreign intermediaries. We will not pay any additional amounts in respect of any amounts withheld.

**Table of Contents****UNDERWRITERS**

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
Raymond James & Associates, Inc.	
Total:	

The underwriters and the representatives are collectively referred to as the underwriters and the representatives, respectively. The underwriters are offering the common shares subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the common shares offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the common shares offered by this prospectus supplement if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' option to purchase additional shares described below.

The underwriters initially propose to offer part of the common shares directly to the public at the offering price listed on the cover page of this prospectus supplement and part to certain dealers at a price that represents a concession not in excess of \$ \_\_\_\_\_ per share under the public offering price. After the initial offering of the common shares, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 750,000 additional common shares at the public offering price listed on the cover page of this prospectus supplement, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase the same percentage of the additional shares as the number listed next to the underwriter's name in the preceding table bears to the total number of common shares listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 750,000 common shares.

	Per Share	No Exercise	Total Full Exercise
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid	\$	\$	\$



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Proceeds, before expenses, to us	\$	\$	\$
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The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$750,000. We have also agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority.

Our common shares have been approved for listing on NYSE under the trading symbol RYN .

S-23

**Table of Contents**

We and all directors and executive officers have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. on behalf of the underwriters, we and they will not, during the period ending 90 days after the date of this prospectus supplement (the "restricted period"):

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any common shares or any securities convertible into or exercisable or exchangeable for common shares;

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common shares; or

file any registration statement with the SEC relating to the offering of any common shares or any securities convertible into or exercisable or exchangeable for common shares;

whether any such transaction described above in the first two bullets is to be settled by delivery of common shares or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any common shares or any security convertible into or exercisable or exchangeable for common shares.

The restrictions described in the immediately preceding paragraph do not apply to:

the sale of common shares to the underwriters;

the issuance by us of common shares upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus supplement and described in this prospectus supplement (or any of the documents incorporated by reference);

the issuance by us of common shares pursuant to any employee benefit plan effective as of the date hereof and described or incorporated by reference into this prospectus supplement (or any of the documents incorporated herein by reference);

transactions by any person other than us relating to common shares or other securities acquired in open market transactions after the completion of the offering of the shares; provided that no filing under Section 16(a) of the Exchange Act is required or voluntarily made in connection with subsequent sales of the common shares or other securities acquired in such open market transactions;

transfers of common shares or any security convertible into common shares as a bona fide gift;

distributions of common shares or any security convertible into common shares to limited partners or shareholders; or

the establishment by any person other than us of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of common shares, provided that (i) such plan does not provide for the transfer of common shares during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common shares may be made under such plan during the restricted period.

Morgan Stanley & Co. LLC and Raymond James & Associates, Inc., in their sole discretion, may release the common shares and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale

S-24

## **Table of Contents**

is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option. The underwriters can close out a covered short sale by exercising the option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option. The underwriters may also sell shares in excess of the option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, common shares in the open market to stabilize the price of the common shares. These activities may raise or maintain the market price of the common shares above independent market levels or prevent or retard a decline in the market price of the common shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus supplement in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representative may agree to allocate a number of common shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

## **Selling Restrictions**

### ***Canada***

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

S-25

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**Table of Contents**

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the common shares described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any of our common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any of our common shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of our common shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any of our common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any of our common shares to be offered so as to enable an investor to decide to purchase any of our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

***Japan***

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the FIEL) has been made or will be made with respect to the solicitation of the application for the acquisition of common shares.

Accordingly, common shares have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means

any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and the other applicable laws, regulations and ministerial guidelines of Japan.

S-26

**Table of Contents**

***United Kingdom***

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ( FSMA )) received by it in connection with the issue or sale of our common shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and
  
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our common shares in, from or otherwise involving the United Kingdom.

S-27



**Table of Contents**

**LEGAL MATTERS**

Certain legal matters will be passed upon for us by Jones Day and with regard to matters of North Carolina law by Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P. Certain federal tax matters will be passed upon for us by Vinson & Elkins LLP. Certain legal matters will be passed upon for the underwriters by King & Spalding LLP.

**EXPERTS**

The consolidated financial statements of Rayonier Inc. appearing in Rayonier Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2016, including the schedule appearing therein, and the effectiveness of Rayonier Inc.'s internal control over financial reporting as of December 31, 2016 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

We furnish and file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we have filed at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. Our filings are available to the public at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, our filings are available to the public on our corporate website at <http://www.rayonier.com>. The information contained on our website, other than the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, is not part of or incorporated by reference into this prospectus supplement and the accompanying prospectus.

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supersede this information. Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in or omitted from this prospectus supplement and the accompanying prospectus, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement and the accompanying prospectus. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until this offering is completed (other than, in each case any documents or information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K unless we specifically state in such Current Report that such documents or information are to be considered filed under the Exchange Act):

our Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 24, 2017;

S-28

**Table of Contents**

the portions of our Proxy Statement for our 2016 annual meeting of shareholders incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2016, which proxy statement was filed on April 8, 2016; and

our Current Reports on Form 8-K filed on May 23, 2016, November 1, 2016 and March 16, 2017.  
You may request a copy of these filings free of charge by writing or telephoning us at:

Investor Relations Department

Rayonier Inc.

225 Water Street, Suite 1400

Jacksonville, Florida 32202

(904) 357-9100

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933 covering the common shares to be offered and sold by this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus do not contain all of the information included in the registration statement, some of which is contained in exhibits to the registration statement. The registration statement, including the exhibits, can be read at the SEC website or at the SEC offices referred to above. Any statement made in this prospectus supplement and the accompanying prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed any contract, document, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

S-29

**Table of Contents**

**PROSPECTUS**

**RAYONIER INC.**

**DEBT SECURITIES**

**GUARANTEES**

**COMMON SHARES**

**PREFERRED SHARES**

**WARRANTS**

**RAYONIER OPERATING COMPANY LLC**

**DEBT SECURITIES**

**GUARANTEES**

**WARRANTS**

**RAYONIER TRS HOLDINGS INC.**

**DEBT SECURITIES**

**GUARANTEES**

**WARRANTS**

By this prospectus, Rayonier Inc. may offer its debt securities, guarantees, common shares, preferred shares and warrants and each of Rayonier Operating Company LLC and Rayonier TRS Holdings Inc. may offer their debt securities and warrants. Additionally, any or all of the direct or indirect subsidiaries of Rayonier Inc. named herein, including Rayonier Operating Company LLC and Rayonier TRS Holdings Inc., may guarantee any debt securities offered by Rayonier Inc., Rayonier Operating Company LLC or Rayonier TRS Holdings Inc. When referenced in their capacity as guarantors, we refer to Rayonier Inc. and each of its direct and indirect subsidiaries herein as guarantors.

This prospectus describes the general terms of these securities and the general manner in which we will offer the securities. The specific terms of any securities we offer will be included in a supplement to this prospectus. The prospectus supplement will also describe the specific manner in which we will offer the securities.

Rayonier Inc.'s common shares are listed on the New York Stock Exchange under the symbol RYN.

INVESTING IN ANY OF THE SECURITIES INVOLVES RISK. YOU SHOULD CAREFULLY CONSIDER EACH OF THE FACTORS DESCRIBED UNDER RISK FACTORS ON PAGE 5 OF THIS PROSPECTUS, AS

WELL AS THE RISKS CONTAINED OR DESCRIBED IN THE APPLICABLE PROSPECTUS SUPPLEMENT AND THE DOCUMENTS INCORPORATED HEREIN OR THEREIN BY REFERENCE BEFORE YOU MAKE AN INVESTMENT IN ANY OF THE SECURITIES.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is April 30, 2015.

Table of Contents

TABLE OF CONTENTS

	<b>Page</b>
<u>ABOUT THIS PROSPECTUS</u>	3
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	3
<u>FORWARD-LOOKING INFORMATION</u>	4
<u>THE COMPANY</u>	5
<u>RISK FACTORS</u>	5
<u>USE OF PROCEEDS</u>	6
<u>RATIOS OF EARNINGS TO FIXED CHARGES</u>	6
<u>DESCRIPTION OF DEBT SECURITIES</u>	6
<u>Debt Securities May Be Senior or Subordinated</u>	6
<u>The Senior Debt Indenture and the Subordinated Debt Indenture of Rayonier</u>	7
<u>The Senior Debt Indenture and the Subordinated Debt Indenture of Rayonier Operating Company</u>	7
<u>The Senior Debt Indenture and the Subordinated Debt Indenture of TRS Holdings</u>	8
<u>We May Issue Many Series of Debt Securities</u>	8
<u>Amounts That We May Issue</u>	8
<u>Principal Amount, Stated Maturity and Maturity</u>	8
<u>Original Issue Discount Debt Securities</u>	9
<u>Information in the Prospectus Supplement</u>	9
<u>Redemption and Repayment</u>	10
<u>Subordination Provisions</u>	11
<u>Covenants</u>	12
<u>Events of Default, Remedies and Notice</u>	13
<u>Amendments and Waivers</u>	15
<u>Defeasance and Discharge</u>	16
<u>Book Entry, Delivery and Form</u>	
<u>The Trustee</u>	18
<u>Governing Law</u>	19
<u>DESCRIPTION OF GUARANTEES</u>	19
<u>DESCRIPTION OF CAPITAL STOCK</u>	20
<u>Common Shares</u>	20
<u>Preferred Shares</u>	21
<u>Anti-Takeover Provisions</u>	21
<u>Limitation of Liability of Officers and Directors</u>	22
<u>Transfer Agent and Registrar</u>	22
<u>DESCRIPTION OF WARRANTS</u>	23
<u>Debt Warrants</u>	23
<u>Stock Warrants</u>	24
<u>CERTAIN FEDERAL INCOME TAX CONSEQUENCES</u>	24

**Table of Contents**

<u>Taxation of Rayonier</u>	25
<u>PLAN OF DISTRIBUTION</u>	30
<u>LEGAL MATTERS</u>	32
<u>EXPERTS</u>	32

## **Table of Contents**

*Unless otherwise indicated or unless the context requires otherwise, as used in this prospectus and in any accompanying prospectus supplement, references to we, us, our, the company and other similar references are to Rayonier Inc. and all of its subsidiaries (including each of the guarantors) on a consolidated basis. References to Rayonier are to Rayonier Inc., references to Rayonier Operating Company are to Rayonier Operating Company LLC, and references to TRS Holdings are to Rayonier TRS Holdings Inc.*

## **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this shelf registration process, Rayonier Inc., Rayonier Operating Company LLC and Rayonier TRS Holdings Inc. may from time to time sell any combination of the securities described in this prospectus in one or more offerings, and any such securities which are debt securities may be guaranteed by one or more guarantors.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering and the securities. The prospectus supplement may also add, update or change information contained in this prospectus. Any statement that we make in this prospectus will be modified or superseded by any inconsistent statement made by us in a prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information** below.

## **WHERE YOU CAN FIND MORE INFORMATION**

Rayonier files annual, quarterly and other reports, proxy statements and other information with the SEC. Our SEC filings are available to the public via the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy at prescribed rates any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the SEC's public reference room in Washington, D.C. by calling the SEC at 1-800-SEC-0330. You can also obtain information about Rayonier at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Rayonier Operating Company and TRS Holdings do not currently file separate reports, proxy statements or other information with the SEC under the Securities Exchange Act of 1934, as amended, or the Exchange Act, although one or more of these companies may elect or may be required to do so in the future. You are encouraged to visit the SEC's web site to view any future SEC filings that these companies might make.

As permitted by SEC rules, this prospectus does not contain all of the information we have included in the registration statement that we filed with the SEC. You may refer to the registration statement for more information about us and the securities that we may offer. The registration statement is available through the SEC's website or at its public reference room.

The SEC allows us to incorporate by reference the information we file, which means that we can disclose important information to you without actually including the specific information in this prospectus by referring you to other documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make (other than information in such documents that is deemed not to be filed) with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, until we terminate this offering:



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Our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Our Registration Statement on Form 8-A/A filed on February 4, 1994 and any amendment or report filed for the purpose of updating such description.

We make available free of charge on or through our Internet website, [www.rayonier.com](http://www.rayonier.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to those reports and statements filed or furnished pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Any other documents available on our website are not incorporated by reference into this prospectus.

**Table of Contents**

Alternatively, you may request a copy of these filings at no cost by writing or telephoning us at the following address or telephone number:

Investor Relations Department

Rayonier Inc.

225 Water Street, Suite 1400

Jacksonville, Florida 32202

(904) 357-9100

You should rely only on the information contained or incorporated by reference in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with additional or different information. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference is accurate as of any date other than the date of those documents. We will disclose any material changes in our affairs in an amendment to this prospectus, a prospectus supplement or a future filing with the SEC incorporated by reference in this prospectus.

**FORWARD-LOOKING INFORMATION**

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. Some of the information included in this prospectus, any prospectus supplement and the documents we incorporate by reference regarding anticipated financial outcomes, including earnings guidance, if any, business and market conditions, outlook, expected dividend rate, business strategy, including expected harvest schedules, timberland acquisitions and sales of non-strategic timberlands, and other similar statements relating to our 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 anticipate, believe, estimate, expect, intend, may, project, should, similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking.

Our forward-looking statements are based on management's current expectations and assumptions regarding our business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances. 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, together with those identified in the Risk Factors section of any prospectus supplement or the documents we incorporate by reference, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this prospectus, any prospectus supplement and the documents we incorporate by reference: the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events, including political changes in particular regions or countries; fluctuations in demand for our products in Asia, and especially

China; various lawsuits relating to matters arising out of our previously announced internal review and the restatement of our consolidated financial statements; the uncertainties of potential impacts of climate-related initiatives; the cost and availability of third party logging and trucking services; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations regarding timber harvesting, delineation of wetlands, and endangered species that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; changes in key management and personnel; our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust, or REIT, and changes in tax laws that could adversely affect tax treatment of our specific businesses or reduce the benefits associated with REIT status.

Specifically with respect to our real estate business, the following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this prospectus, any

## **Table of Contents**

prospectus supplement or any document that we incorporate by reference: 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.

The above description of risks and uncertainties is not all-inclusive but is designed to highlight what we believe are important factors to consider. For additional factors that could impact future results, please see Risk Factors herein and similar discussions in our other SEC filings, including, without limitation, our annual Report on Form 10-K for the year ended December 31, 2014 and subsequent reports we file with the SEC.

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

All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

## **THE COMPANY**

We are a leading timberland REIT with assets located in some of the most productive timber growing regions in the U.S. and New Zealand. The focus of our business is to invest in timberlands and to actively manage such assets to provide current income and attractive long-term returns to our shareholders. As of December 31, 2014, we owned, leased or managed approximately 2.7 million acres of timberlands located in the U.S. South (1.9 million acres), U.S. Pacific Northwest (372,000 acres) and New Zealand (451,000 gross acres, or 309,000 net plantable acres). In addition, we engage in the trading of logs from New Zealand and Australia to Pacific Rim markets, primarily to support our New Zealand export operations. We have an added focus to optimize the value of our land portfolio by pursuing higher and better use, or HBU, land sales opportunities.

On June 27, 2014, Rayonier completed the tax-free spin-off of its performance fibers manufacturing business from its timberland and real estate operations, thereby becoming a pure-play timberland REIT. As a REIT, we are generally not required to pay U.S. federal income taxes on our earnings from timber harvest operations and other REIT-qualifying activities, contingent upon meeting applicable distribution, income, asset, shareholder and other tests.

Our U.S. timber operations are primarily conducted by our wholly-owned REIT subsidiaries. Our non-REIT qualifying operations, which are subject to corporate-level tax, include our trading businesses, as well as the sale and entitlement of HBU properties.

Our shares are publicly traded on the NYSE under the symbol RYN. We are a North Carolina corporation with executive offices located at 225 Water Street, Suite 1400, Jacksonville, Florida 32202. Our telephone number is (904) 357-9100. Our website address is [www.rayonier.com](http://www.rayonier.com). The information contained on our website is not part of this prospectus unless it is otherwise filed with the SEC.

## **RISK FACTORS**

Our operations are subject to a number of risks. When considering an investment in our securities, you should carefully read and consider the risk factors included in our most recent annual report on Form 10-K as supplemented by our quarterly reports on Form 10-Q, each of which is incorporated herein by reference, and those risk factors that may be included in the applicable

**Table of Contents**

prospectus supplement, together with all of the other information presented in this prospectus, any prospectus supplement and the documents we incorporate by reference. If any of the events described in those risk factors actually occurs, our business, financial condition or operating results, as well as the market price of our securities, could be materially adversely affected.

**USE OF PROCEEDS**

Unless otherwise provided in a prospectus supplement, we intend to use the net proceeds from the sale of any securities offered by this prospectus and any prospectus supplement for our general corporate purposes, which may include repayment of indebtedness, the financing of capital expenditures, future acquisitions, share repurchases and additions to our working capital.

**RATIOS OF EARNINGS TO FIXED CHARGES**

Our ratios of earnings to fixed charges for the periods indicated are as follows:

	<b>Year Ended December 31,</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Ratio of earnings as adjusted to total fixed charges(1)	2.01x	2.69x	0.76x(2)	1.22x	1.15x

We computed the ratios of earnings to fixed charges by dividing earnings by fixed charges. For this purpose, earnings consist of income from continuing operations before income taxes, plus (1) fixed charges, and (2) amortization of capitalized interest, less capitalized interest. Fixed charges consist of interest expensed and capitalized and interest attributable to operating leases.

(1) The amount of the deficiency in 2012 was \$10,286,000.

**DESCRIPTION OF DEBT SECURITIES**

*The following description of the terms of the debt securities sets forth certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of any debt securities and the extent, if any, to which such general provisions will not apply to such debt securities will be described in the prospectus supplement relating to such debt securities.*

*The debt securities will be issued from time to time in series under a senior debt indenture or a subordinated debt indenture with a trustee. The statements set forth below are brief summaries of certain provisions contained in the indentures, which summaries do not purport to be complete and are qualified in their entirety by reference to the indentures, forms of which are exhibits to the registration statement of which this prospectus is a part. Terms used herein that are otherwise not defined shall have the meanings given to them in the indentures. Such defined terms are incorporated herein by reference.*

*In this section references to the issuer, we, our and us refer either to Rayonier, Rayonier Operating Company or TR Holdings, as the case may be, as the issuer of the applicable series of debt securities and not to any subsidiaries unless the context requires otherwise. Also, in this section, references to holders mean those who own debt securities*

*registered in their own names on the books that we or the trustee maintain for this purpose and not those who own beneficial interests in debt securities registered in street name or in debt securities issued in book-entry form through one or more depositaries. Owners of beneficial interests in the debt securities should read the section below entitled Book-Entry, Delivery and Form.*

**Debt Securities May Be Senior or Subordinated**

Rayonier, Rayonier Operating Company and TRS Holdings may issue senior or subordinated debt securities. Neither the senior debt securities nor the subordinated debt securities will be secured by any property or assets of Rayonier, Rayonier Operating Company, TRS Holdings or any of their respective subsidiaries. Thus, by owning a debt security, you are an unsecured creditor of Rayonier, Rayonier Operating Company or TRS Holdings, as the case may be.

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**Table of Contents**

No principal, shareholder, member, officer, director, trustee or employee of Rayonier, Rayonier Operating Company or TRS Holdings will have any obligation for payment of debt securities or for any of each others obligations, covenants or agreements contained in the debt securities or applicable indenture. By accepting the debt securities, you waive and release all liability of this kind. This waiver and release are part of the consideration for the issuance of debt securities and will not apply to the liability of Rayonier, Rayonier Operating Company or TRS Holdings solely in its capacity of guarantor of any series of debt securities to the extent of any such guarantee.

Any senior debt securities of Rayonier, Rayonier Operating Company and TRS Holdings will be issued under the applicable senior debt indenture, as described below, and will rank equally with all of the issuer's other senior unsecured and unsubordinated debt.

The subordinated debt securities of Rayonier, Rayonier Operating Company and TRS Holdings will be issued under the applicable subordinated debt indenture, as described below, and will be subordinate in right of payment to all of the issuer's senior indebtedness, as defined in the applicable subordinated debt indenture. The prospectus supplement for any series of subordinated debt securities or the information incorporated in this prospectus by reference will indicate the approximate amount of senior indebtedness outstanding as of the end of the most recent fiscal quarter. As of December 31, 2014, \$539.5 million aggregate principal amount of Rayonier's and its subsidiaries total indebtedness constituted senior indebtedness. None of the indentures limit the issuer's ability to incur additional senior indebtedness, unless otherwise described in the prospectus supplement relating to any series of debt securities.

When we refer to senior debt securities in this prospectus, we mean the senior debt securities of Rayonier, Rayonier Operating Company or TRS Holdings, unless the context requires otherwise. When we refer to subordinated debt securities in this prospectus, we mean the subordinated debt securities of Rayonier, Rayonier Operating Company or TRS Holdings, unless the context requires otherwise. When we refer to debt securities in this prospectus, we mean both the senior debt securities and the subordinated debt securities, unless the context requires otherwise.

**The Senior Debt Indenture and the Subordinated Debt Indenture of Rayonier**

The senior debt securities and the subordinated debt securities of Rayonier will each be governed by a document called an indenture the senior debt indenture, in the case of the senior debt securities, and the subordinated debt indenture, in the case of the subordinated debt securities. Each indenture will be a contract between Rayonier, as the issuer of the debt securities, the applicable guarantors of the debt securities, if any, and the trustee named in the indenture. The forms of indentures governing the debt securities of Rayonier are substantially identical, except for the provisions relating to subordination, which are included only in the subordinated debt indenture.

Any or all of the guarantors, including Rayonier Operating Company and TRS Holdings may, under each of Rayonier's indentures, guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of principal of, and interest on, one or more series of debt securities of Rayonier. See Description of Guarantees below for more information. If such debt securities are so guaranteed, the existence and terms of such guarantee will be set forth in the prospectus supplement for such debt securities.

The trustee under an indenture has two main roles:

First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, which we describe later under Events of Default, Remedies and Notice.



Second, the trustee performs administrative duties for us, such as sending interest payments and notices. When we refer to the indenture, the guarantor or the trustee with respect to any debt securities of Rayonier, we mean the indenture under which those debt securities are issued, the guarantor of those debt securities, if applicable, and the trustee under that indenture.

**The Senior Debt Indenture and the Subordinated Debt Indenture of Rayonier Operating Company**

The senior debt securities and the subordinated debt securities of Rayonier Operating Company will each be governed by a senior debt indenture, in the case of the senior debt securities, and a subordinated debt indenture, in the case of the subordinated debt securities. Each indenture will be a contract between Rayonier Operating Company, as the issuer of the debt securities, the

## **Table of Contents**

applicable guarantors of the debt securities, if any, and the trustee named in the indenture. The forms of indentures governing the debt securities of Rayonier Operating Company are substantially identical, except for the provisions relating to subordination, which are included only in the subordinated debt indenture.

Any or all of the guarantors, including Rayonier and TRS Holdings may, under each indenture, guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of principal of, and interest on, one or more series of debt securities of Rayonier Operating Company. See [Description of Guarantees](#) below for more information. If such debt securities are so guaranteed, the existence and terms of such guarantee will be set forth in the prospectus supplement for such debt securities.

When we refer to the indenture, the guarantor or the trustee with respect to any debt securities of Rayonier Operating Company, we mean the indenture under which those debt securities are issued, the guarantor of those debt securities, if applicable, and the trustee under that indenture.

### **The Senior Debt Indenture and the Subordinated Debt Indenture of TRS Holdings**

The senior debt securities and the subordinated debt securities of TRS Holdings will each be governed by a senior debt indenture, in the case of the senior debt securities, and a subordinated debt indenture, in the case of the subordinated debt securities. Each indenture will be a contract between TRS Holdings, as the issuer of the debt securities, the applicable guarantors of the debt securities, if any, and the trustee named in the indenture. The forms of indentures governing the debt securities of TRS Holdings are substantially identical, except for the provisions relating to subordination, which are included only in the subordinated debt indenture.

Any or all of the guarantors, including Rayonier and Rayonier Operating Company may, under each indenture, guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of principal of, and interest on, one or more series or debt securities of TRS Holdings. See [Description of Guarantees](#) below for more information. If such debt securities are so guaranteed, the existence and terms of such guarantee will be set forth in the prospectus supplement for such debt securities.

When we refer to the indenture, the guarantor or the trustee with respect to any debt securities of TRS Holdings, we mean the indenture under which those debt securities are issued, the guarantor of those debt securities, if applicable, and the trustee under that indenture.

### **We May Issue Many Series of Debt Securities**

We may issue as many distinct series of debt securities under a debt indenture as we wish. When we refer to a series of debt securities, we mean a series issued under the applicable indenture. This section of the prospectus summarizes terms of the securities that apply generally to all series. The provisions of each indenture allow us not only to issue debt securities with terms different from those of debt securities previously issued under that indenture but also to [reopen](#) a previous issue of a series of debt securities and issue additional debt securities of that series. We will describe most of the financial and other specific terms of a series, including any additional terms of any guarantee, if applicable, whether it be a series of the senior debt securities or subordinated debt securities, in the prospectus supplement accompanying this prospectus. Those terms may vary from the terms described here.

### **Amounts That We May Issue**

None of the indentures will limit the aggregate amount of debt securities that we may issue or the number of series or the aggregate amount of any particular series. In addition, the indentures and the debt securities will not limit

Rayonier s, Rayonier Operating Company s or TRS Holdings ability to incur other indebtedness or to issue other securities, unless otherwise described in the prospectus supplement relating to any series of debt securities. Also, none of Rayonier, Rayonier Operating Company or TRS Holdings is subject to financial or similar restrictions by the terms of the debt securities, unless otherwise described in the prospectus supplement relating to any series of debt securities.

**Principal Amount, Stated Maturity and Maturity**

The principal amount of a debt security means the principal amount payable at its stated maturity, unless that amount is not determinable, in which case the principal amount of a debt security is its face amount. Any debt securities owned by us or any of our affiliates are not deemed to be outstanding for certain determinations under the indenture.

## **Table of Contents**

The term **stated maturity** with respect to any debt security means the day on which the principal amount of the debt security is scheduled to become due and payable. The principal may become due and payable sooner, by reason of redemption or acceleration after a default or otherwise in accordance with the terms of the debt security. The day on which the principal actually becomes due, whether at the stated maturity or earlier, is called the **maturity** of the principal.

We also use the terms **stated maturity** and **maturity** to refer to the days when other payments become due. For example, we refer to a regular interest payment date when an installment of interest is scheduled to become due as the **stated maturity** of that installment.

When we refer to the **stated maturity** or the **maturity** of a debt security without specifying a particular payment, we mean the stated maturity or maturity, as the case may be, of the principal.

## **Original Issue Discount Debt Securities**

A fixed rate debt security, a floating rate debt security or an indexed debt security may be an original issue discount debt security. A debt security of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount debt security may be a zero coupon debt security. A debt security issued at a discount to its principal amount may, for U.S. federal income tax purposes, be considered an original issue discount debt security, regardless of the amount payable upon redemption or acceleration of maturity. The U.S. federal income tax consequences of owning an original issue discount debt security may be described in the applicable prospectus supplement.

## **Information in the Prospectus Supplement**

A prospectus supplement will describe the specific terms of a particular series of debt securities, which will include some or all of the following:

whether the issuer of the debt securities is Rayonier, Rayonier Operating Company, or TRS Holdings;

whether they will be guaranteed by any of the guarantors;

the form and title of the debt securities;

whether they are senior debt securities or subordinated debt securities and, if they are subordinated debt securities, any changes in the subordination provisions described in this prospectus applicable to those subordinated debt securities;

the total principal amount of the debt securities;

the date or dates on which the debt securities may be issued;

the dates on which the principal and premium, if any, of the debt securities will be payable;

the interest rate which the debt securities will bear, or the method of determining such rate, and the interest payment dates for the debt securities;

any right we may have to defer payments of interest by extending the dates payments are due and whether interest on these deferred amounts will be payable;

the price at which we originally issue the debt securities, expressed as a percentage of the principal amount, and the original issue date;

any optional redemption provisions;

any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;

**Table of Contents**

the currency and denominations in which the debt securities will be issuable, if other than a currency and denominations of US\$1,000 and any integral multiple of US\$1,000;

any changes to or additional Events of Default (as described below in Events of Defaults, Remedies and Notices ) or covenants;

the terms, if any, upon which the debt securities may be convertible into or exchanged for stock, other debt securities or other securities;

any additional covenants (see Other Covenants below); and

any other terms of the debt securities or any applicable guarantee.

**Redemption and Repayment**

Unless otherwise indicated in the applicable prospectus supplement, a debt security will not be entitled to the benefit of any sinking fund that is, we will not deposit money on a regular basis into any separate custodial account to repay the debt securities. In addition, we will not be entitled to redeem a debt security before its stated maturity unless the prospectus supplement specifies a redemption commencement date. You will not be entitled to require us to buy a debt security from you before its stated maturity unless your prospectus supplement specifies one or more repayment dates.

If your applicable prospectus supplement specifies a redemption commencement date or a repayment date, it will also specify one or more redemption prices or repayment prices, which may be expressed as a percentage of the principal amount of the debt security. It may also specify one or more redemption periods during which the redemption prices relating to a redemption of debt securities during those periods will apply.

If we redeem less than all the debt securities of any series, we will, at least 30 and not more than 60 days before the redemption date set by us or any shorter period that is satisfactory to the trustee, notify the holders of the redemption date, of the principal amount of debt securities to be redeemed and, if applicable, of the term of the debt securities to be redeemed. The trustee will select from the outstanding securities of the series the particular debt securities to be redeemed. This procedure will not apply to any redemption of a single debt security.

If your prospectus supplement specifies a redemption commencement date, the debt security will be redeemable at our option at any time on or after that date or at a specified time or times. If we redeem the debt security, we will do so at the specified redemption price, together with interest accrued to the redemption date. If different prices are specified for different redemption periods, the price we pay will be the price that applies to the redemption period during which the debt security is redeemed.

If your prospectus supplement specifies a repayment date, the debt security will be repayable at the holder's option on the specified repayment date at the specified repayment price, together with interest accrued to the repayment date.

If we exercise an option to redeem any debt security, we will give to the holder written notice of the principal amount of the debt security to be redeemed not less than 30 days nor more than 60 days before the applicable redemption date. We will give the notice in the manner described below in Events of Default, Remedies and Notices.

If a debt security represented by a global debt security is subject to repayment at the holder's option, the depository or its nominee, as the holder, will be the only person that can exercise the right to repayment. Any indirect owners who own beneficial interests in the global debt security and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers through which they hold their interests, requesting that they notify the depository to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers, and you should take care to act promptly enough to ensure that your request is given effect by the depository before the applicable deadline for exercise. Street name and other indirect owners should contact their banks or brokers for information about how to exercise a repayment right in a timely manner.

## **Table of Contents**

We or our affiliates may purchase debt securities from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Debt securities that we or they purchase may, at our discretion, be held, resold or canceled.

### **Subordination Provisions**

Holders of subordinated debt securities should recognize that contractual provisions in the subordinated debt indenture may prohibit the issuer of the subordinated debt securities from making payments on those securities. Subordinated debt securities are subordinate and junior in right of payment, to the extent and in the manner stated in the subordinated debt indenture or in the provisions of the applicable debt securities, to all of the issuer's senior debt, as defined in the subordinated debt indenture, including all debt securities the issuer has issued and will issue under the senior debt indenture.

The subordinated debt indenture defines "senior indebtedness" as the principal of and premium, if any, and interest on all indebtedness of the issuer, other than the subordinated debt securities, whether outstanding on the date of the indenture or thereafter created, incurred or assumed, which is (a) for money borrowed, (b) evidenced by a note or similar instrument given in connection with the acquisition of any businesses, properties or assets of any kind or (c) obligations of the issuer as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles or leases of property or assets made as part of any sale and lease-back transaction to which the issuer is a party. For the purpose of this definition, "interest" includes interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the issuer, to the extent that the claim for post-petition interest is allowed in the proceeding. Also for the purpose of this definition, "indebtedness of the issuer" includes indebtedness of others guaranteed by the issuer and amendments, renewals, extensions, modifications and refundings of any indebtedness or obligation of the kinds described in the first sentence of this paragraph. However, "indebtedness of the issuer" for the purpose of this definition does not include any indebtedness or obligation if the instrument creating or evidencing the indebtedness or obligation, or under which the indebtedness or obligation is outstanding, provides that the indebtedness or obligation is not superior in right of payment to the subordinated debt securities.

The subordinated debt indenture provides that, unless all principal of and any premium or interest on the senior debt has been paid in full, no payment or other distribution may be made in respect of any subordinated debt securities in the following circumstances:

in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceeding involving the issuer or its assets;

in the event of any liquidation, dissolution or other winding up of the issuer, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy;

in the event of any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the issuer;



if any subordinated debt securities of issuer have been declared due and payable before their stated maturity;  
or

(a) in the event and during the continuation of any default in the payment of principal, premium or interest on any senior debt beyond any applicable grace period or if any event of default with respect to any senior debt of the issuer has occurred and is continuing, permitting the holders of that senior debt of the issuer or a trustee to accelerate the maturity of that senior debt, unless the event of default has been cured or waived or ceased to exist and any related acceleration has been rescinded, or (b) if any judicial proceeding is pending with respect to a payment default or an event of default described in (a).

If the trustee under the subordinated debt indenture or any holders of the subordinated debt securities receive any payment or distribution that they know is prohibited under the subordination provisions, then the trustee or the holders will have to repay that money to the holders of the senior debt.

Even if the subordination provisions prevent us from making any payment when due on the subordinated debt securities of any series, we will be in default on our obligations under that series if we do not make the payment when due. This means that

## **Table of Contents**

the trustee under the subordinated debt indenture and the holders of that series can take action against us, but they will not receive any money until the claims of the holders of senior debt have been fully satisfied.

## **Covenants**

The following covenants apply to Rayonier, Rayonier Operating Company or TRS Holdings, as applicable, with respect to the debt securities of each series it issues unless otherwise specified in the applicable prospectus supplement.

### ***Consolidation, Merger, Sale or Conveyance of Assets***

Each of Rayonier, Rayonier Operating Company and TRS Holdings is generally permitted to merge or consolidate with another entity. Each of Rayonier, Rayonier Operating Company and TRS Holdings is also permitted to sell substantially all of its assets to another entity. With regard to any series of debt securities, however, unless otherwise indicated in the applicable prospectus supplement, the issuer of the debt securities, whether Rayonier, Rayonier Operating Company or TRS Holdings, as the case may be, may not take any of these actions unless all the following conditions are met:

If the successor entity in the transaction is not the issuer, the successor entity must be a corporation, partnership, trust or limited liability company organized under the laws of the United States, any state in the United States or the District of Columbia and must expressly assume the obligations of the issuer under the debt securities of that series and the indenture with respect to that series.

Immediately after giving effect to the transaction, no default under the debt securities of that series has occurred and is continuing. For this purpose, default under the debt securities of that series means an event of default with respect to that series or any event that would be an event of default with respect to that series if the requirements for giving us a default notice and for our default having to continue for a specific period of time were disregarded. We describe these matters below under Events of Default, Remedies and Notice.

If the successor entity in the transaction is not the issuer, each guarantor, unless it has become the successor entity, shall confirm that its guarantee shall continue to apply to the debt securities of that series.

The issuer and the guarantor, if applicable, have delivered to the trustee an officers certificate and opinion of counsel, each stating that the transaction complies in all respects with the indenture.

Notwithstanding the foregoing, this covenant shall not prohibit a merger or consolidation with, or transfer of all or substantially all assets to, an entity which at the time of such merger, consolidation or transfer is wholly owned.

If the conditions described above are satisfied with respect to the debt securities of any series, Rayonier, Rayonier Operating Company or TRS Holdings, as the case may be, as issuer of those debt securities, will not need to obtain the approval of the holders of those debt securities in order to merge or consolidate or to sell its assets. Also, these conditions will apply only if the issuer of those debt securities wishes to merge or consolidate with another entity or sell its assets substantially as an entirety to another entity. The issuer of those debt securities will not need to satisfy these conditions if it enters into other types of transactions, including any transaction in which the issuer acquires the

stock or assets of another entity, any transaction that involves a change of control of the issuer but in which the issuer does not merge or consolidate and any transaction in which the issuer sells less than substantially all of its assets.

Any limitation applicable to the ability of any of the guarantors, including Rayonier, Rayonier Operating Company or TRS Holdings, as the case may be, in its capacity as guarantor of debt securities of any series of Rayonier, Rayonier Operating Company or TRS Holdings to participate in any of the actions described above will be set forth in the supplemental indenture for such series of debt securities.

### ***Reports***

So long as any debt securities are outstanding, Rayonier, Rayonier Operating Company or TRS Holdings, as the issuer of such debt securities, as applicable, will file with the trustee, within 15 days after they are required to be filed with the SEC, copies of the annual reports and of the information, documents and other reports which Rayonier, such issuer or any guarantor of such debt securities is required to file with the SEC pursuant to the Exchange Act.

## **Table of Contents**

### ***Other Covenants***

A series of debt securities may contain additional financial and other covenants applicable to us and our subsidiaries. The applicable prospectus supplement will contain a description of any such covenants that are added to the indenture specifically for the benefit of holders of a particular series of debt securities.

### **Events of Default, Remedies and Notice**

#### ***Events of Default***

Unless otherwise indicated in an accompanying prospectus supplement, each of the following events will be an Event of Default under the indenture with respect to a series of debt securities:

default in any payment of interest on any debt securities of that series when due that continues for 30 days;

default in the payment of principal of or premium, if any, on any debt securities of that series when due at its stated maturity, upon redemption, upon required repurchase or otherwise;

default in the payment of any sinking fund payment, if any, on any debt securities of that series when due;

failure to comply for 60 days (or 180 days in the case of a Reporting Failure as defined below) after notice with the other agreements contained in the indenture, any supplement to the indenture or any board resolution authorizing the issuance of that series;

our bankruptcy, insolvency or reorganization; or

if any series of debt securities is entitled to the benefits of a guarantee by any of the guarantors, the guarantee by any of the guarantors ceases to be in full force and effect with respect to debt securities of that series (except as otherwise provided by the indenture) or is declared null and void in a judicial proceeding, or any of the guarantors denies or disaffirms its obligations under the indenture or the guarantee.

Reporting Failure means Rayonier's failure to file with the trustee, within 15 days after Rayonier is required to file the same with the SEC within the time periods specified in the Exchange Act or in the relevant forms thereunder (after giving effect to any grace period specified under Rule 12b-25 under the Exchange Act), the annual reports, information, documents or other reports which Rayonier may be required to file with the SEC pursuant to Sections 13 or 15(d) of the Exchange Act.

#### ***Exercise of Remedies***

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities that may be outstanding under the indenture. If an Event of Default occurs with respect to a series of debt securities, other than an Event of Default described in the fifth bullet point above, and is continuing,

the trustee or the holders of at least 25% in principal amount of the outstanding debt securities of that series may declare the entire principal of, premium, if any, and accrued and unpaid interest, if any, on all the debt securities of that series to be due and payable immediately. If an Event of Default described in the fifth bullet point above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all outstanding debt securities of all series will become immediately due and payable without any declaration of acceleration or other act on the part of the trustee or any holders.

A default under the fourth bullet point above will not constitute an Event of Default with respect to a series of debt securities until the trustee or the holders of 25% in principal amount of the outstanding debt securities of that series notify us of the default and such default is not cured within 60 days (or 180 days in the case of a Reporting Failure) after receipt of notice.

The holders of a majority in principal amount of the outstanding debt securities of a series may rescind any declaration of acceleration by the trustee or the holders with respect to the debt securities of that series, but only if:

rescinding the declaration of acceleration would not conflict with any judgment or decree of a court of competent jurisdiction; and

**Table of Contents**

all existing Events of Default with respect to that series have been cured or waived, other than the nonpayment of principal, premium or interest on the debt securities of that series that have become due solely by the declaration of acceleration.

The trustee will be under no obligation, except as otherwise provided in the indenture, to exercise any of the rights or powers under the indenture at the request or direction of any of the holders unless such holders have offered to the trustee reasonable indemnity or security against any costs, liability or expense that may be incurred in exercising such rights or powers. No holder of debt securities of any series may pursue any remedy with respect to the indenture or the debt securities of that series, unless:

such holder has previously given the trustee notice that an Event of Default with respect to that series is continuing;

holders of at least 25% in principal amount of the outstanding debt securities of that series have requested the trustee to pursue the remedy;

such holders have offered the trustee reasonable indemnity or security against any cost, liability or expense to be incurred in pursuit of the remedy;

the trustee has not complied with such request within 60 days after the receipt of the request and the offer of indemnity or security;

the holders of a majority in principal amount of the outstanding debt securities of that series have not given the trustee a direction that is inconsistent with such request within such 60-day period; and

this provision does not, however, affect the right of a holder to sue for enforcement of any overdue payment respecting its own debt securities.

The holders of a majority in principal amount of the outstanding debt securities of each series have the right, subject to certain restrictions, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or of exercising any right or power conferred on the trustee with respect to that series of debt securities. The trustee, however, may refuse to follow any direction that:

may not lawfully be taken;

is inconsistent with any provision of the indenture;

the trustee determines would involve the trustee in personal liability; or

the trustee determines is unduly prejudicial to the rights of any holder of such debt securities not taking part in such direction.

**Table of Contents**

***Notice of Events of Default***

We are required to deliver to the trustee, on or before January 31 in each year, a certificate as to the Company's compliance with all conditions and covenants under the indenture.

If a Default with respect to the debt securities of a particular series occurs and is continuing and is known to the trustee, the trustee must mail to each holder of debt securities of that series a notice of the Default within 90 days after the Default occurs. Except in the case of a Default in the payment of principal, premium, if any, or interest with respect to the debt securities of any series, the trustee may withhold such notice but only if and so long as the board of directors, the executive committee or a committee of directors or responsible officers of the trustee in good faith determines that withholding such notice is in the interests of the holders of debt securities of that series.

**Amendments and Waivers**

We may amend the indenture without the consent of any holder of debt securities to:

cure any ambiguity, defect or inconsistency;

make any change in respect of any other series of debt securities issued under the indenture that is not applicable to such series;

provide for the assumption by a successor of our obligations under the indenture;

secure the debt securities or add guarantees of debt securities;

add covenants for the protection of the holders or surrender any right or power conferred upon us;

make any change that does not adversely affect the rights of any holder;

add or appoint a successor or separate trustee;

comply with any requirement of the SEC in connection with the qualification of the indenture under the Trust Indenture Act of 1939, as amended; or

establish the form or terms of debt securities of any series to be issued under the indenture.

In addition, we may amend the indenture if the holders of a majority in principal amount of all outstanding debt securities of each series that would be affected consent to it. We may not, however, without the consent of each holder of any outstanding debt securities that would be affected, amend the indenture to:



reduce the percentage in principal amount of debt securities of any series whose holders must consent to an amendment;

reduce the rate of or extend the time for payment of interest on any debt securities;

reduce the principal of or extend the stated maturity of any debt securities;

impair the right of any holder to receive payment of premium, if any, principal or interest with respect to such holder's debt securities on or after the applicable due date;

impair the right of any holder to institute suit for the enforcement of any payment with respect to such holder's debt securities;

make any change to an amendment provision which requires each holder's consent;

**Table of Contents**

make any change in the waiver provisions; or

modify or affect in any adverse manner the terms and conditions of the obligations of any of the guarantors in respect of its guarantee, if any, of the due and punctual payment of principal of, or any premium or interest on, or any sinking fund or additional amounts with respect to any guaranteed debt security of Rayonier, Rayonier Operating Company, or TRS Holdings as the case may be.

The consent of the holders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment under the indenture becomes effective, we are required to mail to all holders of debt securities of an affected series a notice briefly describing the amendment. The failure to give, or any defect in, such notice, however, will not impair or affect the validity of the amendment.

The holders of a majority in principal amount of the outstanding debt securities of each affected series may, on behalf of all holders of debt securities of that series, waive any past Default or Event of Default with respect to that series, except one in respect of:

the payment of principal of, premium, if any, or interest on any debt securities of that series; or

a provision of the indenture that cannot be amended without the consent of the holder of each outstanding debt security affected.

Neither Rayonier, Rayonier Operating Company nor TRS Holdings may amend the subordinated debt indenture governing the subordinated debt securities it has issued to alter the subordination of any outstanding subordinated debt securities it has issued without the written consent of each holder of senior debt then outstanding who would be adversely affected. In addition, neither Rayonier, Rayonier Operating Company nor TRS Holdings may modify the subordination provisions of the subordinated debt indenture governing the subordinated debt securities it has issued in a manner that would adversely affect in any material respect the outstanding subordinated debt securities it has issued of any one or more series, without the consent of the holders of a majority in aggregate principal amount of all affected series, voting together as one class.

**Defeasance and Discharge**

At any time, we may terminate all our obligations under the indenture as they relate to a particular series of debt securities, which we call a legal defeasance. If we decide to make a legal defeasance, however, we may not terminate some of our obligations under the indenture, including our obligations:

relating to the defeasance trust, including the rights of holders to receive payments from the trust;

to register the transfer or exchange of the debt securities of that series;

to replace mutilated, destroyed, lost or stolen debt securities of that series; or

to maintain a registrar and paying agent in respect of the debt securities of that series.

At any time we may also effect a covenant defeasance, which means we have elected to terminate our obligations under or the operation of:

some of the covenants applicable to a series of debt securities, including any covenant that is added specifically for such series and is described in a prospectus supplement; and

any Event of Default that is added specifically for such series and described in a prospectus supplement.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, payment of the defeased series of debt securities may not be accelerated because of an Event of Default with respect to that series. If we exercise our covenant defeasance option, payment of the defeased series of debt securities may not be accelerated because of an Event of Default that is added specifically for such series and described in a prospectus supplement.

**Table of Contents**

In order to exercise either defeasance option, we must:

irrevocably deposit in trust with the trustee money or U.S. government obligations for the payment of principal, premium, if any, and interest on the series of debt securities to redemption or stated maturity, as the case may be;

comply with certain other conditions, including that no Default with respect to that series has occurred and is continuing after the deposit in trust; and

deliver to the trustee an opinion of counsel to the effect that holders of the series of debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable federal income tax law.

In the event of any legal defeasance, holders of the debt securities of the defeased series would be entitled to look only to the trust fund for payment of principal of, premium, if any, and interest on their debt securities through maturity.

Although the amount of money and U.S. government obligations on deposit with the trustee would be intended to be sufficient to pay amounts due on the debt securities of a defeased series at the time of their stated maturity, if we exercise our covenant defeasance option for the debt securities of any series and the debt securities are declared due and payable because of the occurrence of an Event of Default, such amount may not be sufficient to pay amounts due on the debt securities of that series at the time of the acceleration resulting from such Event of Default. We would remain liable for such payments, however. In addition, we may discharge all our obligations under the indenture with respect to debt securities of a particular series, other than our obligation to register the transfer of and exchange such debt securities, provided that we either:

deliver all outstanding debt securities of such series to the trustee for cancellation; or

all such debt securities not so delivered for cancellation have either become due and payable or will become due and payable at their stated maturity within one year or are called for redemption within one year, and in the case of this bullet point, we have deposited with the trustee in trust an amount of cash sufficient to pay the entire indebtedness of such debt securities, including interest to the stated maturity or applicable redemption date.

**Global Securities**

We may issue any debt securities in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depositary identified in the applicable prospectus supplement. We may issue the global securities in either temporary or permanent form. We will describe the specific terms of the depositary arrangement with respect to a series of debt securities in the applicable prospectus supplement. We anticipate that the following provisions will apply to all depositary arrangements.

Once a global security is issued, the depositary will credit on its book-entry system the respective principal amounts of the individual debt securities represented by that global security to the accounts of institutions that have accounts with the depositary. These institutions are known as participants.

The underwriters for the debt securities will designate the accounts to be credited. However, if we have offered or sold the securities either directly or through agents, we or the agents will designate the appropriate accounts to be credited.

Ownership of beneficial interests in a global security will be limited to participants or persons that may hold beneficial interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depositary's participants or persons that may hold through participants. The laws of some states require that certain purchasers of debt securities take physical delivery of securities. Those laws may limit the market for beneficial interests in a global security.

So long as the depositary for a global security, or its nominee, is the registered owner of a global security, the depositary or nominee will be considered the sole owner or holder of the debt securities represented by the global security for all purposes

**Table of Contents**

under the indenture. Except as provided in the applicable prospectus supplement, owners of beneficial interests in a global security:

will not be entitled to have debt securities represented by global securities registered in their names;

will not receive or be entitled to receive physical delivery of debt securities in definitive form; and

will not be considered owners or holders of these debt securities under the indenture.

Payments of principal of, and any premium and interest on, the individual debt securities registered in the name of the depository or its nominee will be made to the depository or its nominee as the registered owner of that global security.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests of a global security, or for maintaining, supervising or reviewing any records relating to beneficial ownership interests and each of us and the trustee may act or refrain from acting without liability on any information provided by the depository.

We expect that the depository, after receiving any payment of principal of, and any premium and interest on, a global security, will immediately credit the accounts of the participants with payments in amounts proportionate to their respective holdings in principal amount of beneficial interest in a global security as shown on the records of the depository. We also expect that payments by participants to owners of beneficial interests in a global security will be governed by standing customer instructions and customary practices, as is now the case with debt securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participants.

Debt securities represented by a global security will be exchangeable for debt securities in definitive form of like tenor in authorized denominations only if:

the depository notifies us that it is unwilling or unable to continue as the depository and a successor depository is not appointed by us within 90 days;

we deliver to the trustee for securities of such series in registered form a company order stating that the debt securities of such series shall be exchangeable; or

an Event of Default has occurred and is continuing with respect to debt securities of such series.

Unless and until a global security is exchanged in whole or in part for debt securities in definitive certificated form, it may not be transferred or exchanged except as a whole by the depository.

**The Trustee**

The prospectus supplement relating to any series of debt securities will identify the trustee.

The indenture limits the right of the trustee, if it becomes our creditor, to obtain payment of claims in some cases or to realize for its own account on property received in respect of any such claim as security or otherwise. The trustee is permitted to engage in some other transactions. However, if it acquires any conflicting interest after a Default has occurred under the indenture and is continuing, it must eliminate the conflict or resign as trustee.

If an Event of Default occurs and is not cured or waived, the trustee is required to exercise such of the rights and powers vested in it by the indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any of the holders of debt securities unless they have offered to the trustee reasonable security and indemnity against the costs and liabilities that it may incur.

The trustee may be a depository for funds of, may make loans to and may perform other routine banking services for us and our affiliates in the normal course of business.

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**Table of Contents**

**Governing Law**

The indenture is and the debt securities will be governed by the laws of the State of New York.

**DESCRIPTION OF GUARANTEES**

Rayonier may guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of the principal of, and any premium and interest on, one or more series of debt securities of Rayonier Operating Company or TRS Holdings, as applicable, whether at maturity, by acceleration, redemption, repayment or otherwise, in accordance with the terms of such guarantee and the applicable indenture. In case of the failure of Rayonier Operating Company or TRS Holdings to punctually pay any principal, premium or interest on any guaranteed debt security, Rayonier will cause any such payment to be made as it becomes due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise, and as if such payment were made by Rayonier. The particular terms of the guarantee, if any, will be set forth in a prospectus supplement relating to the guaranteed debt securities.

Rayonier Operating Company may guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of the principal of, and any premium and interest on, one or more series of debt securities of Rayonier or TRS Holdings, as applicable, whether at maturity, by acceleration, redemption, repayment or otherwise, in accordance with the terms of such guarantee and the applicable indenture. In case of the failure of Rayonier or TRS Holdings to punctually pay any principal, premium or interest on any guaranteed debt security, Rayonier Operating Company will cause any such payment to be made as it becomes due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise, and as if such payment were made by Rayonier Operating Company. The particular terms of the guarantee, if any, will be set forth in a prospectus supplement relating to the guaranteed debt securities.

TRS Holdings may guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of the principal of, and any premium and interest on, one or more series of debt securities of Rayonier or Rayonier Operating Company, as applicable, whether at maturity, by acceleration, redemption, repayment or otherwise, in accordance with the terms of such guarantee and the applicable indenture. In case of the failure of Rayonier or Rayonier Operating Company to punctually pay any principal, premium or interest on any guaranteed debt security, TRS Holdings will cause any such payment to be made as it becomes due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise, and as if such payment were made by TRS Holdings. The particular terms of the guarantee, if any, will be set forth in a prospectus supplement relating to the guaranteed debt securities.

In addition to the guarantees described above, any of Rayonier's direct or indirect subsidiaries, each an additional subsidiary guarantor, may guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of the principal of, and any premium and interest on, one or more series of debt securities of Rayonier, Rayonier Operating Company or TRS Holdings, as applicable, whether at maturity, by acceleration, redemption, repayment or otherwise, in accordance with the terms of such guarantee and the applicable indenture. In case of the failure of Rayonier, Rayonier Operating Company or TRS Holdings to punctually pay any principal, premium or interest on any guaranteed debt security, the additional subsidiary guarantor will cause any such payment to be made as it becomes due and payable, whether at maturity, upon acceleration, redemption, repayment or otherwise, and as if such payment were made by the additional subsidiary guarantor. The particular terms of the guarantee, if any, will be set forth in a prospectus supplement relating to the guaranteed debt securities.



**Table of Contents**

The additional subsidiary guarantors are as follows:

Belfast Commerce Centre LLC	Rayonier Gulf Timberlands LLC
Neoga Lakes, LLC	Rayonier Louisiana Timberlands LLC
Rayonier Atlantic Timber Company	Rayonier Mississippi Timberlands Company
Rayonier Canterbury, LLC	Rayonier Timber Company No. 1, Inc.
Rayonier East Nassau Timber Properties I, LLC	Rayonier Timberlands Acquisitions Four, LLC
Rayonier East Nassau Timber Properties II, LLC	Rayonier Timberlands Management, LLC
Rayonier East Nassau Timber Properties III, LLC	Rayonier TRS Forest Operations, LLC
Rayonier East Nassau Timber Properties IV, LLC	Rayonier TRS Louisiana Operations Inc.
Rayonier East Nassau Timber Properties V, LLC	Rayonier TRS Mississippi Operations Inc.
Rayonier East Nassau Timber Properties VI, LLC	Rayonier TRS Operating Company
Rayonier East Nassau Timber Properties VII, LLC	Rayonier Washington Timber Company
Rayonier Forest Resources, L.P.	TerraPointe LLC

**DESCRIPTION OF CAPITAL STOCK**

In this section, references to we, our and us refer to Rayonier Inc. and not to any subsidiaries.

As of December 31, 2014, our authorized capital stock was 495,000,000 shares. Those shares consisted of: (a) 15,000,000 preferred shares, none of which were outstanding; and (b) 480,000,000 common shares, no par value. As of December 31, 2014, 126,773,097 common shares were issued and outstanding. As of that date, we also had 8,018,095 common shares reserved for issuance upon exercise of options or in connection with other awards outstanding under various employee or director incentive, compensation and option plans.

**Common Shares**

***Listing***

Our outstanding common shares are listed on the New York Stock Exchange under the symbol RYN. Any additional common shares we issue also will be listed on the New York Stock Exchange.

***Dividends***

Subject to the rights of any series of preferred shares that we may issue, the holders of common shares may receive dividends when and as declared by the board of directors. Dividends may be paid in cash, shares or other form out of legally available funds.

## **Table of Contents**

### ***Fully Paid***

All outstanding common shares are fully paid and non-assessable. Any additional common shares we issue will also be fully paid and non-assessable.

### ***Voting Rights***

Subject to any special voting rights of any series of preferred shares that we may issue in the future, the holders of common shares may vote one vote for each share held in the election of directors and on all other matters voted upon by our shareholders. Holders of common shares may not cumulate their votes in the election of directors.

### ***Other Rights***

We will notify common shareholders of any shareholders' meetings according to applicable law. If we liquidate, dissolve or wind-up our business, either voluntarily or not, common shareholders will share equally in the assets remaining after we pay our creditors and preferred shareholders, if any. The holders of common shares have no preemptive rights. Common shares are not subject to any redemption provisions and are not convertible into any other securities.

### **Preferred Shares**

Our board of directors can, without approval of shareholders, issue one or more series of preferred shares. Subject to the provisions of our articles of incorporation and limitations prescribed by North Carolina law, our board of directors may adopt resolutions to determine the number of shares of each series and the rights, preferences and limitations of each series, including the dividend rights, voting rights, conversion rights, redemption rights and any liquidation preferences of any wholly unissued series of preferred shares, the number of shares constituting each series and the terms and conditions of issue. Our articles of incorporation limit the amount any holder of preferred shares is entitled to receive upon an involuntary liquidation of Rayonier to \$100 per preferred share.

If we offer preferred shares, the specific designations and rights will be described in the prospectus supplement relating to the preferred shares offered. The registration statement of which this prospectus forms a part will incorporate by reference the certificate of amendment of our charter relating to the offered series of preferred shares.

Undesignated preferred shares may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and to thereby protect the continuity of our management. The issuance of preferred shares may adversely affect the rights of the holders of our common shares. For example, any preferred shares issued may rank prior to our common shares as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into common shares. As a result, the issuance of preferred shares may discourage bids for our common shares or may otherwise adversely affect the market price of our common shares or any existing preferred shares.

The preferred shares will, when issued, be fully paid and non-assessable.

### **Anti-Takeover Provisions**

Certain provisions in our articles of incorporation and bylaws may encourage persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with the board of directors rather than pursue non-negotiated takeover attempts.

### **Limitations on Removal of Directors**

Our directors can be removed only for cause. Restricting the removal of directors makes it more difficult for shareholders to change the majority of the directors and instead promotes a continuity of existing management.

### **Blank Check Preferred Shares**

Our certificate of incorporation authorizes the issuance of blank check preferred shares. The board of directors can set the voting rights, redemption rights, conversion rights and other rights relating to such preferred shares and could issue such shares in either private or public transactions. In some circumstances, the blank check preferred shares could be issued and have the effect of preventing a merger, tender offer or other takeover attempt that the board of directors opposes.

## **Table of Contents**

### **Amendment of our Bylaws**

Our bylaws may be amended or repealed by our board of directors, including any bylaw adopted, amended or repealed by our shareholders.

### ***North Carolina Shareholder Protection Act***

The North Carolina Shareholder Protection Act generally requires the affirmative vote of 95% of a public corporation's voting shares to approve a business combination with any other entity that a majority of continuing directors determines beneficially owns, directly or indirectly, more than 20% of the voting shares of the corporation (or ever owned more than 20% and is still an affiliate of the corporation) unless the fair price provisions and the procedural provisions of the act are satisfied.

Business combination is defined by the statute as (i) any merger, consolidation or conversion of a corporation with or into any other entity, (ii) any sale or lease of all or any substantial part of the corporation's assets to any other entity, or (iii) any payment, sale or lease to the corporation or any subsidiary thereof by any other entity of assets having a value of \$5,000,000 or more in exchange for securities of the corporation.

The act contains provisions that allowed a corporation to opt out of the applicability of the act's voting provisions within specified time periods that generally have expired. The act applies to Rayonier since we did not opt out within these time periods.

### ***Special Meetings of Shareholders***

Neither our articles of incorporation nor our bylaws give shareholders the right to call a special meeting of shareholders. Our bylaws provide that special meetings of shareholders may be called only by our board of directors.

### ***Requirements for Qualification as a REIT***

In order to maintain our qualification as a REIT, we must abide by certain provisions in the Internal Revenue Code of 1986, as amended, including rules restricting concentration of ownership. For more information, please see [Certain Federal Income Tax Consequences](#) Organizational and Ownership Requirements.

### **Limitation of Liability of Officers and Directors**

Our articles of incorporation limit the liability of our directors to us and our shareholders to the fullest extent permitted by North Carolina law. Specifically, our directors will not be personally liable for monetary damages for breach of a director's duty in such capacity, except for liability:

for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

for unlawful distributions as provided in Section 55-8-33 of the North Carolina Business Corporation Act; or

for any transaction from which the officer or director derived an improper personal benefit.

Our articles of incorporation also provide indemnification to our directors and officers to the maximum extent allowed by North Carolina law as it exists now or may hereafter be amended. Our directors and officers generally are entitled to indemnity against all liabilities and expenses in any suit or proceeding, including a derivative suit, arising out of their status or activities as directors or officers, unless the actions taken by the individual to be indemnified were at the time taken known or believed by him or her to be clearly in conflict with our best interests.

The inclusion of these provisions in our articles of incorporation may reduce the likelihood of derivative litigation against our directors and may discourage or deter shareholders or management from bringing a lawsuit against our directors for breach of their duties, even though such an action, if successful, might have otherwise benefited us and our shareholders. These provisions do not alter the liability of directors under federal securities laws and do not affect the right to sue (nor to recover monetary damages) under federal securities laws for violations thereof.

**Transfer Agent and Registrar**

Our transfer agent and registrar of the common shares is The Bank of New York Mellon Trust Company, N.A.

**Table of Contents**

**DESCRIPTION OF WARRANTS**

The following description of the terms of the warrants sets forth certain general terms and provisions of the warrants to which any prospectus supplement may relate. We may issue warrants for the purchase of debt securities, preferred shares or common shares. Warrants may be issued independently or together with debt securities, preferred shares or common shares offered by any prospectus supplement and may be attached to or separate from any such offered securities.

Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company, as warrant agent. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The following summary of certain provisions of the warrants does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the warrant agreement that will be filed with the SEC in connection with any offering of such warrants.

**Debt Warrants**

The prospectus supplement relating to a particular issue of debt warrants by the named issuer will describe the terms of such debt warrants, including the following:

the title of such debt warrants;

the offering price for such debt warrants, if any;

the aggregate number of such debt warrants;

the designation and terms of the debt securities purchasable upon exercise of such debt warrants;

if applicable, the designation and terms of the debt securities with which such debt warrants are issued and the number of such debt warrants issued with each such debt security;

if applicable, the date from and after which such debt warrants and any debt securities issued therewith will be separately transferable;

the principal amount of debt securities purchasable upon exercise of a debt warrant and the price at which such principal amount of debt securities may be purchased upon exercise (which price may be payable in cash, securities or other property);

the date on which the right to exercise such debt warrants shall commence and the date on which such right shall expire;

if applicable, the minimum or maximum amount of such debt warrants that may be exercised at any one time;

whether the debt warrants represented by the debt warrant certificates or debt securities that may be issued upon exercise of the debt warrants will be issued in registered or bearer form;

information with respect to book-entry procedures, if any;

the currency or currency units in which the offering price, if any, and the exercise prices are payable;

if applicable, a discussion of material United States federal income tax considerations;

the anti-dilution or adjustment provisions of such debt warrants, if any;

the redemption or call provisions, if any, applicable to such debt warrants; and

**Table of Contents**

any additional terms of such debt warrants, including terms, procedures and limitations relating to the exchange and exercise of such debt warrants.

As of December 31, 2014, no debt warrants were outstanding.

**Stock Warrants**

The prospectus supplement relating to any particular issue of preferred share warrants or common share warrants by the named issuer will describe the terms of such warrants, including the following:

the title of such warrants;

the offering price for such warrants, if any;

the aggregate number of such warrants;

the designation and terms of the common shares or preferred shares purchasable upon exercise of such warrants;

if applicable, the designation and terms of the offered securities with which such warrants are issued and the number of such warrants issued with each such offered security;

if applicable, the date from and after which such warrants and any offered securities issued therewith will be separately transferable;

the number of common shares or preferred shares purchasable upon exercise of a warrant and the price at which such shares may be purchased upon exercise;

the date on which the right to exercise such warrants shall commence and the date on which such right shall expire;

if applicable, the minimum or maximum amount of such warrants that may be exercised at any one time;

the currency or currency units in which the offering price, if any, and the exercise price are payable;

if applicable, a discussion of material United States federal income tax considerations;



the anti-dilution provisions of such warrants, if any;

the redemption or call provisions, if any, applicable to such warrants; and

any additional terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

As of December 31, 2014, no preferred share warrants or common share warrants were outstanding.

#### **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes certain material United States federal income tax considerations relating to our taxation and qualification as a REIT. The information in this discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, or the Code, current, temporary and proposed Treasury Regulations thereunder, existing administrative interpretations and practices of the Internal Revenue Service, or the IRS, and judicial decisions, all of which are subject to change, possibly with retroactive effect. No assurance can be given that future legislation, Treasury Regulations, administrative interpretations or judicial decisions will not significantly change the current law or adversely affect existing interpretations of current law. In addition, no assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the conclusions or positions described in the discussion set forth below.

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**Table of Contents**

**Taxation of Rayonier**

***General***

Under federal income tax law, if certain detailed conditions imposed by the Code and related Treasury Regulations are satisfied, an entity that invests principally in real estate and that would otherwise be subject to tax as a corporation may elect to be treated as a REIT for federal income tax purposes. These conditions relate, in part, to the nature of the entity's assets and income. Provided we qualify as a REIT, we will generally not be subject to federal corporate income tax on taxable income that we distribute to our shareholders each year. This treatment substantially eliminates the double taxation that ordinarily applies to regular corporations that are subject to taxation once at the corporate level, when income is earned, and again at the shareholder level, when that income is distributed.

We have elected to be treated for federal income tax purposes as a REIT commencing with our taxable year ended December 31, 2004. Although no assurance can be given, we believe that we were organized and have operated in such a manner as to qualify for taxation as a REIT as of January 1, 2004 and through the date of this filing, and we intend to continue to operate in such a manner. In addition, as described more fully under "Income Tests" below, we have received a private letter ruling from the IRS substantially to the effect that our timberlands, including our timberlands that are subject to certain timber cutting contracts, will be considered qualifying real estate assets or interests in real property for purposes of the REIT asset tests discussed below and that the gains we derive from these timber cutting contracts will be from the sale of real property for purposes of the REIT gross income tests. However, our future qualification and taxation as a REIT will depend on our ability to meet on an ongoing basis (through actual annual operating results, asset base, distribution levels and diversity of share ownership) the various qualification tests imposed under the Code discussed below. Thus, while we intend to operate so that we will continue to qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. In addition, no assurance can be given that the IRS will not challenge the conclusions and tax positions described in this discussion. Further, the anticipated income tax treatment described in this prospectus may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. See "Failure to Qualify as a REIT."

Provided we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on that portion of our ordinary income or capital gain that we currently distribute to our shareholders. The REIT provisions of the Code generally allow a REIT to deduct dividends paid to its shareholders. This deduction for dividends paid substantially eliminates the double taxation at the corporate and shareholder levels that generally results from investment in a regular corporation.

Even if we qualify to be taxed as a REIT, we will be subject to federal tax under certain circumstances, including the following:

We will be subject to tax at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains. See, however, "Annual Distribution Requirements" with respect to our ability to elect to treat as having been distributed to shareholders certain of our capital gains upon which we have paid taxes, in which event the taxes that we have paid with respect to such income would be available as a credit or refund to shareholders.

If we acquire an asset from a corporation that is subject to corporate-level tax under subchapter C of the Code in a transaction in which our basis in the asset is determined by reference to the transferor's basis (a carryover basis transaction), we will be subject to tax at the highest regular corporate rate applicable if we recognize gain on a disposition of the asset during the ten-year period following our acquisition of the asset. The amount of gain on which we will pay tax is the lesser of (1) the amount of gain recognized at the time of the sale or disposition and (2) the amount of gain we would have recognized if we had sold the asset at the time we acquired it. Income derived from the harvesting and sale of timber pursuant to certain timber cutting contracts (as opposed to gain derived from the sale of timberlands) is not subject to this built-in gains tax.

We will be required to pay a 100% tax on any net income from prohibited transactions. In general, prohibited transactions are sales or other taxable dispositions of property, other than foreclosure property, held for sale to customers in the ordinary course of business.

If we fail to satisfy the 75% gross income test or the 95% gross income test as discussed below but have otherwise maintained our qualification as a REIT because certain other requirements have been met, we will be subject to a 100%

## **Table of Contents**

tax on an amount equal to (1) the gross income attributable to the greater of the amount by which we fail the 75% or 95% gross income test multiplied by (2) a fraction intended to reflect our profitability.

If we should fail to satisfy the asset tests or other requirements applicable to REITs, as described below, yet nonetheless maintain our qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, we may be subject to an excise tax. In that case, the amount of the tax will be at least \$50,000 per failure, and, in the case of certain asset test failures, will be determined as the amount of net income generated by the assets in question multiplied by the highest corporate tax rate (currently 35%) if that amount exceeds \$50,000 per failure.

We will generally be required to pay a 4% excise tax on the amount by which our annual distributions to shareholders are less than the sum of (1) 85% of our ordinary income for the year, (2) 95% of our REIT capital gain net income for the year, other than capital gain income we elect to retain and pay tax on and (3) any undistributed taxable income from prior periods, other than capital gains from such years which we elect to retain and pay tax on.

A 100% tax may be imposed on some items of income and expense that are directly or constructively paid between a REIT and a taxable REIT subsidiary, or TRS, if and to the extent that the IRS successfully determines the items were transacted at less than arm's length and adjusts the reported amounts of these items. In addition, we, including our subsidiaries and affiliated entities, may be subject to a variety of taxes, including payroll taxes and state, local and non-U.S. income, property and other taxes on our assets and operations. Our taxable REIT subsidiaries will also be subject to federal corporate income taxes on their taxable income.

### ***Requirements for Qualification***

We elected to be treated as a REIT beginning with our taxable year ended December 31, 2004. In order to continue to qualify as a REIT, we must meet the requirements discussed below relating to our organization, sources of income, nature of assets and distributions of income.

### ***Organizational and Ownership Requirements***

A REIT is a corporation, trust or association:

that is managed by one or more trustees or directors;

- (1) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
- (2) that would be taxable as a domestic corporation but for the special Code provisions applicable to REITs;
- (3) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

- (4) the beneficial ownership of which is held by 100 or more persons;
- (5) in which, during the last half of each taxable year, not more than 50% in value of the outstanding shares are owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include specified entities); and
- (6) which meets other tests described below, including with respect to the nature of its income and assets and the amount of its distribution

Conditions (1) through (4) must be met during the entire taxable year, and condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Though our charter does not provide restrictions regarding transfers of our shares, we anticipate that the current diversity of our shareholder base will continue and that we will satisfy the share ownership requirements described in conditions (5) and (6) above.

To monitor compliance with the share ownership requirements, we are generally required to maintain records regarding the actual ownership of our shares. To do so, we must request written statements each year from the record holders of significant percentages of our shares in which the record holders are to disclose the persons required to include in gross income the dividends paid by us. A list of those persons failing or refusing to comply with this request must be maintained as part of our records. Our failure to comply with these record keeping requirements could subject us to monetary penalties. A shareholder that fails or refuses to comply with the request is required by applicable Treasury Regulations to submit a statement with its tax return

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**Table of Contents**

disclosing its actual ownership of the shares and other information. If we comply with these requirements and do not know, or exercising reasonable due diligence, would not have known, of our failure to meet condition (6) above, we will be treated as having met such condition.

***Disregarded Subsidiaries***

If a REIT owns a corporate subsidiary that is a qualified REIT subsidiary, that subsidiary is disregarded for federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of income, deduction and credit of the REIT itself, including for purposes of the gross income and asset tests described below. A qualified REIT subsidiary is any corporation, other than a TRS, that is wholly owned by a REIT, by one or more other disregarded subsidiaries of the REIT, or by a combination of the two. Certain other entities, including single member limited liability companies, are also generally disregarded as separate entities for federal income tax purposes, so that their income and assets are treated as income and assets of their regarded owners, including for purposes of the REIT gross income and asset tests. As of the date of this prospectus, Rayonier Operating Company is treated as a disregarded entity for federal income tax purposes, but it would be treated as a partnership if anyone other than us or one of our disregarded subsidiaries acquired an equity interest therein. Disregarded subsidiaries and disregarded entities are sometimes referred to herein as pass-through subsidiaries.

***Taxable REIT Subsidiaries***

A REIT, in general, may jointly elect with a subsidiary corporation, whether or not wholly-owned, to treat the subsidiary corporation as a TRS. The separate existence of a TRS or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for federal income tax purposes. Accordingly, such an entity would generally be subject to corporate income tax on its taxable income. As of the date of this prospectus, Rayonier TRS Holdings Inc. is a TRS.

A REIT is not treated as holding the assets of a TRS or as receiving directly any income that a TRS earns. Rather, the shares of a TRS are an asset in the hands of the REIT, and the REIT recognizes as income any dividends that it receives from a TRS. This treatment can affect the gross income and asset test calculations described below.

***Partnerships***

A REIT that is a partner in a partnership will be deemed to own its proportionate share of the assets of the partnership and will be deemed to earn its proportionate share of the partnership's income. The assets and gross income of the partnership retain the same character in the hands of the REIT for purposes of the gross income and asset tests described below.

***Income Test***

In order to maintain qualification as a REIT, we must annually satisfy two gross income requirements. First, for each taxable year we must derive, directly or indirectly, at least 75% of our gross income (excluding gross income from prohibited transactions and certain hedging income and foreign currency gains) from investments relating to real property or mortgages on real property, including rents from real property, gain from the sale or other disposition of real property, dividends on and gain from the sale of shares in REITs (including Rayonier Timber Company No. 1, Inc.), or from certain types of temporary investments. Second, for each taxable year we must derive, directly or indirectly, at least 95% of our gross income (excluding gross income from prohibited transactions and certain hedging income and foreign currency gains) from real property investments that satisfy the 75% test, dividends, interest and

gain from the sale or disposition of shares or securities.

If we should realize any taxable income from the sale or other disposition of property held primarily for sale to customers in the ordinary course of business (including our share of any such gain realized by any partnership in which we are a partner) then such income would be treated as income from a prohibited transaction and would not count for purposes of applying the 95% and 75% gross income tests. Such income would, however, be subject to a 100% tax. We attempt to conduct any activities that could give rise to a prohibited transaction through our taxable REIT subsidiaries. For example, certain types of timberland sales and sales of delivered wood are conducted through our taxable REIT subsidiaries. Under existing law, whether property is held primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances with respect to the particular transaction. However, sales of timberlands that satisfy certain safe harbor requirements specified in the Code do not constitute prohibited transactions. We generally intend to conduct our activities so that our sales of timberlands (other than those undertaken by our taxable REIT subsidiaries) qualify for this safe harbor or are transacted under substantially similar facts as this safe harbor.

**Table of Contents**

Rents that we receive will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if several conditions are met. Substantially all of the rental income that we have received in the past and anticipate to receive in the future is derived from hunting leases, beekeeping leases, leases for the use of real property and the rental of rights of way through certain properties. We anticipate that any income we receive from such leases and other property interests will constitute rents from real property under the applicable rules. We will take steps to ensure that any such rental income will qualify as rents from real property for purposes of the 75% and 95% gross income tests or will not otherwise cause us to fail the 75% or 95% gross income test.

In addition, we have received a private letter ruling from the IRS substantially to the effect that our timberlands, including those timberlands that are subject to certain timber cutting contracts, will be considered qualifying real estate assets or interests in real property for purposes of the REIT asset tests, and that our gains derived from these timber cutting contracts will be from the sale of real property for purposes of the REIT gross income tests. In reaching these conclusions, the IRS expressly relied upon a representation from us that our disposal of timber pursuant to these timber cutting contracts will qualify as disposal of timber under Section 631(b) of the Code.

If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for such year if we are entitled to relief under applicable provisions of the Code. These relief provisions will generally be available if our failure to meet these tests is due to reasonable cause and not due to willful neglect, we attach to our tax return a schedule of the sources of our income, and any incorrect information on the schedule is not due to fraud with intent to evade tax. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. As discussed above under *General*, even if these relief provisions apply, a tax would be imposed with respect to the excess non-qualifying gross income.

***Asset Tests***

At the close of each calendar quarter, we must satisfy the following tests relating to the nature of our assets:

First, at least 75% of the value of our total assets must consist of:

interests in real property (such as timberlands), including leaseholds and options to acquire real property and leaseholds;

cash or cash items, including certain receivables;

U.S. government securities;

interests in mortgages on real property;

shares in other REITs; and



investments in shares or debt instruments during the one-year period following the receipt of new capital raised through equity offerings or public offerings of debt with at least a five-year term.

Second, not more than 25% of our total assets may be represented by securities other than securities satisfying the 75% test.

Third, other than investments included in the 75% asset class or securities of our taxable REIT subsidiaries, the value of our interest in any one issuer's securities may not exceed 5% of the value of our total assets.

Fourth, other than investments included in the 75% asset class or securities of our taxable REIT subsidiaries, we may not own more than 10% of the voting power or value of any one issuer's outstanding securities.

Fifth, no more than 25% of the value of our total assets may consist of the securities of one or more TRSs. For purposes of the second, third and fourth asset tests, the term "securities" does not include equity or debt securities of a qualified REIT subsidiary or another disregarded entity, or equity interests in a partnership. Various securities, such as certain "straight debt" securities, are not treated as securities for purposes of the 10% value test.

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**Table of Contents**

The board of directors will determine the value of Rayonier's assets for the purpose of ascertaining compliance with the REIT asset tests. Such a determination is binding upon the IRS so long as our board of directors acts in good faith. As of the date of this prospectus, we believe that we have satisfied the 75% asset test described above related to the value of our real estate assets, and we expect that, after the date of this prospectus, we will continue to meet the 75% asset test.

If we fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause us to lose our REIT status if (1) we satisfy all of the asset tests at the close of the preceding calendar quarter and (2) the discrepancy between the value of our assets and the asset test requirements arises from changes in the market values of our assets and is not wholly or partly caused by our acquisition of one or more non-qualifying assets. If we do not satisfy the condition described in clause (2) of the preceding sentence, we still can avoid disqualification as a REIT by eliminating any discrepancy within 30 days after the close of the calendar quarter in which the discrepancy arises.

A relief provision in the Code allows a REIT which fails one or more of the asset requirements to nevertheless maintain its REIT qualification if (a) it provides the IRS with a description of each asset causing the failure, (b) the failure is due to reasonable cause and not willful neglect, (c) the REIT pays a tax equal to the greater of (i) \$50,000 per failure, and (ii) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%), and (d) the REIT either disposes of the assets causing the failure within 6 months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

A second relief provision applies to de minimis violations of the 10% and 5% asset tests. Specifically, a REIT may maintain its qualification despite a violation of such requirements if (a) the value of the assets causing the violation do not exceed the lesser of 1% of the REIT's total assets or \$10,000,000 and (b) the REIT either disposes of the assets causing the failure within 6 months after the last day of the quarter in which it identifies the failure or the relevant tests are otherwise satisfied within that time frame.

No assurance can be given that these relief provisions would be available if we failed to satisfy one or more of the asset tests. See [Failure to Qualify as a REIT](#).

***Annual Distribution Requirements***

In order to qualify as a REIT, we are required to make distributions (other than capital gain dividends) to our shareholders in an amount at least equal to (1) the sum of (a) 90% of our REIT taxable income (computed without regard to the dividends paid deduction and our net capital gain) and (b) 90% of the net income (after tax), if any, from foreclosure property, minus (2) the sum of certain items of non-cash income. These distributions must be paid (or treated as paid) in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and if paid on or before the first regular dividend payment date after such declaration. To the extent that we do not distribute (or we are not treated as having distributed) all of our capital gain or we distribute (or we are treated as having distributed) at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed income at regular corporate tax rates. If we should fail to distribute during a calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain income for such year (other than capital gain income that we elect to retain and pay tax on as provided for below) and (3) any undistributed taxable income from prior periods (other than capital gains from such years which we elected to retain and pay tax on), we will be subject to a 4% excise tax on the excess of the required distribution over the amounts actually distributed.

We may elect to retain rather than distribute our net long-term capital gains. The effect of this election is that:

we would be required to pay the tax on such gains at regular corporate tax rates;

our shareholders, although required to include their proportionate share of the undistributed long-term capital gain in income, would receive a credit or refund for their share of the tax paid by us; and

the basis of a shareholder's stock would be increased by the amount of the undistributed long-term capital gains (minus the amount of the tax on capital gains paid by us which was included in income by the shareholder).

It is possible that we, from time to time, may not have sufficient cash or other liquid assets to meet the annual distribution requirements described above, for example, due to timing or other differences between (1) the actual receipt of income and actual payment of deductible expenses and (2) the inclusion of such income and deduction of such expenses in arriving at our taxable income. If we encounter this situation, we may elect to retain the capital gain and pay the tax on the gain. Nevertheless, in order

**Table of Contents**

to pay such tax or otherwise meet the distribution requirements, we may find it necessary to arrange for short or possibly long-term borrowings, issue equity, or sell assets.

Under certain circumstances, we may be able to rectify a failure to meet the distribution requirement for a year by paying deficiency dividends to our shareholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends; however, we will be required to pay interest based on the amount of any deduction taken for deficiency dividends.

***Distribution of C Corporation Earnings and Profits***

In order to qualify as a REIT, we cannot have at the end of any taxable year any undistributed tax earnings and profits ( E&P ) that is attributable to a C corporation taxable year ( C corporation E&P ). We believe that we have distributed all of our C corporation E&P.

***Failure to Qualify as a REIT***

If we fail to qualify for taxation as a REIT in any taxable year and if the relief provisions do not apply, we will be subject to tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Distributions to shareholders in any year in which we fail to qualify as a REIT will not be deductible by us and, in fact, would not be required to be made. In such event, all distributions to shareholders would be subject to tax as ordinary income (currently as qualified dividend income to individual U.S. shareholders), to the extent of our current and accumulated E&P. Subject to certain limitations, corporate U.S. shareholders may be eligible for the dividends received deduction. After having qualified as a REIT, if we later fail to so qualify, unless entitled to relief under specific statutory provisions, we will be disqualified from being eligible to be subject to tax as a REIT for the four taxable years following the year during which our REIT qualification was lost.

**PLAN OF DISTRIBUTION**

We may offer and sell the debt securities, guarantees, preferred shares, common shares or warrants in any one or more of the following ways:

to or through underwriters, brokers or dealers;

directly to one or more other purchasers;

through a block trade in which the broker or dealer engaged to handle the block trade will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;

through agents on a best-efforts basis; or

otherwise through a combination of any of the above methods of sale.

Each time we sell securities, we will provide a prospectus supplement that will name the issuer of the securities and any underwriter, dealer or agent involved in the offer and sale of the securities. The prospectus supplement will also set forth the terms of the offering, including:

the purchase price of the securities and the proceeds we will receive from the sale of the securities;

any underwriting discounts and other items constituting underwriters' compensation;

any public offering or purchase price and any discounts or commissions allowed or re-allowed or paid to dealers;

any commissions allowed or paid to agents;

any securities exchanges on which the securities may be listed;

the method of distribution of the securities;

the terms of any agreement, arrangement or understanding entered into with the underwriters, brokers or dealers; and

**Table of Contents**

any other information we think is important.

If underwriters or dealers are used in the sale, the securities will be acquired by the underwriters or dealers for their own account. The securities may be sold from time to time in one or more transactions:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices related to such prevailing market prices;

at varying prices determined at the time of sale; or

at negotiated prices.

Such sales may be effected:

in transactions on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;

in transactions in the over-the-counter market;

in block transactions in which the broker or dealer so engaged will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction, or in crosses, in which the same broker acts as an agent on both sides of the trade;

through the writing of options; or

through other types of transactions.

The securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. Unless otherwise set forth in the prospectus supplement, the obligations of underwriters or dealers to purchase the securities offered will be subject to certain conditions precedent and the underwriters or dealers will be obligated to purchase all the offered securities if any are purchased. Any public offering price and any discount or concession allowed or reallocated or paid by underwriters or dealers to other dealers may be changed from time to time.

The securities may be sold directly by us or through agents designated by us from time to time. Any agent involved in the offer or sale of the securities in respect of which this prospectus is delivered will be named, and any commissions

payable by us to such agent will be set forth in, the prospectus supplement. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

Offers to purchase the securities offered by this prospectus may be solicited, and sales of the securities may be made, by us directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. The terms of any offer made in this manner will be included in the prospectus supplement relating to the offer.

If indicated in the applicable prospectus supplement, we will authorize underwriters, dealers or agents to solicit offers by certain institutional investors to purchase securities from us pursuant to contracts providing for payment and delivery at a future date.

Institutional investors with which these contracts may be made include, among others:

commercial and savings banks;

insurance companies;

pension funds;

investment companies; and

## **Table of Contents**

educational and charitable institutions.

In all cases, these purchasers must be approved by us. Unless otherwise set forth in the applicable prospectus supplement, the obligations of any purchaser under any of these contracts will not be subject to any conditions except that (a) the purchase of the securities must not at the time of delivery be prohibited under the laws of any jurisdiction to which that purchaser is subject and (b) if the securities are also being sold to underwriters, we must have sold to these underwriters the securities not subject to delayed delivery. Underwriters and other agents will not have any responsibility in respect of the validity or performance of these contracts.

Some of the underwriters, dealers or agents used by us in any offering of securities under this prospectus may be customers of, engage in transactions with and perform services for us, Rayonier Operating Company, TRS Holdings or other affiliates of ours in the ordinary course of business. Underwriters, dealers, agents and other persons may be entitled under agreements which may be entered into with us to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act, and to be reimbursed by us for certain expenses.

Subject to any restrictions relating to debt securities in bearer form, any securities initially sold outside the United States may be resold in the United States through underwriters, dealers or otherwise.

Any underwriters to which offered securities are sold by us for public offering and sale may make a market in such securities, but those underwriters will not be obligated to do so and may discontinue any market making at any time.

The anticipated date of delivery of the securities offered by this prospectus will be described in the applicable prospectus supplement relating to the offering.

To comply with the securities laws of some states, if applicable, the securities may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the securities may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

## **LEGAL MATTERS**

Certain legal matters may be passed upon for us by Jones Day and with regard to matters of North Carolina law by Alston & Bird LLP, or by other counsel named in a prospectus supplement. Certain tax matters may be passed upon for us by Vinson & Elkins L.L.P., or by other counsel named in a prospectus supplement.

## **EXPERTS**

The consolidated financial statements of Rayonier Inc. appearing in Rayonier Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2014, including the schedule appearing therein, and the effectiveness of Rayonier Inc.'s internal control over financial reporting as of December 31, 2014 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports, thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.



**Table of Contents**

**5,000,000 Common Shares**

**March , 2017**

**Morgan Stanley**

**Raymond James**