

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

Amendment No. 1 to
Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

RAYONIER ADVANCED MATERIALS INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

1301 Riverplace Boulevard
Jacksonville, Florida
(Address of principal executive offices)

46-4559529
(I.R.S. employer
Identification number)

32207
(Zip Code)

904-357-9100
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act

Title of Each Class to be so Registered	Name of Each Exchange on which Each Class is to be Registered
Common Stock, par value \$0.01 per share	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☐

RAYONIER ADVANCED MATERIALS INC.
INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. *Business* .

The information required by this item is contained under the sections of the information statement entitled “Information Statement Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Certain Relationships and Related Person Transactions,” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

Item 1A. *Risk Factors* .

The information required by this item is contained under the section of the information statement entitled “Risk Factors.” That section is incorporated herein by reference.

Item 2. *Financial Information* .

The information required by this item is contained under the sections of the information statement entitled “Unaudited Pro Forma Condensed Combined Financial Statements,” “Selected Historical Combined Financial Data of Rayonier Advanced Materials Inc.,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Those sections are incorporated herein by reference.

Item 3. *Properties* .

The information required by this item is contained under the section of the information statement entitled “Business.” That section is incorporated herein by reference.

Item 4. *Security Ownership of Certain Beneficial Owners and Management* .

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

Item 5. *Directors and Executive Officers* .

The information required by this item is contained under the section of the information statement entitled “Management.” That section is incorporated herein by reference.

Item 6. *Executive Compensation* .

The information required by this item is contained under the sections of the information statement entitled “Compensation Discussion and Analysis” and “Executive Compensation.” These sections are incorporated herein by reference.

Item 7. *Certain Relationships and Related Transactions* .

The information required by this item is contained under the sections of the information statement entitled “Management” and “Certain Relationships and Related Person Transactions.” Those sections are incorporated herein by reference.

Item 8. *Legal Proceedings* .

The information required by this item is contained under the section of the information statement entitled “Business—Legal and Regulatory Proceedings.” That section is incorporated herein by reference.

Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters* .

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “Capitalization,” “The Separation and Distribution,” and “Description of Rayonier Advanced Materials Inc.’s Capital Stock.” Those sections are incorporated herein by reference.

Item 10. *Recent Sales of Unregistered Securities* .

The information required by this item is contained under the sections of the information statement entitled “Description of Material Indebtedness” and “Description of Rayonier Advanced Materials Inc.’s Capital Stock—Sale of Unregistered Securities.” Those sections are incorporated herein by reference.

Item 11. *Description of Registrant’s Securities to be Registered* .

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “The Separation and Distribution,” and “Description of Rayonier Advanced Materials Inc.’s Capital Stock.” Those sections are incorporated herein by reference.

Item 12. *Indemnification of Directors and Officers* .

The information required by this item is contained under the section of the information statement entitled “Description of Rayonier Advanced Materials Inc.’s Capital Stock—Limitations on Liability, Indemnification of Officers and Directors, and Insurance.” That section is incorporated herein by reference.

Item 13. *Financial Statements and Supplementary Data* .

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements and Schedule” and the financial statements referenced therein. That section is incorporated herein by reference.

Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure* .

None.

Item 15. *Financial Statements and Exhibits* .

(a) *Financial Statements and Schedule*

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements and Schedule” and the financial statements and schedule referenced therein. That section is incorporated herein by reference. All other schedules for which provision is made in the applicable regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

(b) *Exhibits*

See below.

The following documents are filed as exhibits hereto:

Exhibit

Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement by and between Rayonier Inc. and Rayonier Advanced Materials Inc. (f/k/a Rayonier Holding Company) ***†
3.1	Form of Amended and Restated Certificate of Incorporation of Rayonier Advanced Materials Inc. (f/k/a Rayonier Holding Company).***
3.2	Form of Amended and Restated Bylaws of Rayonier Advanced Materials Inc. (f/k/a Rayonier Holding Company).***
10.1	Form of Transition Services Agreement by and between Rayonier Inc. and Rayonier Advanced Materials Inc.*
10.2	Form of Tax Matters Agreement by and between Rayonier Inc. and Rayonier Advanced Materials Inc. (f/k/a Rayonier Holding Company).***
10.3	Form of Employee Matters Agreement by and between Rayonier Inc. and Rayonier Advanced Materials Inc.**
10.4	Form of Intellectual Property Agreement by and between Rayonier Inc. and Rayonier Advanced Materials Inc.**
10.5	Form of Indemnification Agreement between Rayonier Advanced Materials Inc. and individual directors.*
10.6	Form of Indemnification Agreement between Rayonier Advanced Materials Inc. and individual officers.*
10.7	Chemical Cellulose Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Eastman Chemical Company**††
10.8	Amendment to Chemical Cellulose Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Eastman Chemical Company**††
10.9	Cellulose Specialties Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Nantong Cellulose Fibers Co., Ltd.** ††
10.10	Amendment No. 1 to Cellulose Specialties Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Nantong Cellulose Fibers Co., Ltd.** ††
10.11	Amended and Restated Cellulose Specialties Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Daicel Corporation**††
10.12	Amendment No. 1 to Amended and Restated Cellulose Specialties Agreement, effective as of February 15, 2013, by and between Rayonier Performance Fibers, LLC and Daicel Corporation**††
10.13	Rayonier Advanced Materials Inc. Incentive Stock Plan*
10.14	Rayonier Advanced Materials Inc. Non-Equity Incentive Plan*
10.15	Form of Transaction Bonus Agreement and Schedule of Executive Officer Transaction Bonus Amounts**
21.1	List of subsidiaries.*
99.1	Information Statement of Rayonier Advanced Materials Inc., preliminary and subject to completion, dated March 31, 2014.**

* To be filed by amendment.

** Filed herewith.

*** Previously filed.

† Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules and similar attachments have been omitted. The registrant hereby agrees to furnish a copy of any omitted schedule or similar attachment to the SEC upon request.

†† Portions of this exhibit have been omitted pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

RAYONIER ADVANCED MATERIALS INC.

By: /s/ PAUL G. BOYNTON

Name: Paul G. Boynton

Title: Chairman, President and Chief Executive
Officer

Date: March 31, 2014

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

RAYONIER INC.

AND

RAYONIER ADVANCED MATERIALS INC.

DATED AS OF [•], 2014

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	1
Section 1.01. Definitions	1
Section 1.02. Interpretation	9
ARTICLE II GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES	9
Section 2.01. General Principles	9
Section 2.02. Service Credit	11
Section 2.03. Benefit Plans	11
Section 2.04. Individual Agreements	12
Section 2.05. Collective Bargaining	13
Section 2.06. Non-U.S. Regulatory Compliance	13
ARTICLE III ASSIGNMENT OF EMPLOYEES	13
Section 3.01. Active Employees	13
Section 3.02. No-Hire and Non-Solicitation	15
ARTICLE IV EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION	15
Section 4.01. Generally	15
Section 4.02. Equity Incentive Awards	15
Section 4.03. Non-Equity Incentive Plans	21
Section 4.04. Executive Severance and Trusts	22
Section 4.05. Director Compensation	23
ARTICLE V QUALIFIED RETIREMENT PLANS	24
Section 5.01. SpinCo Pension Plan	24
Section 5.02. SpinCo Retained Pension Plans	27
Section 5.03. SpinCo Savings Plan	27
Section 5.04. SpinCo Retained Savings Plans	29
Section 5.05. Wood Products Plans	29
ARTICLE VI NONQUALIFIED DEFERRED COMPENSATION PLANS	30
Section 6.01. SpinCo Excess Benefit Plan	30
Section 6.02. SpinCo Excess Savings and Deferred Compensation Plan	30
Section 6.03. Participation; Distributions	31
ARTICLE VII WELFARE BENEFIT PLANS	31
Section 7.01. Welfare Plans	31
Section 7.02. COBRA and HIPAA	33
Section 7.03. Vacation, Holidays and Leaves of Absence	33

Section 7.04. Severance and Unemployment Compensation	33
Section 7.05. Workers' Compensation	33
Section 7.06. Insurance Contracts	33
Section 7.07. Third-Party Vendors	34
Section 7.08. SpinCo Retained Welfare Plans	34
ARTICLE VIII NON-U.S. EMPLOYEES	34
ARTICLE IX MISCELLANEOUS	34
Section 9.01. Employee Records	34
Section 9.02. Preservation of Rights to Amend	35
Section 9.03. Fiduciary Matters	36
Section 9.04. Further Assurances	36
Section 9.05. Counterparts; Entire Agreement; Corporate Power	36
Section 9.06. Governing Law	37
Section 9.07. Assignability	37
Section 9.08. Third-Party Beneficiaries	37
Section 9.09. Notices	37
Section 9.10. Severability	39
Section 9.11. Force Majeure	39
Section 9.12. Headings	39
Section 9.13. Survival of Covenants	39
Section 9.14. Waivers of Default	39
Section 9.15. Dispute Resolution	40
Section 9.16. Specific Performance	40
Section 9.17. Amendments	40
Section 9.18. Interpretation	40
Section 9.19. Mutual Drafting	41

EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of [•], 2014 (this “Agreement”), is by and between Rayonier Inc., a North Carolina corporation (“Rayonier”), and Rayonier Advanced Materials Inc., a Delaware corporation (“SpinCo”).

R E C I T A L S:

WHEREAS, the board of directors of Rayonier (the “Rayonier Board”) has determined that it is in the best interests of Rayonier and its shareholders to create a new publicly traded company that shall operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the Rayonier Board has determined that it is appropriate and desirable to separate the SpinCo Business from the Rayonier Business (the “Separation”) and, following the Separation, make a distribution, on a pro rata basis, to holders of Rayonier Shares on the Record Date of all the outstanding SpinCo Shares owned by Rayonier (the “Distribution”);

WHEREAS, in order to effectuate the Separation and Distribution, Rayonier and SpinCo have entered into a Separation and Distribution Agreement, dated as of [•], 2014 (the “Separation and Distribution Agreement”); and

WHEREAS, in addition to the matters addressed by the Separation and Distribution Agreement, the Parties desire to enter into this Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed to them in the Separation and Distribution Agreement.

“Action” shall have the meaning set forth in the Separation and Distribution Agreement.

“Adjusted SpinCo Stock Value” shall mean the product obtained by multiplying (i) the SpinCo Stock Value and (ii) the Distribution Ratio.

“Affiliate” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Agreement ” shall have the meaning set forth in the preamble to this Agreement and shall include all Schedules hereto and all amendments, modifications, and changes hereto entered into pursuant to Section 9.17.

“ Ancillary Agreement ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Assets ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Benefit Plan ” shall mean any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee, or to any family member, dependent, or beneficiary of any such Employee, including pension plans, thrift plans, supplemental pension plans and welfare plans, and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, the term “Benefit Plan” does not include any government-sponsored benefits, such as workers’ compensation, unemployment or any similar plans, programs or policies.

“ COBRA ” shall mean the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified at Section 601 *et seq.* of ERISA and at Section 4980B of the Code.

“ Code ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Corporate Bonus Continuation Period ” shall mean a period of time commencing as of the Distribution Date and ending on the earlier of December 31, 2015 and the first regularly scheduled meeting of SpinCo shareholders occurring more than 12 months after the Distribution Date.

“ Distribution ” shall have the meaning set forth in the recitals to this Agreement.

“ Distribution Date ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Distribution Ratio ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Effective Time ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Employee ” shall mean any Rayonier Group Employee or SpinCo Group Employee.

“ERISA” shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Exchange Act” shall have the meaning set forth in the Separation and Distribution Agreement.

“FICA” shall have the meaning set forth in Section 3.01(f).

“Force Majeure” shall have the meaning set forth in the Separation and Distribution Agreement.

“Former Employees” shall mean Former Rayonier Group Employees and Former SpinCo Group Employees.

“Former Rayonier Group Employee” shall mean any individual who is a former employee of the Rayonier Group as of the Effective Time and who is not a Former SpinCo Group Employee.

“Former SpinCo Group Employee” shall mean (i) any individual identified as a Former SpinCo Group Employee on the list previously prepared by Rayonier, dated [•], 2014, (ii) any individual who is a former employee of Rayonier or any of its former Subsidiaries or Subsidiaries as of the Effective Time, in each case, whose most recent employment with Rayonier was with a member of the SpinCo Group or the SpinCo Business, and (iii) any individual who is a former employee of the Southern Wood Piedmont Company and who as of immediately prior to the Effective Time is not an employee of Rayonier or its Subsidiaries.

“FUTA” shall have the meaning set forth in Section 3.01(f).

“General Continuation Period” shall mean a period of time commencing as of the Distribution Date and ending on December 31, 2015.

“Governmental Authority” shall have the meaning set forth in the Separation and Distribution Agreement.

“HIPAA” shall mean the U.S. Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder.

“Individual Agreement” shall mean any individual (i) employment contract, (ii) retention, severance or change-of-control agreement, (iii) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation, equalization of taxes and living standards in the host country), or (iv) other agreement containing restrictive covenants (including confidentiality, non-competition and non-solicitation provisions) between a member of the Rayonier Group and a SpinCo Group Employee, as in effect immediately prior to the Effective Time.

“IRS” shall have the meaning set forth in the Separation and Distribution Agreement.

“Law” shall have the meaning set forth in the Separation and Distribution Agreement.

“Liabilities” shall have the meaning set forth in the Separation and Distribution Agreement.

“NYSE” shall have the meaning set forth in the Separation and Distribution Agreement.

“Party” shall mean a party to this Agreement.

“Person” shall have the meaning set forth in the Separation and Distribution Agreement.

“Post-Separation Rayonier Awards” shall mean Post-Separation Rayonier Options, Post-Separation Rayonier Restricted Stock Awards, Post-Separation Rayonier Performance Share Awards and Post-Separation Rayonier Time-Vested Awards, collectively.

“Post-Separation Rayonier Option” shall mean a Rayonier Option adjusted as of the Effective Time in accordance with Section 4.02(b).

“Post-Separation Rayonier Performance Share Award” shall mean a Rayonier Performance Share Award adjusted as of the Effective Time in accordance with Section 4.02(c).

“Post-Separation Rayonier Restricted Stock Award” shall mean a Rayonier Restricted Stock Award adjusted as of the Effective Time in accordance with Section 4.02(a).

“Post-Separation Rayonier Stock Value” shall mean the simple average of the volume weighted average per-share price of Rayonier Shares trading on the NYSE during each of the first ten (10) full Trading Sessions immediately after the Effective Time.

“Post-Separation Rayonier Time-Vested Award” shall mean a time-vested equity award granted as of the Effective Time pursuant to a Rayonier Equity Plan in accordance with Section 4.02(c)(ii)(A).

“Providing Party” shall have the meaning set forth in Section 2.02(b).

“QDRO” shall mean a qualified domestic relations order within the meaning of ERISA Section 206(d) and Section 414(p) of the Code.

“Rayonier” shall have the meaning set forth in the preamble to this Agreement.

“Rayonier Awards” shall mean Rayonier Options, Rayonier Restricted Stock Awards and Rayonier Performance Share Awards, collectively.

“Rayonier Benefit Plan” shall mean any Benefit Plan established, sponsored or maintained by Rayonier or any of its Subsidiaries immediately prior to the Effective Time, excluding any SpinCo Benefit Plan.

“Rayonier Board” shall have the meaning set forth in the recitals to this Agreement.

“Rayonier Business” shall have the meaning set forth in the Separation and Distribution Agreement.

“Rayonier Change of Control” shall have the meaning set forth in Section 4.02(d).

“Rayonier Compensation Committee” shall mean the Compensation Committee of the Rayonier Board.

“Rayonier Equity Plan” shall mean any equity compensation plan sponsored or maintained by Rayonier immediately prior to the Effective Time, including the Rayonier Incentive Stock Plan, as amended, and the 1994 Rayonier Incentive Stock Plan, as amended.

“Rayonier Group” shall have the meaning set forth in the Separation and Distribution Agreement.

“Rayonier Group Employees” shall have the meaning set forth in Section 3.01(a).

“Rayonier HSA” shall have the meaning set forth in Section 7.01(c).

“Rayonier Liability” shall have the meaning set forth in the Separation and Distribution Agreement.

“Rayonier Non-Equity Incentive Plan” shall mean the Rayonier Non-Equity Incentive Plan as in effect immediately prior to the Effective Time.

“Rayonier Nonqualified Plans” shall mean the Rayonier Excess Benefit Plan and the Rayonier Excess Savings and Deferred Compensation Plan.

“Rayonier Option” shall mean an option to purchase Rayonier Shares granted pursuant to a Rayonier Equity Plan that is outstanding as of immediately prior to the Effective Time.

“Rayonier Pension Plan” shall mean the Retirement Plan for Salaried Employees of Rayonier Inc.

“Rayonier Pension Trust” shall mean the Rayonier Inc. Master Retirement Trust.

“Rayonier Performance Share Award” shall mean a performance share award granted pursuant to the Rayonier Incentive Stock Plan and a Performance Share Award Program thereunder that is outstanding as of immediately prior to the Effective Time.

“Rayonier Ratio” shall mean the quotient obtained by dividing the Rayonier Stock Value by the Post-Separation Rayonier Stock Value.

“Rayonier Restricted Stock Award” shall mean a restricted stock award granted pursuant to a Rayonier Equity Plan that is outstanding as of immediately prior to the Effective Time.

“Rayonier Savings Plan” shall mean the Rayonier Investment and Savings Plan for Salaried Employees.

“Rayonier Share Fund” shall have the meaning set forth in Section 5.03(b).

“Rayonier Shares” shall have the meaning set forth in the Separation and Distribution Agreement.

“Rayonier Stock Value” shall mean the simple average of the volume weighted average per-share price of Rayonier Shares trading “regular way with due bills” on the NYSE during each of the last ten (10) full Trading Sessions immediately prior to the Effective Time.

“Rayonier Value Factor” shall mean the quotient obtained by dividing (i) the Rayonier Stock Value by (ii) the sum of (A) the Adjusted SpinCo Stock Value and (B) the Post-Separation Rayonier Stock Value.

“Rayonier Welfare Plan” shall mean any Welfare Plan established, sponsored, maintained or contributed to by Rayonier or any of its Subsidiaries for the benefit of Employees or Former Employees, including each Welfare Plan listed on Schedule 1.01(c) but excluding the Rayonier Executive Severance Pay Plan and any SpinCo Welfare Plan.

“Record Date” shall have the meaning set forth in the Separation and Distribution Agreement.

“Requesting Party” shall have the meaning set forth in Section 2.02(b).

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

“Separation” shall have the meaning set forth in the recitals to this Agreement.

“Separation and Distribution Agreement” shall have the meaning set forth in the recitals to this Agreement.

“SpinCo” shall have the meaning set forth in the preamble to this Agreement.

“SpinCo Awards” shall mean SpinCo Options, SpinCo Restricted Stock Awards, SpinCo Performance Share Awards and SpinCo Time-Vested Awards, collectively.

“SpinCo Benefit Plan” shall mean any Benefit Plan established, sponsored, maintained or contributed to by a member of the SpinCo Group as of or after the Effective Time, including any SpinCo Retained Plan.

“SpinCo Board” shall mean the Board of Directors of SpinCo.

“ SpinCo Business ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ SpinCo Change of Control ” shall have the meaning set forth in Section 4.02(d).

“ SpinCo Compensation Committee ” shall mean the Compensation Committee of the SpinCo Board.

“ SpinCo Designees ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ SpinCo Equity Plan ” shall mean the SpinCo 2014 Equity Incentive Plan.

“ SpinCo Group ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ SpinCo Group Employees ” shall have the meaning set forth in Section 3.01(a).

“ SpinCo HSA ” shall have the meaning set forth in Section 7.01(c).

“ SpinCo Liability ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ SpinCo Non-Equity Incentive Plan ” shall mean the SpinCo Non-Equity Incentive Plan established pursuant to Section 4.03(a).

“ SpinCo Nonqualified Plan ” shall mean the SpinCo Excess Benefit Plan and the SpinCo Excess Savings and Deferred Compensation Plan, collectively.

“ SpinCo Option ” shall mean an option to purchase SpinCo Shares granted by SpinCo pursuant to the SpinCo Equity Plan in accordance with Section 4.02(b).

“ SpinCo Outside Directors’ Compensation Program ” shall mean the SpinCo Outside Directors’ Compensation Program established pursuant to Section 4.05(a).

“ SpinCo Pension Plan ” shall mean the Retirement Plan for Salaried Employees of SpinCo Inc.

“ SpinCo Pension Trust ” shall have the meaning set forth in Section 5.01(a).

“ SpinCo Performance Share Award ” shall mean a performance share award granted pursuant to the SpinCo Equity Plan and a SpinCo Performance Share Award Program thereunder in accordance with Section 4.02(c).

“ SpinCo Ratio ” shall mean the quotient obtained by dividing the Rayonier Stock Value by the SpinCo Stock Value.

“ SpinCo Restricted Stock Award ” shall mean a restricted stock award granted pursuant to the SpinCo Equity Plan in accordance with Section 4.02(a).

“ SpinCo Retained Bonus Plans ” shall have the meaning set forth in Section 4.03(b).

“ SpinCo Retained Pension Plans ” shall have the meaning set forth in Section 5.02.

“ SpinCo Retained Plan ” means a SpinCo Retained Bonus Plan, SpinCo Retained Pension Plan, SpinCo Retained Savings Plan or SpinCo Retained Welfare Plan.

“ SpinCo Retained Savings Plans ” shall have the meaning set forth in Section 5.04.

“ SpinCo Retained Welfare Plans ” shall have the meaning set forth in Section 7.08.

“ SpinCo Savings Plan ” shall mean the SpinCo Investment and Savings Plan for Salaried Employees.

“ SpinCo Share Fund ” shall have the meaning set forth in Section 5.03(c).

“ SpinCo Shares ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ SpinCo Stock Value ” shall mean the simple average of the volume weighted average per-share price of SpinCo Shares trading on the NYSE during each of the first ten (10) full Trading Sessions immediately after the Effective Time.

“ SpinCo Time-Vested Award ” shall mean a time-vested equity award granted pursuant to the SpinCo Equity Plan in accordance with Section 4.02(c)(ii)(B).

“ SpinCo Value Factor ” shall mean the quotient obtained by dividing (i) the Rayonier Stock Value by (ii) the sum of (A) the SpinCo Stock Value and (B) the quotient obtained by dividing the Post-Separation Rayonier Stock Value by the Distribution Ratio.

“ SpinCo Welfare Plans ” shall mean the Welfare Plans established, sponsored, maintained or contributed to by any member of the SpinCo Group for the benefit of SpinCo Group Employees and Former SpinCo Group Employees, including any SpinCo Retained Welfare Plans.

“ Subsidiary ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Third Party ” shall have the meaning set forth in the Separation and Distribution Agreement.

“ Trading Session ” shall mean the period of time during any given calendar day, commencing with the determination of the opening price on the NYSE and ending with the determination of the closing price on the NYSE, in which trading in Rayonier Shares or SpinCo Shares (as applicable) is permitted on the NYSE.

“ Transferred Account Balances ” shall have the meaning set forth in Section 7.01(d).

“Transferred Director” shall have the meaning set forth in Section 4.05(a).

“Transition Services Agreement” shall have the meaning set forth in the Separation and Distribution Agreement.

“U.S.” shall mean the United States of America.

“Welfare Benefit Continuation Period” shall mean a period of time commencing as of the Distribution Date and ending on December 31, 2014.

“Welfare Plan” shall mean any “welfare plan” (as defined in Section 3(1) of ERISA) or a “cafeteria plan” under Section 125 of the Code, and any benefits offered thereunder, and any other plan offering health benefits (including medical, prescription drug, dental, vision, mental health, substance abuse and retiree health), disability benefits, or life, accidental death and dismemberment, and business travel insurance, pre-tax premium conversion benefits, dependent care assistance programs, employee assistance programs, paid time-off programs, contribution funding toward a health savings account, flexible spending accounts or cashable credits.

Section 1.02. Interpretation. (a) Section 10.16 of the Separation and Distribution Agreement is hereby incorporated by reference.

ARTICLE II GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 2.01. General Principles.

(a) *Acceptance and Assumption of SpinCo Liabilities*. On or prior to the Effective Time, but in any case prior to the Distribution, SpinCo and the applicable SpinCo Designees shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a SpinCo Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any Liabilities arising out of claims made by Rayonier’s or SpinCo’s respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the Rayonier Group or the SpinCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Rayonier Group or the SpinCo Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation (as the same may be modified by this Agreement), commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any SpinCo Group Employees and Former SpinCo Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, commissions, bonuses or other employee compensation or benefits are or may have been earned;

(ii) any and all Liabilities whatsoever with respect to claims made by or with respect to any SpinCo Group Employees or Former SpinCo Group Employees in connection with any Benefit Plan not retained or assumed by any member of the Rayonier Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iii) any and all Liabilities expressly assumed or retained by any member of the SpinCo Group pursuant to this Agreement.

(b) *Acceptance and Assumption of Rayonier Liabilities*. On or prior to the Effective Time, but in any case prior to the Distribution, Rayonier and certain members of the Rayonier Group designated by Rayonier shall accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities held by SpinCo or any SpinCo Designee and Rayonier and the applicable members of the Rayonier Group shall be responsible for such Liabilities in accordance with their respective terms (each of which shall be considered a Rayonier Liability), regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such Liabilities are asserted or determined (including any Liabilities arising out of claims made by Rayonier's or SpinCo's respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates against any member of the Rayonier Group or the SpinCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Rayonier Group or the SpinCo Group, or any of their respective directors, officers, Employees, Former Employees, agents, Subsidiaries or Affiliates:

(i) any and all wages, salaries, incentive compensation (as the same may be modified by this Agreement), commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Rayonier Group Employees and Former Rayonier Group Employees after the Effective Time, without regard to when such wages, salaries, incentive compensation, commissions, bonuses or other employee compensation or benefits are or may have been earned;

(ii) any and all Liabilities whatsoever with respect to claims made by or with respect to any Rayonier Group Employees or Former Rayonier Group Employees in connection with any Benefit Plan not retained or assumed by any member of the SpinCo Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iii) any and all Liabilities expressly assumed or retained by any member of the Rayonier Group pursuant to this Agreement.

(c) *Unaddressed Liabilities*. To the extent that this Agreement does not address particular Liabilities under any Benefit Plan and the Parties later determine that they should be allocated in connection with the Distribution, the Parties shall agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

Section 2.02. Service Credit.

(a) *Service for Eligibility, Vesting and Benefit Purposes*. The SpinCo Benefit Plans shall, and SpinCo shall cause each member of the SpinCo Group to, recognize each SpinCo Group Employee's and each Former SpinCo Group Employee's full service with Rayonier or any of its Subsidiaries or predecessor entities at or before the Effective Time, to the same extent that such service was credited by Rayonier for similar purposes prior to the Effective Time as if such full service had been performed for a member of the SpinCo Group, for purposes of eligibility, vesting and determination of level of benefits under any such SpinCo Benefit Plan.

(b) *Evidence of Prior Service*. Notwithstanding anything in this Agreement to the contrary, but subject to Section 3.02 and applicable Law, upon reasonable request by either Party (the "Requesting Party"), the other Party (the "Providing Party") will provide to the Requesting Party copies of any records available to the Providing Party to document the service, plan participation and membership of former Employees of the Providing Party who are then Employees of the Requesting Party, and will cooperate with the Requesting Party to resolve any discrepancies or obtain any missing data for purposes of determining benefit eligibility, participation, vesting and calculation of benefits with respect to any such Employee.

Section 2.03. Benefit Plans.

(a) *Establishment of Plans*. Before the Effective Time, SpinCo shall, or shall cause an applicable member of the SpinCo Group to, adopt Benefit Plans (and related trusts, if applicable), with terms comparable (or such other standard as is specified in this Agreement with respect to any particular Benefit Plan) to those of the corresponding Rayonier Benefit Plans, including in particular those listed on Schedule 2.03 (a); provided, however, that SpinCo may limit participation in any such SpinCo Benefit Plan to SpinCo Group Employees and Former SpinCo Group Employees who participated in the corresponding Rayonier Benefit Plan immediately prior to the Effective Time.

(b) *Information and Operation*. Rayonier shall provide SpinCo with information describing each Rayonier Benefit Plan election made by a SpinCo Group Employee or Former SpinCo Group Employee that may have application to SpinCo Benefit Plans from and after the Effective Time, and SpinCo shall use its commercially reasonable efforts to administer the SpinCo Benefit Plans using those elections. Each Party shall, upon reasonable request, provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's operation or administration of its Benefit Plans.

(c) *No Duplication or Acceleration of Benefits*. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, no participant in any SpinCo Benefit Plan shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits provided to such participant by the corresponding Rayonier Benefit Plan or any other plan, program or arrangement sponsored or maintained by a member of the Rayonier Group. Furthermore, unless expressly provided for in this Agreement, the Separation and Distribution Agreement or in any Ancillary Agreement or required by applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting or entitlements under any compensation or

Benefit Plan, program or arrangement sponsored or maintained by a member of the Rayonier Group or member of the SpinCo Group on the part of any Employee or Former Employee.

(d) *No Expansion of Participation* . Unless otherwise expressly provided in this Agreement, as otherwise determined or agreed to by Rayonier and SpinCo, as required by applicable Law, or as explicitly set forth in a SpinCo Benefit Plan, a SpinCo Group Employee or Former SpinCo Group Employee shall be entitled to participate in the SpinCo Benefit Plans at the Effective Time only to the extent that such SpinCo Group Employee or Former SpinCo Group Employee was entitled to participate in the corresponding Rayonier Benefit Plan as in effect immediately prior to the Effective Time (to the extent that such SpinCo Group Employee or Former SpinCo Group Employee does not participate in the respective SpinCo Benefit Plan immediately prior to the Effective Time), it being understood that this Agreement does not expand (i) the number of SpinCo Group Employees or Former SpinCo Group Employees entitled to participate in any SpinCo Benefit Plan or (ii) the participation rights of SpinCo Group Employees or Former SpinCo Group Employees in any SpinCo Benefit Plans beyond the rights of such SpinCo Group Employees or Former SpinCo Group Employees under the corresponding Rayonier Benefit Plans, in each case, after the Effective Time.

(e) *Transition Services* . The Parties acknowledge that the Rayonier Group or the SpinCo Group may provide administrative services for certain of the other Party's compensation and benefit programs for a transitional period under the terms of the Transition Services Agreement. The Parties agree to enter into a business associate agreement (if required by HIPAA or other applicable health information privacy Laws) in connection with such Transition Services Agreement.

(f) *Beneficiaries* . References to Rayonier Group Employees, Former Rayonier Group Employees, SpinCo Group Employees, Former SpinCo Group Employees, and non-employee directors of either Rayonier or SpinCo (including Transferred Directors), shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

Section 2.04. Individual Agreements.

(a) *Assignment by Rayonier* . To the extent necessary, Rayonier shall assign, or cause an applicable member of the Rayonier Group to assign, to SpinCo or another member of the SpinCo Group, as designated by SpinCo, all Individual Agreements, with such assignment to be effective as of the Effective Time; provided, however, that to the extent that assignment of any such Individual Agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Effective Time, each member of the SpinCo Group shall be considered to be a successor to each member of the Rayonier Group for purposes of, and a third-party beneficiary with respect to, such Individual Agreement, such that each member of the SpinCo Group shall enjoy all of the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary), with respect to the business operations of the SpinCo Group; provided, further, that in no event shall Rayonier be permitted to enforce any Individual Agreement (including any agreement containing non-competition or non-solicitation covenants) against a SpinCo Group Employee or Former SpinCo Group Employee for action taken in such individual's capacity as a SpinCo Group Employee or Former SpinCo Group Employee.

(b) *Assumption by SpinCo*. Effective as of the Effective Time, SpinCo will assume and honor, or will cause a member of the SpinCo Group to assume and honor, any individual agreement to which any SpinCo Group Employee or Former SpinCo Group Employee is party with any member of the Rayonier Group, including any Individual Agreement.

Section 2.05. Collective Bargaining. Effective no later than immediately prior to the Effective Time, to the extent necessary, SpinCo shall cause the appropriate member of the SpinCo Group to (a) assume all collective bargaining agreements (including any national, sector or local collective bargaining agreement) that cover SpinCo Group Employees or Former SpinCo Group Employees and the Liabilities arising under any such collective bargaining agreements, and (b) join any industrial, employer or similar association or federation if membership is required for the relevant collective bargaining agreement to continue to apply.

Section 2.06. Non-U.S. Regulatory Compliance. Rayonier shall have the authority to adjust the treatment described in this Agreement with respect to SpinCo Group Employees who are located outside of the United States in order to ensure compliance with the applicable laws or regulations of countries outside of the United States or to preserve the tax benefits provided under local tax law or regulation before the Distribution.

ARTICLE III ASSIGNMENT OF EMPLOYEES

Section 3.01. Active Employees.

(a) *Assignment and Transfer of Employees*. Effective no later than immediately prior to the Effective Time and except as otherwise agreed by the Parties and subject to Section 3.01(b), (i) the applicable member of the Rayonier Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the SpinCo Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the Rayonier Human Resources department or otherwise taken in accordance with applicable Law) (collectively, the “SpinCo Group Employees”) is employed by a member of the SpinCo Group as of immediately after the Effective Time, and (ii) the applicable member of the Rayonier Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Rayonier Group as of immediately after the Effective Time (including any such individual who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by the Rayonier Human Resources department or otherwise taken in accordance with applicable Law) and any other individual employed by the Rayonier Group as of the Effective Time who is not a SpinCo Group Employee (collectively, the “Rayonier Group Employees”) is employed by a member of the Rayonier Group as of immediately after the Effective Time. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) *Employees on Disability Leave*. Any individual who is receiving short-term disability benefits pursuant to a Rayonier Welfare Plan as of the Effective Time shall be considered to be a Rayonier Group Employee for all purposes under this Agreement unless and

until such individual returns to work after the Effective Time, at which time such individual will be treated for all purposes under this Agreement as an Employee of the entity (Rayonier or SpinCo, as applicable) by which such individual would have been employed immediately following the Effective Time had he or she not been on disability leave (without giving effect to this Section 3.01(b)); provided, however, that any such individual who does not return to work prior to the first anniversary of the first day of such individual's disability leave will be treated for all purposes under this Agreement as a Former Rayonier Group Employee as of the date of such first anniversary. The Parties shall use commercially reasonable efforts to cooperate and share information in order to effectuate this Section 3.01(b).

(c) *At-Will Status*. Nothing in this Agreement shall create any obligation on the part of any member of the Rayonier Group or any member of the SpinCo Group to (i) continue the employment of any Employee or permit the return from a leave of absence for any period after the date of this Agreement (except as required by applicable Law) or (ii) change the employment status of any Employee from "at-will," to the extent that such Employee is an "at-will" employee under applicable Law.

(d) *Severance*. The Parties acknowledge and agree that the Distribution and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.01 shall not be deemed an involuntary termination of employment entitling any SpinCo Group Employee or Rayonier Group Employee to severance payments or benefits.

(e) *Not a Change of Control/Change in Control*. The Parties acknowledge and agree that neither the consummation of the Distribution nor any transaction contemplated by this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement shall be deemed a "change of control," "change in control," or term of similar import for purposes of any Benefit Plan sponsored or maintained by any member of the Rayonier Group or member of the SpinCo Group.

(f) *Payroll and Related Taxes*. With respect to any SpinCo Group Employee or group of SpinCo Group Employees, the Parties shall, or shall cause their respective Subsidiaries to, (i) treat SpinCo (or the applicable member of the SpinCo Group) as a "successor employer" and Rayonier (or the applicable member of the Rayonier Group) as a "predecessor," within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, for purposes of taxes imposed under the United States Federal Insurance Contributions Act, as amended ("FICA"), or the United States Federal Unemployment Tax Act, as amended ("FUTA"), (ii) cooperate with each other to avoid, to the extent possible, the restart of FICA and FUTA upon or following the Effective Time with respect to each such SpinCo Group Employee for the tax year during which the Effective Time occurs, and (iii) use commercially reasonable efforts to implement the alternate procedure described in Section 5 of Revenue Procedure 2004-53; provided, however that, to the extent that SpinCo (or the applicable member of the SpinCo Group) cannot be treated as a "successor employer" to Rayonier (or the applicable member of the Rayonier Group) within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code with respect to any SpinCo Group Employee or group of SpinCo Group Employees, (x) with respect to the portion of the tax year commencing on January 1, 2014 and ending on the Distribution Date, Rayonier will (A) be responsible for all payroll obligations, tax withholding and reporting obligations for such SpinCo Group Employees and (B) furnish a Form W-2 or similar earnings statement to all such SpinCo Group Employees for

such period, and (y) with respect to the remaining portion of such tax year, SpinCo will (A) be responsible for all payroll obligations, tax withholding and reporting obligations regarding such SpinCo Group Employees and (B) furnish a Form W-2 or similar earnings statement to all such SpinCo Group Employees.

Section 3.02. No-Hire and Non-Solicitation. Each Party agrees that, for a period of two years from the Distribution Date, such Party shall not hire or solicit for employment any individual who is a Rayonier Group Employee, in the case of SpinCo, or a SpinCo Group Employee, in the case of Rayonier; provided, however, that, without limiting the generality of the foregoing prohibition on solicitation and hiring Employees of the other Party, this Section 3.02 shall not prohibit (a) generalized solicitations that are not directed to specific Persons or Employees of the other Party, (b) the solicitation and hiring of a Person whose employment was involuntarily terminated by the other Party, or (c) the solicitation and hiring of a Person after receipt by the soliciting Party (in advance of any solicitation or, in the case of a response to a general solicitation as permitted under clause (a) above, in advance of any subsequent solicitation in connection with the recruiting process) of the express written consent of the senior Human Resources executive of the Party that employs the Person who is to be solicited and/or hired. Except as provided in clause (b) above with respect to involuntary terminations, without regard to the use of the term “Employee” or “employs,” the restrictions under this Section 3.02 shall be applicable to (i) Rayonier Group Employees whose employment terminates after the Effective Time, and (ii) SpinCo Group Employees whose employment terminates after the Effective Time, in each case, until the date that is six months after such Employee’s last date of employment with Rayonier or SpinCo, as applicable. For the avoidance of doubt, the restrictions under this Section 3.02 shall not apply to Former Rayonier Group Employees or Former SpinCo Group Employees whose most recent employment with Rayonier and its Subsidiaries was terminated prior to the Effective Time.

ARTICLE IV EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION

Section 4.01. Generally. Each Rayonier Award granted that is outstanding as of immediately prior to the Effective Time shall be adjusted as described below; provided, however, that, effective immediately prior to the Effective Time, the Rayonier Compensation Committee may provide for different adjustments with respect to some or all Rayonier Awards to the extent that the Rayonier Compensation Committee deems such adjustments necessary and appropriate. Any adjustments made by the Rayonier Compensation Committee pursuant to the foregoing sentence shall be deemed incorporated by reference herein as if fully set forth below and shall be binding on the Parties and their respective Affiliates. Before the Effective Time, the SpinCo Equity Plan shall be established, with such terms as are necessary to permit the implementation of the provisions of Section 4.02.

Section 4.02. Equity Incentive Awards.

(a) *Restricted Stock*. Each holder of an outstanding Rayonier Restricted Stock Award immediately prior to the Effective Time shall receive, as of the Effective Time, a SpinCo Restricted Stock Award for such number of shares as determined by applying the Distribution Ratio in the same way as if the outstanding Rayonier Restricted Stock Award comprised fully

vested Rayonier Shares as of the Effective Time. Except as set forth in this Section 4.02, the Post-Separation Rayonier Restricted Stock Award and the SpinCo Restricted Stock Award issued in accordance with this Section 4.02 both shall be subject to the same terms and conditions (including with respect to vesting) immediately after the Effective Time as were applicable to the Rayonier Restricted Stock Award immediately prior to the Effective Time (except as otherwise provided herein, including in Sections 4.02(d) and (e)).

(b) *Stock Options* . Each Rayonier Option that is outstanding immediately prior to the Effective Time, regardless of by whom held, shall be converted as of the Effective Time into both a Post-Separation Rayonier Option and a SpinCo Option and shall, except as otherwise provided in this Section 4.02, be subject to the same terms and conditions (including with respect to vesting and expiration) after the Effective Time as were applicable to such Rayonier Option immediately prior to the Effective Time (except as otherwise provided herein, including in Sections 4.02(d) and (e)); provided, however, that from and after the Effective Time:

(i) the number of Rayonier Shares subject to such Post-Separation Rayonier Option, rounded down to the nearest whole share, shall be equal to the product obtained by multiplying (A) the number of Rayonier Shares subject to the corresponding Rayonier Option immediately prior to the Effective Time by (B) the Rayonier Value Factor;

(ii) the number of SpinCo Shares subject to such SpinCo Option, rounded down to the nearest whole share, shall be equal to the product obtained by multiplying (A) the number of Rayonier Shares subject to the corresponding Rayonier Option immediately prior to the Effective Time by (B) the SpinCo Value Factor;

(iii) the per share exercise price of such Post-Separation Rayonier Option, rounded up to the nearest hundredth of a cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of the corresponding Rayonier Option immediately prior to the Effective Time by (B) the Rayonier Ratio; and

(iv) the per share exercise price of such SpinCo Option, rounded up to the nearest hundredth of a cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of the corresponding Rayonier Option immediately prior to the Effective Time by (B) the SpinCo Ratio.

Notwithstanding anything to the contrary in this Section 4.02(b), the exercise price, the number of Rayonier Shares and SpinCo Shares subject to each Post-Separation Rayonier Option and SpinCo Option, and the terms and conditions of exercise of such options shall be determined in a manner consistent with the requirements of Section 409A of the Code.

(c) *Performance Share Awards* .

(i) As of the Effective Time, each Rayonier Performance Share Award granted in 2012 shall be converted into a Post-Separation Rayonier Performance Share Award and a SpinCo Performance Share Award and each such award shall be subject to the same terms and conditions (including with respect to vesting and applicable performance criteria) after the Effective Time as were applicable to such Rayonier Performance Share Award prior to the

Effective Time (except as otherwise provided herein, including in Sections 4.02(d) and (e)); provided, however, that:

(A) payment, if any, shall be made in Rayonier Shares (with respect to the Post-Separation Rayonier Performance Share Award) and SpinCo Shares (with respect to the SpinCo Performance Share Award);

(B) the number of shares subject to (1) such Post-Separation Rayonier Performance Share Award shall be equal to the number of Rayonier Shares subject to the corresponding Rayonier Performance Share Award immediately prior to the Effective Time, and (2) such SpinCo Performance Share Award shall be equal to (x) the number of Rayonier Shares subject to the Rayonier Performance Share Award immediately prior to the Effective Time multiplied by (y) the Distribution Ratio, rounded down to the nearest whole share;

(C) dividends taken into account for purposes of (1) determining the value of dividend equivalent accounts or (2) the reinvestment of dividends in the calculation of total shareholder return, shall be any cash dividends paid on Rayonier Shares during the performance period and any cash dividends paid on SpinCo Shares during the portion of the performance period occurring after the Effective Time;

(D) the stock price at the end of the performance period used to determine stock price appreciation shall be the sum of (1) the closing price per share of Rayonier Shares on the NYSE during the 20 trading days preceding December 31, 2014, and (2) the closing price per share of SpinCo Shares on the NYSE during the 20 trading days preceding December 31, 2014 multiplied by the Distribution Ratio; and

(E) any determination as to the treatment, upon an Employee's retirement, of the Post-Separation Rayonier Performance Share Award and SpinCo Performance Share Award granted to such Employee pursuant to the Rayonier Equity Plan or the SpinCo Equity Plan, as applicable, and this Section 4.02(c)(i), shall be made by the Compensation Committee of the Board of Directors of the Party that directly or indirectly employs such Employee immediately after the Effective Time (Rayonier or SpinCo, as applicable); provided, that any such determination shall apply uniformly to both the Post-Separation Rayonier Performance Share Award and the SpinCo Performance Share Award held by such Employee.

(ii) As of the Effective Time, each Rayonier Performance Share Award granted in 2013 shall be cancelled in its entirety and replaced with a new award as follows:

(A) each Rayonier Performance Share Award granted in 2013 and held by a Rayonier Group Employee immediately prior to the Effective Time shall be replaced with a Post-Separation Rayonier Time-Vested Award. The number of shares subject to such Post-Separation Rayonier Time-Vested Award shall be equal to (1) the fair market value (at the target level of performance) of the corresponding Rayonier Performance Share Award on the date that it was originally granted (as reflected in Rayonier's records), divided by (2) the Post-Separation Rayonier Stock Value. Such

Post-Separation Rayonier Time-Vested Award shall vest in full on the second anniversary of the Distribution Date, subject to such Rayonier Group Employee's continued employment with Rayonier through such second anniversary or such earlier date as is provided in the award agreement governing such Post-Separation Rayonier Time-Vested Award or otherwise determined by the Rayonier Compensation Committee following the Effective Time; and

(B) each Rayonier Performance Share Award granted in 2013 and held by a SpinCo Group Employee immediately prior to the Effective Time shall be replaced with a SpinCo Time-Vested Award. The number of shares subject to such SpinCo Time-Vested Award shall be equal to (1) the fair market value (at the target level of performance) of the corresponding Rayonier Performance Share Award on the date that it was originally granted (as reflected in Rayonier's records), divided by (2) the SpinCo Stock Value. Such SpinCo Time-Vested Award shall vest in full on the second anniversary of the Distribution Date, subject to such SpinCo Group Employee's continued employment with SpinCo through such second anniversary or such earlier date as is provided in the award agreement governing such SpinCo Time-Vested Award or otherwise determined by the SpinCo Compensation Committee following the Effective Time.

(iii) As of the Effective Time, each Rayonier Performance Share Award granted in 2014 shall be cancelled in its entirety and replaced with a new award as follows:

(A) each Rayonier Performance Share Award granted in 2014 and held by a Rayonier Group Employee immediately prior to the Effective Time shall be replaced with a Post-Separation Rayonier Performance Share Award. The number of shares subject to such Post-Separation Rayonier Performance Share Award shall be equal to (1) the fair market value (at the target level of performance) of the corresponding Rayonier Performance Share Award on the date that it was originally granted (as reflected in Rayonier's records), divided by (2) the Post-Separation Rayonier Stock Value. Such Post-Separation Rayonier Performance Share Award shall be subject to such terms and conditions as are determined by the Rayonier Compensation Committee prior to the Distribution Date; provided, that (x) such Post-Separation Rayonier Performance Share Award shall be denominated only in Rayonier Shares (and cash in respect of any dividend equivalents thereon), and (y) the applicable performance period shall end on December 31, 2016; and

(B) each Rayonier Performance Share Award granted in 2014 and held by a SpinCo Group Employee immediately prior to the Effective Time shall be replaced with a SpinCo Performance Share Award. The number of shares subject to such SpinCo Performance Share Award shall be equal to (1) the fair market value (at the target level of performance) of the corresponding Rayonier Performance Share Award on the date that it was originally granted (as reflected in Rayonier's records) divided by (2) the SpinCo Stock Value. Such SpinCo Performance Share Award shall be subject to such terms and conditions as are determined by the SpinCo Compensation Committee; provided, that (x) such SpinCo Performance Share Award shall be denominated in SpinCo Shares (and cash in respect of dividend equivalents thereon), and (y) the applicable performance period shall end on December 31, 2016.

(d) *Miscellaneous Award Terms* . With respect to Post-Separation Rayonier Awards and SpinCo Awards, (i) employment with or service to the Rayonier Group shall be treated as employment with and service to SpinCo with respect to SpinCo Awards held by Rayonier Group Employees or Rayonier non-employee directors, and (ii) employment with or service to the SpinCo Group shall be treated as employment with or service to Rayonier with respect to Post-Separation Rayonier Awards held by SpinCo Group Employees or Transferred Directors. In addition, none of the Separation, the Distribution or any employment transfer described in Section 3.01(a) shall constitute a termination of employment for any Employee for purposes of any Post-Separation Rayonier Award or any SpinCo Award. After the Effective Time, for any award adjusted under this Section 4.02, any reference to a “change in control,” “change of control” or similar definition in an award agreement, employment agreement or Rayonier Equity Plan applicable to such award (A) with respect to Post-Separation Rayonier Awards, shall be deemed to refer to a “change in control,” “change of control” or similar definition as set forth in the applicable award agreement, employment agreement or Rayonier Equity Plan (a “Rayonier Change of Control”), and (B) with respect to SpinCo Awards, shall be deemed to refer to a “Change in Control” as defined in the SpinCo Equity Plan (a “SpinCo Change of Control”). Without limiting the foregoing, with respect to provisions related to vesting of awards, a Rayonier Change of Control shall be treated as a SpinCo Change of Control for purposes of SpinCo Awards held by Rayonier Group Employees, Former Rayonier Group Employees and Rayonier non-employee directors, and a SpinCo Change of Control shall be treated as a Rayonier Change of Control for purposes of Post-Separation Rayonier Awards held by SpinCo Group Employees, Former SpinCo Group Employees and Transferred Directors.

(e) *Equity Plan Restrictive Covenants* . Without limiting the generality of Section 2.04(a), effective as of the Effective Time, to the extent permitted under applicable Law, each member of the SpinCo Group shall be considered to be a successor to each member of the Rayonier Group for purposes of, and a third-party beneficiary with respect to, the restrictive covenants (including non-competition covenants) contained in the Rayonier Equity Plans and award agreements thereunder (only to the extent that such agreements are not assigned to SpinCo in accordance with Section 2.04), such that each member of the SpinCo Group shall enjoy all of the rights and benefits under such arrangements (including rights and benefits as a third-party beneficiary), with respect to the business operations of the SpinCo Group; provided, that from and after the Distribution Date, in no event shall Rayonier or any member of the Rayonier Group be permitted to enforce any restrictive covenant (including non-competition covenants) in the Rayonier Equity Plan or any award agreement thereunder against a SpinCo Group Employee or Former SpinCo Group Employee for action taken in such individual’s capacity as a SpinCo Group Employee or Former SpinCo Group Employee.

(f) *Tax Reporting and Withholding*.

(i) Except as otherwise provided in this Section 4.02(f), after the Effective Time, Post-Separation Rayonier Awards, regardless of by whom held, shall be settled by Rayonier, and SpinCo Awards, regardless of by whom held, shall be settled by SpinCo.

(ii) Upon the vesting of SpinCo Awards, SpinCo shall be solely responsible for ensuring the satisfaction of all applicable tax withholding requirements on behalf of each SpinCo Group Employee or Former SpinCo Group Employee and for ensuring the

collection and remittance of employee withholding taxes to the Rayonier Group with respect to each Rayonier Group Employee or Former Rayonier Group Employee (with Rayonier Group being responsible for remittance of the applicable employee taxes and payment and remittance of the applicable employer taxes relating to Rayonier Group Employees and Former Rayonier Group Employees to the applicable Governmental Authority). Upon the vesting of Post-Separation Rayonier Awards, Rayonier shall be solely responsible for ensuring the satisfaction of all applicable tax withholding requirements on behalf of each Rayonier Group Employee or Former Rayonier Group Employee and for ensuring the collection and remittance of employee withholding taxes to the SpinCo Group with respect to each SpinCo Group Employee or Former SpinCo Group Employee (with SpinCo Group being responsible for remittance of the applicable employee taxes and payment and remittance of the applicable employer taxes relating to SpinCo Group Employees and Former SpinCo Group Employees to the applicable Governmental Authority). Following the Effective Time, Rayonier shall be responsible for all income tax reporting in respect of Post-Separation Rayonier Awards and SpinCo Awards held by Rayonier Group Employees, Former Rayonier Group Employees and individuals who are or were Rayonier non-employee directors, and SpinCo will be responsible for all income tax reporting in respect of Post-Separation Rayonier Awards and SpinCo Awards held by SpinCo Group Employees, Former SpinCo Group Employees and Transferred Directors.

(iii) SpinCo shall be responsible for the settlement of cash dividend equivalents on any Post-Separation Rayonier Awards or SpinCo Awards held by a SpinCo Group Employee, Former SpinCo Group Employee or Transferred Director. Prior to the date any such settlement is due, Rayonier shall pay SpinCo in cash amounts required to settle (A) any dividend equivalents with respect to Post-Separation Rayonier Awards and (B) any dividend equivalents accrued prior to the Effective Time with respect to SpinCo Awards. Rayonier shall be responsible for the settlement of cash dividends equivalents on any Post-Separation Rayonier Awards or SpinCo Awards held by a Rayonier Group Employee, Former Rayonier Group Employee or non-employee director of Rayonier. Prior to the date any such settlement is due, SpinCo shall pay Rayonier in cash amounts required to settle any dividend equivalents accrued following the Effective Time with respect to SpinCo Awards.

(iv) Following the Effective Time, if any Post-Separation Rayonier Award held by a SpinCo Group Employee, Former SpinCo Group Employee or Transferred Director shall fail to become vested, such Post-Separation Rayonier Award shall be forfeited to Rayonier, and if any SpinCo Award held by a Rayonier Group Employee, Former Rayonier Group Employee or non-employee director of Rayonier shall fail to become vested, such SpinCo Award shall be forfeited to SpinCo.

(g) *Cooperation.* Each of the Parties shall establish an appropriate administration system in order to administer, in an orderly manner, (i) exercises of vested Post-Separation Rayonier Options and SpinCo Options, (ii) the vesting and forfeiture of unvested Post-Separation Rayonier Awards and SpinCo Awards, and (iii) the withholding and reporting requirements with respect to all awards. Each of the Parties shall work together to unify and consolidate all indicative data and payroll and employment information on regular timetables and make certain that each applicable Person's data and records in respect of such awards are correct and updated on a timely basis. The foregoing shall include employment status and information required for vesting and forfeiture of awards and tax withholding/remittance, compliance with

trading windows and compliance with the requirements of the Exchange Act and other applicable Laws.

(h) *Registration and Other Regulatory Requirements* . SpinCo agrees to file Forms S-1, S-3 and S-8 registration statements with respect to, and to cause to be registered pursuant to the Securities Act, the SpinCo Shares authorized for issuance under the SpinCo Equity Plan, as required pursuant to the Securities Act, before the date of issuance of any SpinCo Shares pursuant to the SpinCo Equity Plan. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 4.02(h), including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions. Rayonier agrees to facilitate the adoption and approval of the SpinCo Equity Plan consistent with the requirements of Treasury Regulations Section 1.162-27(f)(4)(iii).

Section 4.03. Non-Equity Incentive Plans .

(a) *Corporate Bonus Plans* .

(i) Before the Effective Time, SpinCo shall establish the SpinCo Non-Equity Incentive Plan, which, for not less than the Corporate Bonus Continuation Period, shall have substantially the same terms as of immediately prior to the Effective Time as the Rayonier Non-Equity Incentive Plan with such changes to the applicable performance goals as may be necessary in order to reflect the SpinCo Business following the Separation. Notwithstanding the foregoing, during the Corporate Bonus Continuation Period, SpinCo may make such changes, modifications or amendments to the SpinCo Non-Equity Incentive Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in bonus award opportunities that are less favorable than those applicable under the Rayonier Non-Equity Incentive Plan to the SpinCo Group Employees who were participants in the Rayonier Non-Equity Incentive Plan immediately prior to the Effective Time.

(ii) In respect of any bonus award opportunities outstanding under the Rayonier Annual Corporate Bonus Program as of immediately prior to the Effective Time, the Performance Period (as such term is defined in the Rayonier Annual Corporate Bonus Program) of such awards shall terminate as of immediately prior to the Effective Time and bonus awards shall be determined and paid in accordance with the terms of the Rayonier Annual Corporate Bonus Program as of the Effective Time. As of the Effective Time, the Liability in respect of such bonus awards allocable to SpinCo Group Employees (or Former SpinCo Group Employees, as applicable) shall be assumed by SpinCo. Rayonier and SpinCo shall pay the amounts awarded to their respective Employees no later than March 15 of the calendar year after the calendar year in which the Effective Time occurs, subject to each such Employee's continued employment with Rayonier or SpinCo (as applicable) through the date that such bonus awards are paid, except as otherwise determined by the Compensation Committee of the Board of Directors of such Employee's employer.

(iii) As soon as practicable after the Effective Time, (A) Rayonier shall grant to Rayonier Group Employees participating in the Rayonier Annual Corporate Bonus

Program immediately prior to the Effective Time new bonus award opportunities with a Performance Period commencing as of the Distribution Date and ending as of the last day of the calendar year in which the Effective Time occurs, which awards shall be paid based on the achievement of performance objectives established in accordance with the terms of the Rayonier Annual Corporate Bonus Program, and (B) SpinCo shall grant to SpinCo Group Employees participating in the Rayonier Annual Corporate Bonus Program immediately prior to the Effective Time new bonus award opportunities with a Performance Period commencing as of the Effective Time and ending as of the last day of the calendar year in which the Distribution occurs, which awards shall be paid based on the achievement of performance objectives established in accordance with the terms of the SpinCo Annual Corporate Bonus Program.

(b) *SpinCo Retained Bonus Plans* . As of the Effective Time, the SpinCo Group shall continue to retain (or assume as necessary) each incentive compensation plan listed on Schedule 4.03(b) and any other incentive plan for the exclusive benefit of SpinCo Group Employees and Former SpinCo Group Employees whether or not sponsored by the SpinCo Group (the “SpinCo Retained Bonus Plans”), and, from and after the Effective Time, shall be solely responsible for all Liabilities thereunder; provided, however, that if a portion of the bonus award opportunity outstanding under any SpinCo Retained Bonus Plan as of immediately prior to the Effective Time is based on the achievement of performance goals relating to the Rayonier Group as a whole, the determination of the level of achievement of such performance goals shall be measured based on the performance of the Rayonier Group as of the Effective Time as determined by the Rayonier Compensation Committee.

(c) *Allocation of Liabilities*. Except as otherwise provided in this Agreement, (i) the Rayonier Group shall be solely responsible for funding, paying and discharging all obligations relating to any annual incentive bonus awards under any Rayonier annual incentive plan or other short-term compensation plan with respect to payments earned before, as of or after the Effective Time to Rayonier Group Employees or Former Rayonier Group Employees, and no member of the SpinCo Group shall have any obligations with respect thereto; and (ii) the SpinCo Group shall be solely responsible for funding, paying and discharging all obligations relating to any annual incentive bonus awards under any SpinCo Group annual incentive plan or other short-term incentive compensation plan (including the SpinCo Non-Equity Incentive Plan, the SpinCo Annual Corporate Bonus Plan and any SpinCo Retained Bonus Plan) with respect to payments made after the Effective Time to SpinCo Group Employees or Former SpinCo Group Employees, and no member of the Rayonier Group shall have any obligations with respect thereto.

Section 4.04. Executive Severance Plan and Trust .

(a) *Executive Severance Pay Plan* . Before the Effective Time, SpinCo shall, or shall cause another member of the SpinCo Group to, establish the SpinCo Executive Severance Pay Plan, which, for not less than the General Continuation Period, shall have substantially the same terms as of immediately prior to the Effective Time as the Rayonier Executive Severance Pay Plan. Notwithstanding the foregoing, during the General Continuation Period, SpinCo may make such changes, modifications or amendments to the SpinCo Executive Severance Pay Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those provided under the Rayonier Executive Severance Pay Plan to the

SpinCo Group Employees who were participants in the Rayonier Executive Severance Pay Plan immediately prior to the Effective Time. During the General Continuation Period, the SpinCo Group Employees who participated in the Rayonier Executive Severance Pay Plan immediately prior to the Effective Time shall be eligible to participate in the SpinCo Executive Severance Pay Plan as of the Effective Time at the same level and to the same extent as they had participated in the Rayonier Executive Severance Pay Plan as of immediately prior to the Effective Time.

(b) *Legal Resources and Executive Severance Trusts* . Before the Effective Time, SpinCo shall, or shall cause another member of the SpinCo Group to, adopt the SpinCo Legal Resources Trust and the SpinCo Executive Severance Trust, which, for not less than the General Continuation Period, shall have substantially the same terms and conditions as the Rayonier Legal Resources Trust and the Rayonier Executive Severance Trust, respectively, each as in effect immediately prior to the Effective Time. Notwithstanding the foregoing, during the General Continuation Period, SpinCo may make such changes, modifications or amendments to the SpinCo Legal Resources Trust and SpinCo Executive Severance Trust as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those provided under the Rayonier Legal Resources Trust and the Rayonier Executive Severance Trust, respectively, to the SpinCo Group Employees who were eligible for benefits under the Rayonier Legal Resources Trust and/or the Rayonier Executive Severance Trust immediately prior to the Effective Time. In connection with the establishment by SpinCo of the SpinCo Executive Severance Pay Plan (and the cessation of participation by the SpinCo Group Employees in the Rayonier Executive Severance Pay Plan), as of or before the Effective Time, Rayonier shall, or shall cause the (i) Rayonier Legal Resources Trust to, transfer funds to SpinCo or to the SpinCo Legal Resources Trust in an amount equal to the SpinCo Group's pro rata share (determined based on the aggregate number of named participants in each individual plan who are SpinCo Group Employees divided by the aggregate number of participants in all such plans) of the amount of funds in the Rayonier Legal Resources Trust as of the latest practicable date before the Effective Time, and (ii) Rayonier Executive Severance Trust to, transfer funds to SpinCo or to the SpinCo Executive Severance Trust in an amount equal to the SpinCo Group's pro rata share (determined based on the aggregate number of named participants in each individual plan who are SpinCo Group Employees divided by the total number of participants in such plans) of the amount of funds in the Rayonier Executive Severance Trust as of the latest practicable date before the Effective Time. From and after the Effective Time, the SpinCo Group and (A) the SpinCo Legal Resources Trust shall be responsible for all Liabilities relating to SpinCo Group Employees that would have been satisfied by the Rayonier Legal Resources Trust had the Distribution not occurred, and neither any member of the Rayonier Group nor the Rayonier Legal Resources Trust shall have any Liabilities with respect thereto, and (B) the SpinCo Executive Severance Trust shall be responsible for all Liabilities relating to SpinCo Group Employees that would have been satisfied by the Rayonier Executive Severance Trust had the Distribution not occurred, and neither any member of the Rayonier Group nor the Rayonier Executive Severance Trust shall have any Liabilities with respect thereto.

Section 4.05. Director Compensation .

(a) *Establishment of SpinCo Outside Directors' Compensation Plan* . Before the Effective Time, SpinCo shall establish the SpinCo Outside Directors' Compensation Program,

including a cash deferral option in accordance with Section 409A of the Code, with substantially the same terms as of immediately prior to the Effective Time as the Rayonier Outside Directors' Compensation Program. Each SpinCo non-employee director as of the Effective Time who served on the Rayonier Board immediately prior to the Effective Time (a "Transferred Director") but who will no longer serve on the Rayonier Board following the Effective Time, and held a deferred cash balance under the Rayonier Outside Directors' Compensation Program immediately prior to the Effective Time, shall, as of the Effective Time, be credited under the SpinCo Outside Directors' Compensation Program with the amount of his or her cash balance under the Rayonier Outside Directors' Compensation Program and shall cease participation in the Rayonier Outside Directors' Compensation Program as of the Effective Time (it being understood that such cessation shall not trigger any distribution of payments or benefits under the program), and, as of the Effective Time, Rayonier shall cease to have any Liability to any such SpinCo non-employee director under the Rayonier Outside Directors' Compensation Program.

(b) *Other Liabilities*. Except as provided in Section 4.05(a), Rayonier shall retain all other Liabilities and Assets relating to Rayonier non-employee director compensation, including pursuant to the Rayonier Outside Directors Compensation Program and cash deferral option agreements thereunder and the Rayonier Directors' Charitable Award Program.

(c) *Director Compensation*. Rayonier shall be responsible for the payment of any fees for service on the Rayonier Board that are earned at, before, or after the Effective Time, and SpinCo shall not have any responsibility for any such payments. With respect to any SpinCo non-employee director, SpinCo shall be responsible for the payment of any fees for service on the SpinCo Board that are earned at any time after the Effective Time and Rayonier shall not have any responsibility for any such payments. Notwithstanding the foregoing, SpinCo shall commence paying quarterly cash retainers to SpinCo non-employee directors in respect of the quarter in which the Effective Time occurs; provided that, (i) if Rayonier has already paid such quarter's cash retainers to Rayonier non-employee directors prior to the Effective Time, then within 30 days after the Distribution Date, SpinCo will pay Rayonier an amount equal to the portion of such payment that is attributable to Transferred Directors' service to SpinCo after the Distribution Date (other than any amount that is subject to a deferral election and is credited or to be credited to any such director's account under the SpinCo Outside Directors' Compensation Program), and (ii) if Rayonier has not yet paid such quarter's cash retainers to Rayonier non-employee directors prior to the Effective Time, then within 30 days after the Distribution Date, Rayonier will pay SpinCo an amount equal to the portion of such payment that is attributable to Transferred Directors' service to Rayonier on and prior to the Distribution Date. Rayonier Awards held by non-employee directors as of immediately prior to the Effective Time shall be treated as described in Section 4.02.

ARTICLE V QUALIFIED RETIREMENT PLANS

Section 5.01. SpinCo Pension Plan.

(a) *Establishment of SpinCo Pension Plan*. Before the Effective Time, SpinCo shall establish the SpinCo Pension Plan, which, for not less than the General Continuation Period, shall have substantially the same terms as of immediately prior to the Effective Time as the Rayonier Pension Plan. Notwithstanding the foregoing, for not less than the General Continuation

Period, SpinCo may make such changes, modifications or amendments to the SpinCo Pension Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those applicable under the Rayonier Pension Plan to SpinCo Group Employees who were participants in the Rayonier Pension Plan immediately prior to the Effective Time. As soon as practicable after the Effective Time and upon receipt by Rayonier of (i) a copy of the SpinCo Pension Plan; (ii) a copy of certified resolutions of the SpinCo Board (or its authorized committee or other delegate) evidencing adoption of the SpinCo Pension Plan and any related trust(s) (the “SpinCo Pension Trust”) and the assumption by the SpinCo Pension Plan of the Liabilities described in Section 5.01(b); and (iii) either (A) a favorable determination letter issued by the IRS with respect to the SpinCo Pension Plan and SpinCo Pension Trust, or (B) an opinion of counsel, which counsel and opinion are reasonably satisfactory to Rayonier, with respect to the qualified status of the SpinCo Pension Plan under Section 401(a) of the Code and the tax-exempt status of the SpinCo Pension Trust under Section 501(a) of the Code, Rayonier shall direct the trustee of the Rayonier Pension Trust to transfer assets of the Rayonier Pension Plan to the SpinCo Pension Trust in the amounts described in Section 5.01(b).

(b) *ERISA Section 4044 Transfer*. As of the Effective Time, SpinCo shall cause the SpinCo Pension Plan to assume Liabilities under the Rayonier Pension Plan for SpinCo Group Employees and Former SpinCo Group Employees and the SpinCo Pension Trust to accept Assets with respect to such assumed Liabilities (including Assets and Liabilities in respect of beneficiaries and/or alternate payees) and the Rayonier Pension Trust shall transfer such Assets to the SpinCo Pension Trust and the Rayonier Pension Plan and the Rayonier Group shall be relieved of such Liabilities. The amount of Assets (whether in cash or kind, as determined by Rayonier) to be transferred from the Rayonier Pension Trust to the SpinCo Pension Trust in such transfer (or transfers) shall be determined as of the Distribution Date in accordance with, and shall comply with, Section 414(l) of the Code and, to the extent deemed applicable by the Parties, ERISA Section 4044. Assumptions used to determine the value (or amount) of the Assets to be transferred shall be the safe harbor assumptions specified for valuing benefits in trustee plans under Department of Labor Regulations Section 4044.51-57 and, to the extent not so specified, shall be based on the assumptions used in the annual valuation report to determine minimum funding requirements most recently prepared before the transfer by the actuary for the Rayonier Pension Plan. The transfer amount described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Distribution Date and an assessment date set by Rayonier that is as close as practicable, taking into account the timing and reporting of valuation of Assets in the Rayonier Pension Trust, to the date upon which Assets equal in value to the transfer amount are actually transferred from the Rayonier Pension Trust to the SpinCo Pension Trust. During the time before such transfer, benefits for SpinCo Group Employees who terminate employment with the SpinCo Group shall be paid from the Rayonier Pension Trust. The ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set by Rayonier above. In addition, during this period, SpinCo will be responsible for a pro rata share of trustee and administration fees attributable to the Assets of the SpinCo Pension Plan that remain in the Rayonier Pension Trust. The entries in the Rayonier Pension Plan funding standard account shall be divided between the Rayonier Pension Plan and the SpinCo Pension Plan based on the guidance provided in Revenue Rulings 81-212 and 86-47.

(c) *SpinCo Pension Plan Provisions* . The SpinCo Pension Plan shall provide that:

(i) SpinCo Group Employees and Former SpinCo Group Employees shall (A) be eligible to participate in the SpinCo Pension Plan as of the Effective Time to the extent that they were eligible to participate in the Rayonier Pension Plan as of immediately prior to the Effective Time, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the Rayonier Pension Plan as of the Effective Time as if that service had been rendered to SpinCo;

(ii) the compensation paid by the Rayonier Group to a SpinCo Group Employee or Former SpinCo Group Employee that is recognized under the Rayonier Pension Plan as of immediately prior to the Effective Time shall be credited and recognized for all applicable purposes under the SpinCo Pension Plan as though it were compensation from the SpinCo Group;

(iii) the accrued benefit of each SpinCo Group Employee or Former SpinCo Group Employee under the Rayonier Pension Plan as of the Effective Time shall be payable under the SpinCo Pension Plan at the time and in a form that would have been permitted under the Rayonier Pension Plan as in effect as of the Effective Time, with employment by the Rayonier Group before the Effective Time treated as employment by the SpinCo Group under the SpinCo Pension Plan for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms; and

(iv) the SpinCo Pension Plan shall assume and honor the terms of all QDROs in effect under the Rayonier Pension Plan as of immediately prior to the Effective Time with respect to SpinCo Group Employees and Former SpinCo Group Employees.

(d) *Determination Letter Request* . SpinCo shall submit an application to the IRS as soon as practicable after the Effective Time (but no later than the last day of the applicable remedial amendment period as defined in applicable Code provisions) requesting a determination letter regarding the qualified status of the SpinCo Pension Plan under Section 401(a) of the Code and the tax-exempt status of its related trust under Section 501(a) of the Code as of the Distribution Date and shall make any amendments reasonably requested by the IRS to receive such a favorable determination letter.

(e) *Rayonier Pension Plan after Distribution Date* . From and after the Effective Time, (i) the Rayonier Pension Plan shall continue to be responsible for Liabilities in respect of Rayonier Group Employees and Former Rayonier Group Employees, and (ii) no SpinCo Group Employees or Former SpinCo Group Employees shall accrue any benefits under the Rayonier Pension Plan. Without limiting the generality of the foregoing, SpinCo Group Employees or Former SpinCo Group Employees shall cease to be participants in the Rayonier Pension Plan effective as of the Effective Time.

(f) *Plan Fiduciaries* . For all periods after the Effective Time, the Parties agree that the applicable fiduciaries of each of the Rayonier Pension Plan and the SpinCo Pension Plan, respectively, shall have the authority with respect to the Rayonier Pension Plan and the SpinCo

Pension Plan, respectively, to determine the plan investments and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

(g) *No Loss of Unvested Benefits; No Distributions* . The transfer of any SpinCo Group Employee's employment to the SpinCo Group will not result in the loss of that SpinCo Group Employee's unvested accrued benefits (if any) under the Rayonier Pension Plan, which benefit Liability shall be assumed under the SpinCo Pension Plan as provided herein. No SpinCo Group Employee shall be entitled to a distribution of his or her benefit under the Rayonier Pension Plan or the SpinCo Pension Plan as a result of such transfer of employment.

Section 5.02. SpinCo Retained Pension Plans . As of the Effective Time, the SpinCo Group shall retain (or assume to the extent necessary) sponsorship of the Jesup Hourly Union Plan and the Fernandina Hourly Union Plan (collectively, the "SpinCo Retained Pension Plans"), and, from and after the Effective Time, all Assets and Liabilities thereunder shall be Assets, Liabilities of the SpinCo Group.

Section 5.03. SpinCo Savings Plan .

(a) *Establishment of Plan* . Before the Effective Time, SpinCo shall establish the SpinCo Savings Plan, which, for not less than the General Continuation Period, shall have substantially the same terms as of immediately prior to the Effective Time as the Rayonier Savings Plan. Notwithstanding the foregoing, during the General Continuation Period, SpinCo may make such changes, modifications or amendments to the SpinCo Savings Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those applicable under the Rayonier Saving Plan to SpinCo Group Employees who were participants in the Rayonier Savings Plan immediately prior to the Effective Time. Before the Effective Time, SpinCo shall provide Rayonier with (i) a copy of the SpinCo Savings Plan; (ii) a copy of certified resolutions of the SpinCo Board (or its authorized committee or other delegate) evidencing adoption of the SpinCo Savings Plan and the related trust(s) and the assumption by the SpinCo Savings Plan of the Liabilities described in Section 5.03(b); and (iii) either (A) a favorable determination letter issued by the IRS respect to the SpinCo Savings Plan and its related trust or (B) an opinion of counsel, which counsel and opinion are reasonably satisfactory to Rayonier, with respect to the qualified status of the SpinCo Savings Plan under Section 401(a) of the Code and the tax-exempt status of its related trust under Section 501(a) of the Code.

(b) *Transfer of Account Balances* . Not later than 30 days following the Distribution Date (or such later time as mutually agreed by the Parties), Rayonier shall cause the trustee of the Rayonier Savings Plan to transfer from the trust(s) which forms a part of the Rayonier Savings Plan to the trust(s) which forms a part of the SpinCo Savings Plan the account balances of the SpinCo Group Employees and Former SpinCo Group Employees under the Rayonier Savings Plan, determined as of the date of the transfer. Such transfers shall be made in kind, including promissory notes evidencing the transfer of outstanding loans, and, with respect to unitized investments in the Rayonier Inc. Common Stock Fund (the "Rayonier Share Fund"), Rayonier Shares and SpinCo Shares. Any Asset and Liability transfers pursuant to this Section 5.03 (b) shall comply in all respects with Sections 414(l) and 411(d)(6) of the Code.

(c) *SpinCo Share Fund in SpinCo Savings Plan.* The SpinCo Savings Plan will provide, effective as of the Effective Time: (i) for the establishment of a share fund for SpinCo Shares (the “SpinCo Share Fund”); (ii) that such SpinCo Share Fund shall receive a transfer of and hold all SpinCo Shares distributed in connection with the Distribution in respect of Rayonier Shares held in Rayonier Savings Plan accounts of SpinCo Group Employees and Former SpinCo Group Employees participating in the Rayonier Savings Plan immediately prior to the Effective Time; and (iii) that, following the Effective Time, contributions made by or on behalf of such participants shall be allocated to the SpinCo Share Fund, if so directed in accordance with the terms of the SpinCo Savings Plan.

(d) *Rayonier Share Fund in SpinCo Savings Plan.* Participants in the SpinCo Savings Plan will be prohibited from increasing their holdings in the Rayonier Share Fund under the SpinCo Savings Plan and may elect to liquidate their holdings in the Rayonier Share Fund and invest those monies in any other investment fund offered under the SpinCo Savings Plan. After the Effective Time and the transfer of the account balances as provided in Section 5.03(b) above, all outstanding investments in the Rayonier Share Fund under the SpinCo Savings Plan shall be liquidated and reinvested in other investment funds offered under the SpinCo Savings Plan, on such dates and in accordance with such procedures as are determined by the administrator and the trustee of the SpinCo Savings Plan.

(e) *SpinCo Share Fund in Rayonier Savings Plan.* SpinCo Shares distributed in connection with the Distribution in respect of Rayonier Shares held in Rayonier Savings Plan accounts of Rayonier Group Employees or Former Rayonier Group Employees who participate in the Rayonier Savings Plan shall be deposited in a SpinCo Share Fund under the Rayonier Savings Plan, and such participants in the Rayonier Savings Plan will be prohibited from increasing their holdings in such SpinCo Share Fund under the Rayonier Savings Plan and may elect to liquidate their holdings in such SpinCo Share Fund and invest those monies in any other investment fund offered under the Rayonier Savings Plan. After the Effective Time, all outstanding investments in the SpinCo Share Fund under the Rayonier Savings Plan shall be liquidated and reinvested in other investment funds offered under the Rayonier Savings Plan, on such dates and in accordance with such procedures as are determined by the administrator and the trustee of the Rayonier Savings Plan.

(f) *SpinCo Savings Plan Provisions.* The SpinCo Savings Plan shall provide that:

(i) SpinCo Group Employees and Former SpinCo Group Employees shall (A) be eligible to participate in the SpinCo Savings Plan as of the Effective Time to the extent that they were eligible to participate in the Rayonier Savings Plan as of immediately prior to the Effective Time, and (B) receive credit for all service credited for that purpose under the Rayonier Savings Plan as of immediately prior to the Distribution as if that service had been rendered to SpinCo; and

(ii) the account balance of each SpinCo Group Employee and Former SpinCo Group Employee under the Rayonier Savings Plan as of the date of the transfer of Assets from the Rayonier Savings Plan (including any outstanding promissory notes) shall be credited to such individual's account balance under the SpinCo Savings Plan.

(g) *Determination Letter Request* . SpinCo shall submit an application to the IRS as soon as practicable after the Effective Time (but no later than the last day of the applicable remedial amendment period as defined in applicable Code provisions) requesting a determination letter regarding the qualified status of the SpinCo Savings Plan under Sections 401(a) and 401(k) of the Code and the tax-exempt status of its related trust under Section 501(a) of the Code and shall make any amendments reasonably requested by the IRS to receive such a favorable determination letter.

(h) *Rayonier Savings Plan after Effective Time* . From and after the Effective Time, (i) the Rayonier Savings Plan shall continue to be responsible for Liabilities in respect of Rayonier Group Employees and Former Rayonier Group Employees, and (ii) no SpinCo Group Employees or Former SpinCo Group Employees shall accrue any benefits under the Rayonier Savings Plan. Without limiting the generality of the foregoing, SpinCo Group Employees and Former SpinCo Group Employees shall cease to be participants in the Rayonier Savings Plan effective as of the Effective Time.

(i) *Plan Fiduciaries* . For all periods after the Effective Time, the Parties agree that the applicable fiduciaries of each of the Rayonier Savings Plan and the SpinCo Savings Plan, respectively, shall have the authority with respect to the Rayonier Savings Plan and the SpinCo Savings Plan, respectively, to determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

(j) *No Loss of Unvested Benefits; No Distributions* . The transfer of any SpinCo Group Employee's employment to the SpinCo Group will not result in loss of that SpinCo Group Employee's unvested benefits (if any) under the Rayonier Savings Plan, which benefit Liability will be assumed under the SpinCo Savings Plan as provided herein. No SpinCo Group Employee shall be entitled to a distribution of his or her benefit under the Rayonier Savings Plan or SpinCo Savings Plan as a result of such transfer of employment.

Section 5.04. SpinCo Retained Savings Plans . As of the Effective Time, the SpinCo Group shall retain (or assume to the extent necessary) sponsorship of the Rayonier – Jesup Mill Savings Plan for Hourly Employees and the Rayonier Inc. – Fernandina Mill Savings Plan for Hourly Employees (collectively, the “SpinCo Retained Savings Plans”), and, from and after the Effective Time, all Assets and Liabilities thereunder shall be Assets and Liabilities of the SpinCo Group.

Section 5.05. Wood Products Plans . Notwithstanding anything in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement to the contrary, as of the Effective Time, the Rayonier Group shall retain (or assume to the extent necessary) sponsorship of the Rayonier Inc. Savings Plan for Non-Bargaining Unit Hourly Employees at Certain Locations and the Employees Retirement Plan for Rayonier Inc. Hourly Employees at the Wood Products Facility, and all Assets and Liabilities thereunder shall be Assets and Liabilities of the Rayonier Group.

ARTICLE VI
NONQUALIFIED DEFERRED COMPENSATION PLANS

Section 6.01. SpinCo Excess Benefit Plan.

(a) *Establishment of the SpinCo Excess Benefit Plan* . Before the Effective Time, SpinCo shall establish the SpinCo Excess Benefit Plan, which, for not less than the General Continuation Period, shall have substantially the same terms as of immediately prior to the Effective Time as the Rayonier Excess Benefit Plan. Notwithstanding the foregoing, during the General Continuation Period, SpinCo may make such changes, modifications or amendments to the SpinCo Executive Excess Benefit Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those applicable under the Rayonier Excess Benefit Plan to SpinCo Group Employees who were participants in the Rayonier Excess Benefits Plan immediately prior to the Effective Time.

(b) *Assumption of Liabilities from Rayonier* . As of the Effective Time, SpinCo shall, and shall cause the SpinCo Excess Benefit Plan to, assume all Liabilities under the Rayonier Excess Benefit Plan for the benefits of SpinCo Group Employees and Former SpinCo Group Employees and their respective beneficiaries and/or alternate payees, and Rayonier and the Rayonier Excess Benefit Plan shall be relieved of all Liabilities for those benefits. Rayonier shall retain all Liabilities under the Rayonier Excess Benefit Plan for the benefits for Rayonier Group Employees and Former Rayonier Group Employees and their respective beneficiaries and/or alternate payees. From and after the Effective Time, SpinCo Group Employees and Former SpinCo Group Employees shall cease to be participants in the Rayonier Excess Benefit Plan.

Section 6.02. SpinCo Excess Savings and Deferred Compensation Plan.

(a) *Establishment of the SpinCo Excess Savings and Deferred Compensation Plan* . Before the Effective Time, SpinCo shall establish the SpinCo Excess Savings and Deferred Compensation Plan, which, for not less than the General Continuation Period, shall have substantially the same terms as of immediately prior to the Effective Time as the Rayonier Excess Savings and Deferred Compensation Plan. Notwithstanding the foregoing, during the General Continuation Period, SpinCo may make such changes, modifications or amendments to the Excess Savings and Deferred Compensation Plan as may be required by applicable Law or as are necessary and appropriate to reflect the Separation, it being understood that any such changes, modifications or amendments shall not result in benefits that are less favorable than those applicable under the Rayonier Excess Savings and Deferred Compensation Plan to SpinCo Group Employees who were participants in the Rayonier Excess Savings and Deferred Compensation Plan immediately prior to the Effective Time.

(b) *Assumption of Liabilities from Rayonier* . As of the Effective Time, SpinCo shall, and shall cause the SpinCo Excess Savings and Deferred Compensation Plan to, assume all Liabilities under the Rayonier Excess Savings and Deferred Compensation Plan for the benefits of SpinCo Group Employees and Former SpinCo Group Employees and their respective beneficiaries and/or alternate payees determined as of immediately prior to the Effective Time, and Rayonier and the Rayonier Excess Savings and Deferred Compensation Plan shall be relieved

of all Liabilities for those benefits. Rayonier shall retain all Liabilities under the Rayonier Excess Savings and Deferred Compensation Plan for the benefits for Rayonier Group Employees and Former Rayonier Group Employees and their respective beneficiaries and/or alternate payees. From and after the Effective Time, SpinCo Group Employees and Former SpinCo Group Employees shall cease to be participants in the Rayonier Excess Savings and Deferred Compensation Plan.

Section 6.03. Participation; Distributions . The Parties acknowledge that none of the transactions contemplated by this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement will trigger a payment or distribution of compensation under any of the Rayonier Nonqualified Plans or SpinCo Nonqualified Plans for any participant and, consequently, that the payment or distribution of any compensation to which such participant is entitled under any of the Rayonier Nonqualified Plans or SpinCo Nonqualified Plans will occur upon such participant's separation from service from the SpinCo Group or at such other time as provided in the applicable SpinCo Nonqualified Plan or participant's deferral election.

ARTICLE VII WELFARE BENEFIT PLANS

Section 7.01. Welfare Plans .

(a) *Establishment of SpinCo Welfare Plans* . Before the Effective Time, SpinCo shall, or shall cause the applicable member of the SpinCo Group to, establish the SpinCo Welfare Plans, which, for not less than the Welfare Benefit Continuation Period, shall have terms substantially similar in the aggregate to those of the corresponding Rayonier Welfare Plans as of the Effective Time, except as otherwise required by applicable Law.

(b) *Waiver of Conditions; Benefit Maximums* . SpinCo shall use commercially reasonable efforts to cause the SpinCo Welfare Plans to:

(i) with respect to initial enrollment as of the Effective Time, waive (A) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any SpinCo Group Employee or Former SpinCo Group Employee, other than limitations that were in effect with respect to the SpinCo Group Employee or Former SpinCo Group Employee under the applicable Rayonier Welfare Plan as of immediately prior to the Effective Time, and (B) any waiting period limitation or evidence of insurability requirement applicable to a SpinCo Group Employee or Former SpinCo Group Employee other than limitations or requirements that were in effect with respect to such SpinCo Group Employee or Former SpinCo Group Employee under the applicable Rayonier Welfare Plans as of immediately prior to Effective Time; and

(ii) take into account, (A) with respect to aggregate annual, lifetime, or similar maximum benefits available under the SpinCo Welfare Plans, a SpinCo Group Employee's or Former SpinCo Group Employee's prior claim experience under the Rayonier Welfare Plans and any Benefit Plan that provides leave benefits; and (B) any

eligible expenses incurred by a SpinCo Group Employee or Former SpinCo Group Employee and his or her covered dependents during the portion of the plan year of the applicable Rayonier Welfare Plan ending as of the Effective Time to be taken into account under such SpinCo Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such SpinCo Group Employee or Former SpinCo Group Employee and his or her covered dependents for the applicable plan year to the same extent as such expenses were taken into account by Rayonier for similar purposes prior to the Effective Time as if such amounts had been paid in accordance with such SpinCo Welfare Plan.

(c) *Health Savings Accounts* . Before the Effective Time, SpinCo shall, or shall cause a member of the SpinCo Group to, establish a SpinCo Welfare Plan that will provide health savings account benefits to SpinCo Group Employees on and after the Effective Time (a “ SpinCo HSA ”). It is the intention of the Parties that all activity under a SpinCo Group Employee’s health savings account under a Rayonier Welfare Plan (a “ Rayonier HSA ”) for the year in which the Effective Time occurs be treated instead as activity under the corresponding account under the SpinCo HSA, such that (i) any period of participation by a SpinCo Group Employee in a Rayonier HSA during the year in which the Effective Time occurs will be deemed a period when such SpinCo Group Employee participated in the corresponding SpinCo HSA; (ii) all expenses incurred during such period will be deemed incurred while such SpinCo Group Employee’s coverage was in effect under the corresponding SpinCo HSA; and (iii) all elections and reimbursements made with respect to such period under the Rayonier HSA will be deemed to have been made with respect to the corresponding SpinCo HSA.

(d) *Flexible Spending Accounts* . The Parties shall use commercially reasonable efforts to ensure that as of the Effective Time, any health or dependent care flexible spending accounts of SpinCo Group Employees (whether positive or negative) (the “ Transferred Account Balances ”) under Rayonier Welfare Plans that are health or dependent care flexible spending account plans are transferred, as soon as practicable after the Effective Time, from the Rayonier Welfare Plans to the corresponding SpinCo Welfare Plans. Such SpinCo Welfare Plans shall assume responsibility as of the Effective Time for all outstanding health or dependent care claims under the corresponding Rayonier Welfare Plans of each SpinCo Group Employee for the year in which the Effective Time occurs and shall assume and agree to perform the obligations of the corresponding Rayonier Welfare Plans from and after the Effective Time. As soon as practicable after the Effective Time, and in any event within 30 days after the amount of the Transferred Account Balances is determined or such later date as mutually agreed upon by the Parties, SpinCo shall pay Rayonier the net aggregate amount of the Transferred Account Balances, if such amount is positive, and Rayonier shall pay SpinCo the net aggregate amount of the Transferred Account Balances, if such amount is negative.

(e) *Allocation of Welfare Assets and Liabilities* . Effective as of the Effective Time, SpinCo shall assume all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of SpinCo Group Employees or Former SpinCo Group Employees or their covered dependents under the Rayonier Welfare Plans or SpinCo Welfare Plans before, at, or after the Effective Time. No Rayonier Welfare Plan shall provide coverage to any SpinCo Group Employee or Former SpinCo Group Employee after the Effective Time.

Section 7.02. COBRA and HIPAA. Rayonier shall continue to be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Rayonier Welfare Plans with respect to any Rayonier Group Employees and any Former Rayonier Group Employees (and their covered dependents) who incur a qualifying event under COBRA before, as of, or after the Effective Time. Effective as of the Effective Time, SpinCo shall assume responsibility for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the SpinCo Welfare Plans with respect to any SpinCo Group Employees or Former SpinCo Group Employees (and their covered dependents) who incur a qualifying event or loss of coverage under the Rayonier Welfare Plans and/or the SpinCo Welfare Plans before, as of, or after the Effective Time. The Parties agree that the consummation of the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 7.03. Vacation, Holidays and Leaves of Absence. Effective as of the Effective Time, SpinCo shall assume all Liabilities of the Rayonier Group with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each SpinCo Group Employee. Rayonier shall retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Rayonier Group Employee.

Section 7.04. Severance and Unemployment Compensation. Without limiting the generality of Section 4.04, effective as of the Effective Time, SpinCo shall assume any and all Liabilities to, or relating to, SpinCo Group Employees and Former SpinCo Group Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time. Rayonier shall be responsible for any and all Liabilities to, or relating to, Rayonier Group Employees and Former Rayonier Group Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Effective Time.

Section 7.05. Workers' Compensation. With respect to claims for workers' compensation in the United States, (a) the SpinCo Group shall be responsible for claims in respect of SpinCo Group Employees and Former SpinCo Group Employees, whether occurring before, at or after the Effective Time, and (b) the Rayonier Group shall be responsible for all claims in respect of Rayonier Group Employees and Former Rayonier Group Employees, whether occurring before, at or after the Effective Time. The treatment of workers' compensation claims by SpinCo with respect to Rayonier insurance policies shall be governed by Section 5.1 of the Separation and Distribution Agreement.

Section 7.06. Insurance Contracts. To the extent that any Rayonier Welfare Plan is funded through the purchase of an insurance contract or is subject to any stop loss contract, the Parties will cooperate and use their commercially reasonable efforts to replicate such insurance contracts for SpinCo (except to the extent that changes are required under applicable state insurance Laws or filings by the respective insurers) and to maintain any pricing discounts or other preferential terms for both Rayonier and SpinCo for a reasonable term. Neither Party shall be liable for failure to obtain such insurance contracts, pricing discounts, or other preferential terms

for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 7.06.

Section 7.07. Third-Party Vendors. Except as provided below, to the extent that any Rayonier Welfare Plan is administered by a third-party vendor, the Parties will cooperate and use their commercially reasonable efforts to replicate any contract with such third-party vendor for SpinCo and to maintain any pricing discounts or other preferential terms for both Rayonier and SpinCo for a reasonable term. Neither Party shall be liable for failure to obtain such pricing discounts or other preferential terms for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 7.07.

Section 7.08. SpinCo Retained Welfare Plans. As of the Effective Time, the SpinCo Group shall retain sponsorship of the Welfare Plans listed on Schedule 7.08 (the “SpinCo Retained Welfare Plans”), and, from and after the Effective Time, all Liabilities thereunder shall be Liabilities of the SpinCo Group.

ARTICLE VIII NON-U.S. EMPLOYEES

SpinCo Group Employees and Former SpinCo Group Employees who are residents outside of the United States or otherwise are subject to non-U.S. Law and their related benefits and Liabilities shall be treated in the same manner as the SpinCo Group Employees and Former SpinCo Group Employees, respectively, who are residents of the United States and are not subject to non-U.S. Law. Notwithstanding anything in this Agreement to the contrary, all actions taken with respect to non-U.S. Employees or U.S. Employees working in non-U.S. jurisdictions shall be subject to and accomplished in accordance with applicable Law in custom of the applicable jurisdictions.

ARTICLE IX MISCELLANEOUS

Section 9.01. Employee Records.

(a) *Sharing of Information*. Subject to any limitations imposed by applicable Law, Rayonier and SpinCo (acting directly or through members of the Rayonier Group or the SpinCo Group, respectively) shall provide to the other and their respective authorized agents and vendors all information necessary for the Parties to perform their respective duties under this Agreement.

(b) *Transfer of Personnel Records and Authorization*. Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Effective Time, Rayonier shall transfer to SpinCo any and all employment records (including any Form I-9, Form W-2 or other IRS forms) with respect to SpinCo Group Employees and Former SpinCo Group Employees and other records reasonably required by SpinCo to enable SpinCo properly to carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable at or after the Effective Time. Each Party will permit the other Party

reasonable access to Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

(c) *Access to Records.* To the extent not inconsistent with this Agreement, the Separation and Distribution Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related records after the Effective Time will be provided to members of the Rayonier Group and members of the SpinCo Group pursuant to the terms and conditions of Article VI of the Separation and Distribution Agreement.

(d) *Maintenance of Records.* With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, Rayonier and SpinCo shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, claims, actions, and damages that arise from a failure (by the indemnifying Party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) *Cooperation.* Each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection laws) all relevant documents, resolutions, government filings, data, payroll, employment and benefit plan information on regular timetables and cooperate as needed with respect to (i) any litigation with respect to any employee benefit plan, policy or arrangement contemplated by this Agreement, (ii) efforts to seek a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor on behalf of any employee benefit plan, policy or arrangement contemplated by this Agreement, and (iii) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Governmental Authority; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations. In addition to and not in limitation of the other provisions of this Article IX, the Parties shall use commercially reasonable efforts to cooperate in order to ensure the effective implementation and enforcement of obligations under that certain Employee Benefit Services and Liability Agreement by and between ITT Corporation and Rayonier, dated as of February 11, 1994 (the “ITT Employee Benefits Agreement”) as it relates to Rayonier Group Employees, Former Rayonier Group Employees, SpinCo Group Employees and Former SpinCo Group Employees, it being understood that such implementation and enforcement may involve direct communications and information sharing between SpinCo and ITT Corporation (or its permitted successor in interest), subject to Rayonier’s prior written consent as it relates to Rayonier Group Employees and Former Rayonier Group Employees.

(f) *Confidentiality.* Notwithstanding anything in this Agreement to the contrary, all confidential records and data relating to Employees to be shared or transferred pursuant to this Agreement shall be subject to Section 6.9 of the Separation and Distribution Agreement and the requirements of applicable Law.

Section 9.02. Preservation of Rights to Amend. The rights of each member of the Rayonier Group and each member of the SpinCo Group to amend, waive, or terminate any plan,

arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 9.03. Fiduciary Matters . Rayonier and SpinCo each acknowledges that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 9.04. Further Assurances . Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 9.05. Counterparts; Entire Agreement; Corporate Power .

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. Rayonier represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, and SpinCo represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(c) Each Party acknowledges and agrees that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF))made

in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 9.06. Governing Law. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 9.07. Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto; provided, however, that each Party may assign all of its rights and obligations under this Agreement to any of its Subsidiaries; and provided, further, that no such assignment shall release the assigning Party from any of its liabilities or obligations under this Agreement. Notwithstanding the foregoing, no consent for assignment shall be required for the assignment of a Party's rights and obligations under this Agreement, the Separation and Distribution Agreement and all other Ancillary Agreements in whole (*i.e.* , the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a transaction that would result in a change of control.

Section 9.08. Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder. There are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor's right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement. This Agreement may not be assigned by any Party, except with the prior written consent of the other Parties.

Section 9.09. Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier

service, by facsimile with receipt confirmed (in the case of facsimile or electronic transmission, followed by delivery of an original via overnight courier service), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.09):

If to Rayonier, to:

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: [•]

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: [•]

With a copy (until the Effective Time) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Nicholas G. Demmo
David K. Lam
Facsimile: (212) 403-2000

If to SpinCo, to:

Rayonier Advanced Materials Inc.
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: [•]

Rayonier Advanced Materials Inc.
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: [•]

With a copy (until the Effective Time) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Nicholas G. Demmo
David K. Lam
Facsimile: (212) 403-2000

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

Section 9.10. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of any such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 9.11. Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 9.12. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.13. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

Section 9.14. Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate

as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.15. Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement shall apply to any dispute, controversy or claim arising out of or relating to this Agreement.

Section 9.16. Specific Performance. Subject to Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties.

Section 9.17. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.18. Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Annexes and Exhibits hereto and thereto) and not to any particular provision of this Agreement; (c) Article, Section, Exhibit, Annex and Schedule references are to the Articles, Sections, Exhibits, Annexes and Schedules to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Jacksonville, Florida; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (j) unless expressly stated to the contrary in this Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to [•], 2014.

Section 9.19. Mutual Drafting. (a) This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives.

RAYONIER INC.

By: _____
Name:
Title:

RAYONIER ADVANCED MATERIALS INC.

By: _____
Name:
Title:

Schedule 1.01(c)**Rayonier Welfare Plans**

Type	Plan Name / Benefit	Vendor	Group
Perquisites	Executive Physical Program	Mayo	Executives
Perquisites	Executive Financial / Tax Planning	Rayonier	Executives
Life & AD&D	Rayonier Salaried Life Insurance Plan	Cigna Life Insurance	Salaried Actives & Retirees (Life)
Business Travel Accident	The Rayonier Salaried Business Travel Accident Insurance Plan	National Union Fire Insurance	Salaried
Group Universal Life	Group Universal Life Insurance	Met Life	Salaried
Long Term Disability	Group Long Term Disability for Employees of Rayonier Inc.	Cigna Life Insurance	Salaried
Short Term Disability	Group Short Term Disability for Employees of Rayonier, Inc.	Rayonier	Salaried
Supplemental Disability (SIRIP)	Supplemental Income Replacement Insurance Program	The Standard and Mass Mutual	Salaried
Voluntary AD&D	The Rayonier Salaried Voluntary Accident Insurance Plan	National Union Fire Insurance	Salaried
Dental	BCBS Dente Max Dental PPO	BCBS	Salaried Actives & Retirees
EAP	Lifeworks EAP and Telephonic Health Coaching	Lifeworks	Salaried
Medical	Consumer Directed Value Plan & Consumer Directed Choice Plan	BCBS / Express Scripts	Salaried
Retiree Medical	Consumer Directed Health Plan	BCBS / Express Scripts	Salaried Retirees
Vision	EyeMed Vision Care	Eye Med	Salaried
Dependent Care FSA	Dependent Care Flexible Spending Account	BCBS	Salaried
HSA	Health Savings Account	BCBS	Salaried
Severance	Rayonier Inc. Severance Pay Plan for Salaried Employees	Rayonier	Salaried

Schedule 2.03(a)

Rayonier Benefit Plans to be Mirrored by SpinCo (subject to the terms of the Agreement)

Equity, Incentive and Executive Compensation Plans

Rayonier Incentive Stock Plan
Rayonier Non-Equity Incentive Plan
Rayonier Annual Corporate Bonus Program
Rayonier 2014 Bonus and Gain Share Plan
Rayonier Executive Severance Pay Plan
Rayonier Outside Directors Cash Compensation Program

Retirement and Deferred Compensation Plans

Retirement Plan for Salaried Employees of Rayonier Inc.
Rayonier Inc. Excess Benefit Plan
Rayonier Investment and Savings Plan for Salaried Employees
Rayonier Inc. Excess Savings and Deferred Compensation Plan
Rayonier Legal Resources Trust
Rayonier Industries Ltd. Group Personal Pension Plan (GPPP)

Welfare Plans

Schedule 1.01(c) is incorporated herein by reference

Schedule 4.03(b)

SpinCo Retained Bonus Plans

Performance Fibers Hourly
Performance Fibers Salaried Grades 11 and Below
Performance Fibers Salaried Grades 12-16
Performance Fibers Salaried Grades 17 and Above
Performance Fibers Sales, Marketing and Research
Supply Chain Management
Performance Fibers Jesup / Fern Mill Sr. Mgmt
Performance Fibers Manufacturing Sr. Mgmt
Rayonier Cash Incentive Plan (2012-2014)
Performance Fibers Special Bonus Plan
SE Wood Procurement
SE Wood Procurement Sr. Mgmt

Schedule 7.08

SpinCo Retained Welfare Plans

Type	Plan Name / Benefit	Vendor	Group
Life/Accident/Disability	Group Short Term Disability & Life Plan for Employees of Rayonier Inc.	Cigna Life Insurance	Jesup and Fernandina Hourly
Dental	Aetna Dental	Aetna	Fernandina Hourly Actives & Retirees
Dental	BCBS Dente Max Dental PPO	BCBS	Jesup Hourly Actives & Retirees
EAP	Lifeworks EAP and Telephonic Health Coaching	Lifeworks	Jesup and Fernandina Hourly
Medical	Aetna Health Network Only	Aetna	Fernandina Hourly Actives & Retirees
Medical	Jesup Union PPO and Consumer Directed Choice Plan	BCBS / Express Scripts	Jesup Hourly Actives & Retirees
Vision	United Healthcare Group Vision Care Insurance	United Healthcare	Fernandina Hourly
Vision	EyeMed Vision Care	EyeMed	Jesup Hourly
Dependent Care FSA	Dependent Care Flexible Spending Account	BCBS	Jesup Hourly
Health Care FSA	Healthcare Flexible Spending Account	BCBS	Jesup Hourly
HSA	Health Savings Account	BCBS	Jesup Hourly
Executive Key Life Insurance	Rayonier Key Executive Insurance Program	Pacific Life or Mass Mutual, as applicable	Any Syrah Group Employee or Former Syrah Group Employee who is eligible to receive benefits under such policy
Voluntary Short-Term Disability	TrustMark Voluntary Short-Term Disability	TrustMark	Fernandina Hourly

INTELLECTUAL PROPERTY AGREEMENT

BY AND BETWEEN

RAYONIER INC.

AND

RAYONIER ADVANCED MATERIALS INC.

DATED AS OF [•], 2014

TABLE OF CONTENTS

ARTICLE I DEFINITIONS	1
Section 1.01 Definitions	1
ARTICLE II GRANT OF TRADEMARKS LICENSE	6
Section 2.01 Licensed Trademarks	6
Section 2.02 Additional Licensed Trademarks	7
Section 2.03 Restriction on Rayonier	7
Section 2.04 Use of Rayonier Name	7
Section 2.05 Display of Trademarks	7
ARTICLE III USE; REGISTRATION AND MAINTENANCE OF LICENSED TRADEMARKS	8
Section 3.01 Quality Standard	8
Section 3.02 Unauthorized Use	8
Section 3.03 Registration; Maintenance of Licensed Trademarks	8
ARTICLE IV GRANT OF SOFTWARE LICENSE	9
Section 4.01 Grant of Software License	9
ARTICLE V OTHER IP LICENSES	10
Section 5.01 Grant of Other IP Licenses	10
Section 5.02 Improvements	10
Section 5.03 Restriction on Disclosure	11
Section 5.04 Maintenance of the Other IP	11
ARTICLE VI PROPRIETARY RIGHTS	11
Section 6.01 Title to Intellectual Property	11
Section 6.02 No Challenge to Title	11
Section 6.03 No Other Rights	11
Section 6.04 No Adverse Action	11

Section 6.05	Assignment of Trademarks upon Cessation	12
Section 6.06	Assignment of Other IP upon Cessation	12
Section 6.07	License Exceptions	13
ARTICLE VII ENFORCEMENT		13
ARTICLE VIII BANKRUPTCY		13
ARTICLE IX TERMINATION		13
Section 9.01	Termination for Non-Use	13
Section 9.02	Termination for Breach	14
Section 9.03	Termination by Licensee	14
Section 9.04	Effect of Termination; Survival	14
ARTICLE X GROUP MEMBERS		15
ARTICLE XI DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY		15
Section 11.01	Disclaimer of Representations and Warranties	15
Section 11.02	Disclaimer of Certain Damages	15
ARTICLE XII INDEMNIFICATION		15
Section 12.01	Indemnification	15
Section 12.02	Indemnification Procedures	16
ARTICLE XIII MISCELLANEOUS		16
Section 13.01	Further Assurances	16
Section 13.02	Counterparts; Entire Agreement; Corporate Power	16
Section 13.03	Governing Law	17
Section 13.04	Assignability	17
Section 13.05	Sublicensing Right	17
Section 13.06	Third-Party Beneficiaries	18
Section 13.07	Notices	18

Section 13.08	Severability	19
Section 13.09	Headings	19
Section 13.10	Waivers of Default	20
Section 13.11	Dispute Resolution	20
Section 13.12	Specific Performance	20
Section 13.13	Amendments	20
Section 13.14	Interpretation	20
Section 13.15	Mutual Drafting	21

INTELLECTUAL PROPERTY AGREEMENT

This INTELLECTUAL PROPERTY AGREEMENT, dated as of [•], 2014 (this “Agreement”), is by and between Rayonier Inc., a North Carolina corporation (“Rayonier”), and Rayonier Advanced Materials Inc., a Delaware corporation (“SpinCo”).

R E C I T A L S:

WHEREAS, the board of directors of Rayonier (the “Rayonier Board”) has determined that it is in the best interests of Rayonier and its shareholders to create a new publicly traded company that shall operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the Rayonier Board has determined that it is appropriate and desirable to separate the SpinCo Business from the Rayonier Business (the “Separation”) and, following the Separation, make a distribution, on a pro rata basis, to holders of Rayonier Shares on the Record Date of all the outstanding SpinCo Shares owned by Rayonier (the “Distribution”);

WHEREAS, in order to effectuate the Separation and the Distribution, Rayonier and SpinCo have entered into a Separation and Distribution Agreement, dated as of [•], 2014 (the “Separation and Distribution Agreement”); and

WHEREAS, the SpinCo Group desires to receive (and the Rayonier Group is willing to grant to the SpinCo Group) certain rights under Intellectual Property and Software owned by the Rayonier Group as of the Effective Time, and the Rayonier Group desires to receive (and the SpinCo Group is willing to grant to the Rayonier Group) certain rights under Intellectual Property and Software owned by the SpinCo Group as of the Effective Time, in each case on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

“Acquired Business” has the meaning set forth in Section 13.05.

“Acquiring Person” has the meaning set forth in Section 13.05.

“Action” shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“ Affiliate ” has the meaning set forth in the Separation and Distribution Agreement.

“ Agreement ” has the meaning set forth in the Preamble.

“ Ancillary Agreements ” has the meaning set forth in the Separation and Distribution Agreement.

“ Derivative Work ” shall mean a work that is based upon one or more preexisting works, and which is a derivative work, including any revision, modification, translation, abridgment, condensation, expansion, collection, compilation and any other form in which such preexisting works may be recast, transformed or adapted, and that, if prepared without authorization by the owner of a preexisting work, would constitute copyright infringement.

“ Dispute ” has the meaning set forth in Section 13.11.

“ Distribution ” has the meaning set forth in the Recitals.

“ Distribution Date ” shall mean the date of the consummation of the Distribution, which shall be determined by the Rayonier Board in its sole and absolute discretion.

“ Effective Time ” shall mean 11:59 p.m., New York City time, on the Distribution Date.

“ Governmental Authority ” shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

“ Group ” shall mean either the SpinCo Group or the Rayonier Group, as the context requires.

“ Improvements ” shall mean any improvements, additions, modifications, developments, variations, refinements, enhancements, compilations, collective works or Derivative Works.

“ Intellectual Property ” shall mean all of the following whether arising under the Laws of the United States or of any other foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues,

extensions and renewals of any of the foregoing, (c) Internet domain names, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, in each case, other than Software, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, in each case, other than Software, and (f) intellectual property rights arising from or in respect of any Technology.

“Law” shall mean any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

“Liabilities” shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

“Licensed Trademarks” shall mean the Trademarks set forth (and only as set forth) on Schedule A, including any registrations and applications for registration set forth on Schedule A.

“Licensee” shall mean, with respect to any Intellectual Property or Software licensed hereunder, the Party receiving a license to such Intellectual Property or Software hereunder.

“Licensor” shall mean, with respect to any Intellectual Property or Software licensed hereunder, the Party granting a license to such Intellectual Property or Software hereunder.

“Licensor Indemnitees” has the meaning set forth in Section 12.01.

“Losses” shall mean actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

“Other IP” shall mean either the SpinCo Other IP or the Rayonier Other IP, as the context requires.

“ Parties ” shall mean the parties to this Agreement.

“ Patents ” shall mean all patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions.

“ Person ” shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

“ Rayonier ” has the meaning set forth in the Preamble.

“ Rayonier Board ” has the meaning set forth in the Recitals.

“ Rayonier Business ” has the meaning set forth in the Separation and Distribution Agreement.

“ Rayonier Group ” shall mean Rayonier and each Person that is a Subsidiary of Rayonier.

“ Rayonier Name and Rayonier Marks ” shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of either Party or any member of its Group using or containing “RAYONIER”, either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

“ Rayonier Other IP ” shall mean all Intellectual Property, except Trademarks and Patents, owned or controlled by Rayonier or any other member of the Rayonier Group as of the Effective Time.

“ Rayonier Shares ” shall mean the common shares, no par value, of Rayonier.

“ Rayonier Software ” shall mean any Software that both (a) constitutes a Rayonier Asset under the Separation and Distribution Agreement and (b) is owned as of immediately after the Effective Time by either Party or any of its Subsidiaries.

“ Record Date ” shall mean the close of business on the date to be determined by the Rayonier Board as the record date for determining holders of Rayonier Shares entitled to receive SpinCo Shares pursuant to the Distribution.

“ Separation ” has the meaning set forth in the Recitals.

“ Separation and Distribution Agreement ” has the meaning set forth in the Recitals.

“Software” shall mean any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

“SpinCo” has the meaning set forth in the Preamble.

“SpinCo Business” has the meaning set forth in the Separation and Distribution Agreement.

“SpinCo Field of Use” shall mean any and all businesses, operations and activities involving the manufacturing, sale, marketing and distribution of (a) chemical cellulose (also referred to as dissolving pulp) and products sold into similar end uses as chemical cellulose (including cotton linters); (b) pulp and paper products; (c) chemicals; (d) plastics and other polymers; (e) processed foods and pharmaceutical products (including raw materials and intermediates used therein); (f) building materials (including raw materials and intermediates used therein); and/or (g) textiles (including raw materials and intermediates used therein); provided, however, that the foregoing clauses (a) through (g) shall not include solid and engineered wood products (including lumber and plywood) or materials comprised of solid and engineered wood products.

“SpinCo Group” shall mean SpinCo and each Person that is a Subsidiary of SpinCo.

“SpinCo Other IP” shall mean all Intellectual Property, except Trademarks and Patents, owned or controlled by SpinCo or any other member of the SpinCo Group as of the Effective Time.

“SpinCo Shares” shall mean the shares of common stock, par value \$0.01 per share, of SpinCo.

“SpinCo Software” shall mean any Software that both (a) constitutes a SpinCo Asset under the Separation and Distribution Agreement and (b) is owned as of immediately after the Effective Time by either Party or any of its Subsidiaries.

“Subsidiary” shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

“Technology” shall mean all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, and other similar materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein, in each case, other than Software.

“Term” has the meaning set forth in Section 2.01.

“Third Party” shall mean any Person other than the Parties or any of their Affiliates.

“Third-Party Claim” shall mean any Action commenced by any Third Party against any Party or any of its Affiliates.

“Trademark” shall mean trademarks, service marks, trade names, service names, trade dress, logos, Internet domain names, and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing.

“Trademark License” has the meaning set forth in Section 2.01.

ARTICLE II GRANT OF TRADEMARKS LICENSE

Section 2.01 Licensed Trademarks. Subject to the terms and conditions of this Agreement, effective as of the Effective Time, Rayonier hereby grants (or shall cause the applicable member of the Rayonier Group to grant) to the SpinCo Group an exclusive, fully paid-up, worldwide, non-sublicensable (except as provided in Section 13.05), non-assignable (except as provided in Sections 6.05 and 13.04), royalty-free and irrevocable (unless terminated in accordance with Section 6.05 or Article IX) license to use and display the Licensed Trademarks for any use or purpose solely in the SpinCo Field of Use (the “Trademark License”). Without limiting the generality of the foregoing, subject to the terms and conditions contained herein, the Trademark License shall include the right of members of the SpinCo Group to use the Licensed Trademarks in their respective corporate names, domain names and email addresses and in any and all electronic, social or other media (including, Facebook, Twitter and LinkedIn), in each case, whether or not in existence as of the date hereof. The term of the Trademark License (the “Term”) shall commence at the Effective Time and shall continue in perpetuity, unless and until the earlier to occur of (a) the assignment, if any, of the Rayonier Name and Rayonier Marks to SpinCo pursuant to Section 6.05 and (b) the termination, if any, of the Trademark License pursuant to Article IX. Except pursuant to Section 6.05, neither SpinCo nor any other member of the SpinCo Group shall acquire any ownership rights hereunder in the Licensed Trademarks (or any other Rayonier Name and Rayonier Marks), and all goodwill

symbolized by and connected with the use of the Licensed Trademarks by SpinCo or any other member of the SpinCo Group shall inure solely to the benefit of Rayonier.

Section 2.02 Additional Licensed Trademarks. During the Term, SpinCo and each other member of the SpinCo Group shall be permitted to use, solely in the SpinCo Field of Use, any Trademark in which any Licensed Trademark is immediately followed by one or more additional words or abbreviations so long as such additional words would not cause confusion with Rayonier's own usage of a Trademark. At least twenty (20) days' prior written notice shall be given to Rayonier in advance of the commencement of such use of such Trademark by any member of the SpinCo Group, together with examples of the intended use, so that Rayonier can verify and ensure that the RAYONIER name is being used in accordance with the requirements of this Agreement and all applicable Laws. So long as no written objection (together with reasonably detailed explanation) is received by SpinCo within the twenty (20)-day period following SpinCo's delivery of such notice to Rayonier, such Trademark shall be deemed to be a Licensed Trademark for all purposes hereunder and the Parties shall add such Trademark (or shall cause such Trademark to be added) to Schedule A.

Section 2.03 Restriction on Rayonier. During the Term, Rayonier shall not (and shall cause the other members of the Rayonier Group not to), directly or indirectly, design, develop, manufacture, market, provide or perform any products or services under any of the Licensed Trademarks or grant a license to or otherwise authorize any Third Party to do any of the foregoing.

Section 2.04 Use of Rayonier Name. Without limiting any other provisions of this Agreement, except as set forth on Schedule A or as otherwise permitted in accordance with Section 2.01, SpinCo shall not (and shall cause the other members of the SpinCo Group not to) use the name "RAYONIER" in connection with any aspect of its business, operations or affairs, whether conducted directly or indirectly, including as a corporate or business name, domain name or email address, unless the name "RAYONIER" is part of a Licensed Trademark. The Parties acknowledge and agree that this Agreement shall not restrict (a) any member of the SpinCo Group from using the abbreviation "RYAM" in its corporate or business name or in any other Trademark or (b) the right of any Party or any member of its Group to make use of any term or Trademark in a manner that constitutes fair use under applicable Law or factual use solely for historical or reference purposes.

Section 2.05 Display of Trademarks. The Parties acknowledge and agree that it is in their mutual best interest that, and the Parties shall reasonably cooperate with each other in good faith to ensure that, the Licensed Trademarks shall appear distinctive from the other Rayonier Name and Rayonier Marks used by Rayonier or any other member of the Rayonier Group. Any Dispute with respect to the appearance of a Licensed Trademark or the other Rayonier Name and Rayonier Marks shall be resolved in accordance with Section 13.11.

ARTICLE III
USE; REGISTRATION AND MAINTENANCE OF LICENSED TRADEMARKS

Section 3.01 Quality Standard. SpinCo shall cause the quality of all of the products and services of each member of the SpinCo Group that are designed, developed, manufactured, marketed, provided or performed under any Licensed Trademark to be maintained at a commercially reasonable level and comply with the requirements of all applicable Laws. The Parties agree that, without limitation, the quality of comparable products and services marketed by Rayonier or any other member of its Group prior to the Distribution Date is at a commercially reasonable level of quality. During the Term, upon at least ten (10) days' prior written notice to SpinCo, Rayonier shall have the right (but not any obligation), at its own cost and expense and not more often than once in any six (6)-month period, to conduct, at the facilities of any member of the SpinCo Group, examination of specimens of the use of the Licensed Trademarks and of products manufactured by or for any member of the SpinCo Group, and to obtain from any member of the SpinCo Group information and documentation that would enable Rayonier to determine whether the quality of such products and services is maintained in accordance with this Section 3.01.

Section 3.02 Unauthorized Use. SpinCo acknowledges and agrees that any use of the Licensed Trademarks other than that expressly authorized hereunder is prohibited without the prior written approval of Rayonier. Without limiting the generality of the foregoing, during the Term, SpinCo shall (and shall cause the other members of the SpinCo Group to) only use and display the Licensed Trademarks in the SpinCo Field of Use.

Section 3.03 Registration; Maintenance of Licensed Trademarks.

(a) During the Term, upon SpinCo's reasonable written request and at SpinCo's cost and expense, Rayonier shall (i) subject to Section 3.03(b), take all reasonably necessary steps to procure registration of the Licensed Trademarks in all jurisdictions requested by SpinCo and (ii) subject to Section 3.03(c), use commercially reasonable efforts to maintain the Licensed Trademarks and all registrations thereof and applications therefor in all jurisdictions in which each is registered or an application therefor is pending. SpinCo shall (and shall cause the other members of the SpinCo Group to) execute all documents as are reasonably necessary or appropriate to aid in, and shall otherwise reasonably cooperate (at SpinCo's cost and expense) with the efforts of Rayonier to prepare, obtain, file, record and maintain all such registrations and applications.

(b) The Parties may mutually agree, from time to time, that SpinCo shall procure registration of any Licensed Trademarks in any jurisdictions requested by SpinCo pursuant to Section 3.03(a). If the Parties so agree, SpinCo shall be solely responsible for registering (at SpinCo's cost and expense) such Licensed Trademarks in such jurisdictions and Rayonier shall (and shall cause the other members of the Rayonier Group to) execute all documents as are reasonably necessary or appropriate to aid in, and shall otherwise reasonably cooperate (at SpinCo's cost and expense) with the efforts of SpinCo to prepare, obtain, file, record and maintain all such registrations and the applications related thereto.

(c) SpinCo acknowledges and agrees that neither Rayonier nor any other member of the Rayonier Group shall have any further maintenance obligations hereunder as to

the Licensed Trademarks or any registration thereof or application therefor upon Rayonier's providing reasonable advance written notice to SpinCo that Rayonier does not intend to continue such maintenance. Rayonier acknowledges and agrees that, upon SpinCo's receiving such notice, SpinCo shall have the right (but not any obligation) to continue such maintenance at SpinCo's cost and expense and in Rayonier's name or in the name of any other member of the Rayonier Group specified by Rayonier. In the event SpinCo elects to continue such maintenance, Rayonier shall (and shall cause the other members of the Rayonier Group to), to the extent reasonably necessary, execute all documents to aid in, and otherwise cooperate with, the effort of SpinCo to maintain registrations of the Licensed Trademarks. Notwithstanding anything to the contrary contained herein, if and after Rayonier gives reasonable written notice to SpinCo in accordance with this Section 3.03(c), neither SpinCo, Rayonier, nor any other member of their respective Groups shall be liable hereunder in any manner for any failure to maintain such Licensed Trademarks.

ARTICLE IV GRANT OF SOFTWARE LICENSE

Section 4.01 Grant of Software License .

(a) Subject to the terms and conditions of this Agreement, and subject to any rights of Third Parties that may be in effect, effective as of the Effective Time, Rayonier hereby grants (or shall cause the applicable member of the Rayonier Group to grant) to the SpinCo Group a nonexclusive, perpetual (unless terminated in accordance with Article IX), fully paid-up, worldwide, non-sublicensable (except as provided in Section 13.05), non-assignable (except as provided in Section 13.04), royalty-free and irrevocable (unless terminated in accordance with Article IX) license to (i) use, (ii) reproduce, (iii) display, and (iv) prepare Derivative Works based upon any and all Rayonier Software that was used in connection with the SpinCo Business prior to the Distribution Date.

(b) Subject to the terms and conditions of this Agreement, and subject to rights of Third Parties that may be in effect, effective as of the Effective Time, SpinCo hereby grants (or shall cause the applicable member of the SpinCo Group to grant) to the Rayonier Group a nonexclusive, perpetual (unless terminated in accordance with Article IX), fully paid-up, worldwide, non-sublicensable (except as provided in Section 13.05), non-assignable (except as provided in Section 13.04), royalty-free and irrevocable (unless terminated in accordance with Article IX) license to (i) use, (ii) reproduce, (iii) display, and (iv) prepare Derivative Works based upon any and all SpinCo Software that was used in connection with the Rayonier Business prior to the Distribution Date.

(c) Until the date that is twenty-four (24) months after the Distribution Date, Licensee may request a copy of Software licensed to its Group hereunder (including the source code for such Software) and Licensor shall provide a copy of such Software to Licensee; provided that, in each case, such Software was not previously provided to Licensee and such Software is then in the possession or control of Licensor or any other member of its Group. Notwithstanding anything to the contrary contained herein, Licensor need only provide to Licensee a copy of such Software in the form in which it existed as of the Distribution Date, and in no event shall Licensor (or any other member of its Group) be required to provide to Licensee

(or any other member of its Group) any upgrades, updates, enhancements or other modifications to such Software or any additional copies of such Software.

(d) After the Distribution Date, if Licensee (or any other member of its Group) creates (or has another Person create) a Derivative Work of any Software licensed to its Group hereunder, Licensee shall own all rights in and to the particular modifications, additions or changes made to such Software, subject to the Intellectual Property rights of Licensor (and the other members of its Group) in such Software. No license is granted hereunder to such Derivative Work and neither Licensee nor any member of its Group shall, by virtue of creating any Derivative Work of such Software, gain any greater rights in or to such Software than are expressly granted hereunder.

(e) Licensee shall (and shall cause the other members of its Group to) treat any source code for Software licensed to its Group hereunder as confidential and proprietary information of Licensor, and Licensee shall (and shall cause the other members of its Group to) hold such source code in confidence in accordance with Section 6.9 of the Separation and Distribution Agreement.

ARTICLE V OTHER IP LICENSES

Section 5.01 Grant of Other IP Licenses.

(a) Subject to the terms and conditions of this Agreement, and subject to any rights of Third Parties that may be in effect, effective as of the Effective Time, Rayonier hereby grants (or shall cause the applicable member of the Rayonier Group to grant) to the SpinCo Group a nonexclusive, perpetual (unless terminated in accordance with Section 6.06 or Article IX), fully paid-up, worldwide, non-sublicensable (except as provided in Section 13.05), non-assignable (except as provided in Sections 6.06 and 13.04), royalty-free and irrevocable (unless terminated in accordance with Section 6.06 or Article IX) license, for any use or purpose, in and to the Rayonier Other IP that was used in connection with the SpinCo Business prior to the Distribution Date.

(b) Subject to the terms and conditions of this Agreement, and subject to rights of Third Parties that may be in effect, effective as of the Effective Time, SpinCo hereby grants (or shall cause the applicable member of the SpinCo Group to grant) to the Rayonier Group a nonexclusive, perpetual (unless terminated in accordance with Section 6.06 or Article IX), fully paid-up, worldwide, non-sublicensable (except as provided in Section 13.05), non-assignable (except as provided in Sections 6.06 and 13.04), royalty-free and irrevocable (unless terminated in accordance with Section 6.06 or Article IX) license, for any use or purpose, in and to the SpinCo Other IP that was used in connection with the Rayonier Business prior to the Distribution Date.

Section 5.02 Improvements. Licensee (and the other members of its Group) shall have the right to make Improvements to the Other IP licensed to its Group hereunder; provided, however, that, subject to Section 6.06, Licensor will own and retain all right, title and interest in and to the Other IP licensed by Licensor (or the other members of its Group) hereunder.

Section 5.03 Restriction on Disclosure. Licensee shall (and shall cause the other members of its Group to) hold all confidential or proprietary information, including trade secrets, invention disclosures, processes and know-how, licensed to its Group hereunder and any other confidential or proprietary information disclosed to Licensee or any other member of its Group hereunder in confidence in accordance with Section 6.9 of the Separation and Distribution Agreement.

Section 5.04 Maintenance of the Other IP. Neither Licensor nor any other member of its Group shall have any obligation to Licensee (or any other member of its Group) with respect to maintaining the pendency, subsistence, validity, enforceability, or confidentiality of any Other IP licensed by Licensor (or any other member of its Group) hereunder and Licensor (and the other members of its Group) may discontinue maintenance, abandon or dedicate to any Person the Other IP licensed by Licensor (or any other member of its Group) hereunder.

ARTICLE VI PROPRIETARY RIGHTS

Section 6.01 Title to Intellectual Property. Licensee acknowledges and agrees that Licensor (or the applicable member of its Group) is the sole and exclusive owner of any and all Intellectual Property and Software licensed by Licensor or any other member of Licensor's Group hereunder. Subject to Sections 6.05 and 6.06, Licensor shall retain all right, title and interest in and to such Intellectual Property and Software, including all copyright and other proprietary rights.

Section 6.02 No Challenge to Title. Subject to Sections 6.05 and 6.06, Licensee agrees that it shall not (and shall cause the other members of its Group not to), for any reason, whether during or after the termination of this Agreement, do or authorize any Person to do, any of the following with respect to any Intellectual Property or Software licensed to its Group hereunder: (a) represent to any Person in any manner that it owns or has any ownership rights in such Intellectual Property or Software; (b) except in accordance with Section 3.03(b) or (c), apply for federal, state, or national registration of such Intellectual Property or Software; or (c) impair, dispute or contest the validity of Licensor's (or any member of its Group) right, title and interest in and to such Intellectual Property or Software.

Section 6.03 No Other Rights. Only those rights specifically granted hereunder to Licensee or its Group are granted to Licensee or its Group hereunder and all other rights in the Intellectual Property or Software licensed to Licensee or its Group hereunder are expressly reserved by Licensor. Without limiting the generality of the foregoing, Licensee shall not (and shall cause the other members of its Group not to) use any Intellectual Property or Software licensed to Licensee or its Group hereunder for any purpose other than as expressly permitted under the terms of this Agreement.

Section 6.04 No Adverse Action. Licensee agrees that it shall not (and shall cause the other members of its Group not to), for any reason, take or voluntarily cooperate in any Action that might dilute, tarnish, disparage, or reflect adversely on Licensor (or any other member of its Group). Without limiting the generality of the foregoing, Licensee shall (and shall cause the other members of its Group to) only use any copyrighted work licensed to Licensee's

Group hereunder in accordance with sound copyright usage principles and in compliance with the requirements of all applicable Laws.

Section 6.05 Assignment of Trademarks upon Cessation. During the Term, if Rayonier determines (in its sole and absolute discretion) to permanently cease using the Rayonier Name and Rayonier Marks in active commerce, Rayonier shall reasonably promptly notify SpinCo in writing of such determination and Rayonier shall (and shall reasonably promptly execute, upon SpinCo's written request, such other documentation as may be reasonably necessary to) irrevocably assign the Rayonier Name and Rayonier Marks to SpinCo for aggregate consideration to Rayonier of one U.S. dollar (\$1.00). Upon any such assignment of the Rayonier Name and Rayonier Marks to SpinCo pursuant to this Section 6.05, (a) the Trademark License shall automatically and immediately terminate without the need for any further action by any member of the Rayonier Group or the SpinCo Group and (b) no member of the Rayonier Group shall have any rights whatsoever to use any Rayonier Name or Rayonier Marks subsequent to the date of such termination and Rayonier shall (and shall cause the other members of the Rayonier Group to) immediately cease using the Rayonier Name and Rayonier Marks in any and all forms. Notwithstanding anything in this Agreement to the contrary, upon any termination of the Trademark License pursuant to this Section 6.05, all other rights and licenses granted under this Agreement that are in effect at the time of such termination, whether to Rayonier, SpinCo or any other member of their respective Groups, shall survive and remain in full force and effect.

Section 6.06 Assignment of Other IP upon Cessation. During the term of the license of any Other IP licensed by Licensor (or any other member of its Group) hereunder, if Licensor determines (in its sole and absolute discretion) to permanently cease using such Other IP in connection with its business and Licensor does not intend to (and does not intend to cause the applicable member of its Group to) sell, transfer or assign such Other IP to a Third Party (it being understood that any such transaction would be subject to the terms of this Agreement), Licensor shall reasonably promptly notify Licensee in writing of such determination and, if Licensee (or any other member of its Group) is then using such Other IP in connection with Licensee's business, Licensor shall or shall cause any other applicable member of its Group to (and Licensor agrees that the applicable member of Licensor's Group shall reasonably promptly execute, upon Licensee's written request, such other documentation as may be reasonably necessary to) irrevocably assign such Other IP to Licensee for aggregate consideration to Licensor (or the applicable member of its Group) of one U.S. dollar (\$1.00). Upon any such assignment of such Other IP to Licensee pursuant to this Section 6.06, (a) the license to such Other IP shall automatically and immediately terminate without the need for any further action by any member of the Licensee's Group or the Licensor's Group and (b) no member of the Licensor's Group shall have any rights whatsoever to use such Other IP subsequent to the date of such termination and Licensor shall (and shall cause the other members of its Group to) immediately cease using such Other IP in any and all forms. Notwithstanding anything in this Agreement to the contrary, upon any termination of the license to any Other IP pursuant to this Section 6.06, all other rights and licenses granted under this Agreement that are in effect at the time of such termination, whether to Rayonier, SpinCo or any other member of their respective Groups, shall survive and remain in full force and effect.

Section 6.07 License Exceptions. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to license any Other IP or Software, in whole or in part, or any rights thereunder, if the agreement or attempt to license, without the consent of a Third Party, would in any way adversely affect the rights of any Party with respect to such Other IP or Software. If an attempted license would be ineffective or would adversely affect the rights of any Party, the Parties will cooperate with each other in good faith to effect an arrangement designed reasonably to provide the benefits of such Other IP or Software (as applicable) to the proposed licensee of such Other IP or Software.

ARTICLE VII ENFORCEMENT

Licensee agrees that it shall advise Licensor reasonably promptly if (and in no event later than five (5) business days after) Licensee (or any other member of its Group) becomes aware of any unauthorized Third-Party use of any Intellectual Property or Software licensed to its Group hereunder. Licensee shall not (and shall cause the other members of its Group not to) take any steps to contact any such Third Party without Licensor's prior written permission. Licensor shall have the sole discretion to determine whether and in what manner to respond to any such unauthorized Third-Party use and shall be exclusively entitled to any remedies, including monetary damages, related thereto or resulting therefrom. In the event that Licensor decides to initiate any claim against any Third Party, Licensee shall (and shall cause the other members of its Group to) cooperate fully with Licensor at Licensor's cost and expense.

ARTICLE VIII BANKRUPTCY

This Agreement constitutes a license of "intellectual property" within the meaning of Section 365(n) of the United States Bankruptcy Code. If Section 365(n) of the United States Bankruptcy Code (or any successor provision) is applicable, and the trustee or debtor-in-possession has rejected this Agreement and if Licensee (or any other member of its Group) has elected pursuant to Section 365(n) of the United States Bankruptcy Code to retain its rights hereunder, then upon the written request of Licensee, to the extent Licensee (or any other member of its Group) is otherwise entitled hereunder, the trustee or debtor-in-possession shall provide to Licensee any intellectual property (including embodiments thereof) held or controlled by the trustee or debtor-in-possession.

ARTICLE IX TERMINATION

Section 9.01 Termination for Non-Use. If, during the Term, neither SpinCo, any other member of the SpinCo Group nor any assignee or sublicensee of SpinCo permitted in accordance with Section 13.04 or 13.05, respectively, (a) has used a corporate name incorporating the name "RAYONIER" or (b) has otherwise used such name in active commerce, in either case for at least twelve (12) consecutive months (regardless of the reason for such non-use, whether because of acquisition, insolvency or otherwise), then the Trademark License shall automatically and immediately terminate without the need for any further action by any member of the Rayonier Group or the SpinCo Group or any such permitted assignee or sublicensee. Notwithstanding anything in this Agreement to the contrary, upon any termination of the

Trademark License pursuant to this Section 9.01, all other rights and licenses granted under this Agreement that are in effect at the time of such termination, whether to Rayonier, SpinCo or any other member of their respective Groups, shall survive and remain in full force and effect.

Section 9.02 Termination for Breach. Either Party may terminate this Agreement with respect to any Intellectual Property or Software, as the case may be, licensed hereunder in the event of a material breach of this Agreement by the other Party (or any other member of the other Party's Group) with respect to such Intellectual Property or Software if such breach is not cured within thirty (30) days following the breaching Party's receipt of written notice of such breach from the non-breaching Party. Notwithstanding anything in this Agreement to the contrary, upon any termination of this Agreement with respect to any Intellectual Property or Software pursuant to this Section 9.02, all other rights and licenses granted under this Agreement that are in effect at the time of such termination, whether to Rayonier, SpinCo or any other member of their respective Groups, shall survive and remain in full force and effect.

Section 9.03 Termination by Licensee. Licensee may terminate any license granted to it (or any other member of its Group) hereunder as to any Intellectual Property or Software licensed to it (or any other member of its Group) hereunder by providing at least thirty (30) days' prior written notice of such termination to the other Party. Notwithstanding anything in this Agreement to the contrary, upon any termination of this Agreement with respect to any Intellectual Property or Software pursuant to this Section 9.03, all other rights and licenses granted under this Agreement that are in effect at the time of such termination, whether to Rayonier, SpinCo or any other member of their respective Groups, shall survive and remain in full force and effect.

Section 9.04 Effect of Termination; Survival. Upon the termination of the Trademark License pursuant to Section 9.01, 9.02 or 9.03, neither SpinCo nor any other member of the SpinCo Group shall have any rights whatsoever to use any Licensed Trademarks subsequent to the date of such termination and SpinCo shall (and shall cause the other members of the SpinCo Group to) immediately cease using the Licensed Trademarks in any and all forms; provided that, in the case of a termination pursuant to Section 9.02, SpinCo and each of the other members of the SpinCo Group shall have the right to continue to use the Licensed Trademarks in accordance with this Agreement during the twelve (12)-month period immediately after the effective date of such termination; provided, however, that SpinCo shall (and shall cause each other member of the SpinCo Group to), within such twelve (12)-month period, (a) discontinue all use of the Licensed Trademarks, (b) delete the same from its corporate or business name, and (c) destroy all materials and papers, other than corporate records, upon which any Licensed Trademarks appear. Subject to Section 6.06, upon the termination of this Agreement with respect to the license of any Other IP or Software, neither the Licensee nor any other member of its Group shall have any rights whatsoever to use such Other IP or Software (as applicable) subsequent to the date of such termination and Licensee shall (and shall cause each of the other members of its Group to) immediately cease using such Other IP or Software (as applicable). Notwithstanding anything in this Agreement to the contrary, Sections 4.01(e), 5.03, 6.01, 6.02 and 6.04 and Article XI, Article XII and Article XIII shall survive any termination of this Agreement in whole or in part.

ARTICLE X
GROUP MEMBERS

Each Party shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any other member of such Party's Group.

ARTICLE XI
DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY

Section 11.01 Disclaimer of Representations and Warranties. ALL INTELLECTUAL PROPERTY AND SOFTWARE LICENSED UNDER THIS AGREEMENT ARE FURNISHED "AS IS," WITHOUT ANY SUPPORT, ASSISTANCE, MAINTENANCE (EXCEPT AS EXPRESSLY PROVIDED IN SECTION 3.03), OR WARRANTIES OF ANY KIND WHATSOEVER. LICENSEE ASSUMES TOTAL RESPONSIBILITY AND RISK FOR ITS (AND ANY OTHER MEMBER OF ITS GROUP) USE OF ANY INTELLECTUAL PROPERTY OR SOFTWARE LICENSED TO ITS GROUP HEREUNDER. NEITHER LICENSOR NOR ANY OTHER MEMBER OF ITS GROUP MAKES (AND HEREBY EXPRESSLY DISCLAIMS) ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND WHATSOEVER, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WARRANTIES OF TITLE OR NON-INFRINGEMENT, OR ANY WARRANTY THAT ANY SUCH INTELLECTUAL PROPERTY IS "ERROR FREE."

Section 11.02 Disclaimer of Certain Damages. IN NO EVENT SHALL EITHER PARTY, ANY MEMBER OF ITS GROUP OR THEIR RESPECTIVE REPRESENTATIVES BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, PUNITIVE, EXEMPLARY, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER PARTY IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT (OTHER THAN ANY SUCH LIABILITY WITH RESPECT TO A THIRD-PARTY CLAIM), AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, EACH OTHER MEMBER OF ITS GROUP AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE. THE LIMITATIONS SET FORTH ABOVE IN THIS SECTION 11.02 SHALL NOT APPLY IN RESPECT OF ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH (A) EITHER PARTY'S LIABILITY FOR BREACHES OF CONFIDENTIALITY UNDER SECTION 4.01(e) OR 5.03, (B) THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR FRAUD OF OR BY THE PARTY TO BE CHARGED, OR (C) CLAIMS FOR INDEMNIFICATION IN RESPECT OF THIRD-PARTY CLAIMS UNDER ARTICLE XII.

ARTICLE XII
INDEMNIFICATION

Section 12.01 Indemnification. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, to the fullest extent permitted by Law, Licensee shall (and shall cause the other members of its Group to) indemnify, defend and hold harmless

Licensor, each of the other members of Licensor's Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Licensor Indemnitees"), from and against any and all Liabilities of the Licensor Indemnitees to the extent that such Liabilities relates to, arises out of or results from (i) a breach of this Agreement by Licensee (or any other member of its Group) or (ii) use by Licensee (or any other member of its Group) of any of the Intellectual Property or Software licensed to Licensee (or any other member of its Group) hereunder.

Section 12.02 Indemnification Procedures. The procedures for indemnification set forth in Sections 4.5, 4.6 and 4.7 of the Separation and Distribution Agreement shall govern claims for indemnification under this Agreement.

ARTICLE XIII MISCELLANEOUS

Section 13.01 Further Assurances. Each Party shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 13.02 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) Rayonier represents on behalf of itself and, to the extent applicable, each other member of the Rayonier Group and SpinCo represents on behalf of itself and, to the extent applicable, each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(d) Each Party acknowledges and agrees that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 13.03 Governing Law. This Agreement (and any Dispute arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 13.04 Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under the Separation and Distribution Agreement, this Agreement and the other Ancillary Agreements in whole (i.e., the assignment of a Party's rights and obligations under the Separation and Distribution Agreement, this Agreement and all the other Ancillary Agreements all at the same time) in connection with a change of control, or a sale of all or substantially all of the assets, of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any member of its Group from being party to or undertaking a change of control.

Section 13.05 Sublicensing Right. Licensee shall not (and shall cause the other members of its Group not to) sublicense any of the Intellectual Property or Software licensed to it or its Group hereunder without the express prior written consent of the Licensor of such

Intellectual Property or Software (such consent not to be unreasonably withheld in the case of the purchase or acquisition of an Acquired Business by an Acquiring Person); provided that, in the event that one or more Third Parties purchases or acquires (whether by way of merger, share exchange, consolidation, business combination, consolidation, acquisition of all or substantially all assets, or other similar transaction or otherwise) any of the segments, divisions or businesses of SpinCo (or any other member of the SpinCo Group) that design, develop, manufacture, market, provide or perform any products or services under any Licensed Trademark (any such segment, division or business, an “Acquired Business”; and any such Third Party, an “Acquiring Person”), SpinCo may, without obtaining the consent of Rayonier or any other member of the Rayonier Group, grant a sublicense to any such Acquiring Person to use and display the applicable Licensed Trademarks solely for use in the Acquired Business; provided, however, that each such Acquiring Person agrees in writing, in a sublicense agreement, to be bound by the terms of this Agreement that are applicable to the Licensed Trademarks (including complying with the quality standards and providing Rayonier with the examination rights set forth in Section 3.01) and that such sublicense agreement shall provide that (a) no such Acquiring Person shall have any right whatsoever to (i) assign any of its rights or delegate any of its obligations under such sublicense agreement to any Person, (ii) grant a license or sublicense to or assign any Licensed Trademark or any other Rayonier Name or Rayonier Marks to any Person or (iii) use or display any Licensed Trademarks sublicensed to it other than in connection with the Acquired Business (and, in no event, other than in the SpinCo Field of Use); (b) such sublicense agreement shall expire on the first to occur of (i) the date on which the Term expires and (ii) the date that is the fifth (5th) anniversary of the completion of the purchase or acquisition of the applicable Acquired Business by the Acquiring Person (or such shorter period as the Acquiring Person and SpinCo shall agree); and (c) Rayonier shall be a third-party beneficiary under such sublicense agreement, with the right to enforce any and all applicable provisions thereof (including those provisions required pursuant to clause (a) or (b) of this proviso). SpinCo shall provide Rayonier with a copy of the duly executed sublicense agreement.

Section 13.06 Third-Party Beneficiaries. Except as provided in Article XII with respect to the Licensor Indemnitees in their capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder and (b) there are no other Third-Party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 13.07 Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, or by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 13.07):

If to Rayonier, to:

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: [•]

and

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: [•]

If to SpinCo, to:

Rayonier Advanced Materials Inc.
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: [•]

and

Rayonier Advanced Materials Inc.
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: [•]

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

Section 13.08 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 13.09 Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 13.10 Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 13.11 Dispute Resolution. In the event of any controversy, dispute or claim (a “Dispute”) arising out of or relating to any Party’s rights or obligations under this Agreement (whether arising in contract, tort or otherwise) (including the interpretation or validity of this Agreement), such Dispute shall be resolved in accordance with the dispute resolution process referred to in Article VII of the Separation and Distribution Agreement.

Section 13.12 Specific Performance. Subject to Section 13.11, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties.

Section 13.13 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 13.14 Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Annexes and Exhibits hereto) and not to any particular provision of this Agreement; (c) Article, Section, Exhibit, Annex and Schedule references are to the Articles, Sections, Exhibits, Annexes and Schedules to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Jacksonville, Florida; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter,

unless otherwise specified; and (j) unless expressly stated to the contrary in this Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to [•], 2014.

Section 13.15 Mutual Drafting. (a) This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

RAYONIER INC.

By: _____
Name:
Title:

RAYONIER ADVANCED MATERIALS INC.

By: _____
Name:
Title:

[Signature Page to Intellectual Property Agreement]

Schedule A

Licensed Trademarks

Rayonier Advanced

Rayonier Advanced Materials

Rayonier Advanced Materials Inc.

Rayonier AM

Rayonier Cellulose Specialties

Rayonier CS

Rayonier Dissolving Pulp

Rayonier High Purity

Rayonier Performance Fibers

Rayonier Performance Fibers Global Sales and Distribution Company

Rayonier PF

Rayonier Specialty Cellulose

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

E ASTMAN – R AYONIER

CHEMICAL CELLULOSE AGREEMENT

RAYONIER PERFORMANCE FIBERS, LLC (“RAYONIER”) agrees to sell and EASTMAN CHEMICAL COMPANY (“EASTMAN”) agrees to purchase products as specified in this Agreement (“Agreement”). As of January 1, 2012 (the “effective date”), this Agreement replaces and supplants in its entirety that certain Chemical Cellulose Agreement with an effective date of July 1, 2003 (“2003 Agreement”), as was amended from time to time, between RAYONIER and EASTMAN (collectively referred to as the “Parties”). For clarity, each party’s obligations and rights under the 2003 Agreement for the 2011 contract year and which, by their terms, survive expiration or termination of the 2003 Agreement, shall be complied with by the parties.

WHEREAS, RAYONIER is regularly engaged in the business of manufacturing and selling both cellulose specialties pulp (including dissolving pulp) and fluff pulp;

WHEREAS, EASTMAN is regularly engaged in the business of buying dissolving pulp;

WHEREAS, RAYONIER is considering whether to undertake the expansion of its cellulose specialties capacity in a way that will reduce RAYONIER’s fluff pulp capacity;

WHEREAS, EASTMAN wants RAYONIER to undertake the expansion of its cellulose specialties capacity and is desirous of buying cellulose specialties from RAYONIER;

NOW THEREFORE, in consideration of the foregoing recitals, and the premises and mutual consideration set forth herein, the parties agree as follows:

1. Definitions:

(a) Board Approval means the initial and continued approval of the Board of Directors of Rayonier Inc. (the “Board”) for RAYONIER to proceed with undertaking the process and steps necessary to successfully complete the CSE. The Parties recognize and agree the Board may withdraw its approval at any time prior to the successful completion of the CSE, contingent upon many factors including, without limitation, the feasibility of the CSE, the ability and costs to obtain or comply with the necessary permitting and governmental approvals, and overall market conditions.

(b) C Mill means the one mill line at RAYONIER’s Jesup, Georgia facility, that has historically been used primarily in the production of fluff pulp.

(c) Cellulose Specialties Expansion (“CSE”) means the conversion of C Mill from a primarily fluff production line to a cellulose specialties line capable of consistently manufacturing approximately 190,000 Air Dry Metric Tons (“ADMT”) of on grade cellulose specialties consistent with RAYONIER’s standards and specifications.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

(d) Cellulose Specialties Expansion Volume (“CSE Volume”) means Product manufactured by RAYONIER as a result of RAYONIER’s increased capacity resulting from RAYONIER undergoing Cellulose Specialties Expansion (“CSE”). Although the CSE may only increase cellulose specialties capacity of C Mill, CSE Volume refers to all chemical cellulose manufactured by RAYONIER as a result of such increased capacity on the C mill line at RAYONIER’s Jesup, Georgia facility to include volume produced on other lines in Jesup, Georgia, as well as volume produced at RAYONIER’s Fernandina, Florida facility.

(e) Chemical Cellulose shall have the same meaning as “Products”.

(f) Base Volume means the difference of: the total quantity of Chemical Cellulose to be purchased and sold in each year as set forth in paragraph 3(a), minus the CSE Volume.

(g) Product means cellulose specialties in the grades of Chemical Cellulose designated by RAYONIER *** and such other grades of Chemical Cellulose as may be added hereto by written agreement. EASTMAN’S identification numbers for such grades are as follows:

RAYONIER Grade	EASTMAN Global Material Number	EASTMAN Purchase Specification Number

***	***	***
***	***	***
***	***	***

***	***	***
***	***	

2. Price Addendum and * Addendum.**

The “Price Addendum” (Addendum 1a attached hereto and by reference made a part hereof) lists the price and the allowance, if any, for the above grades. The Price Addendum shall be updated whenever there is any change in price in accordance with Article 6 hereof. The “*** Addendum” (Addendum 1b attached hereto and by reference made a part hereof) provides the schedule of volume related ***.

EASTMAN and RAYONIER shall maintain their activities related to improving product quality and the manufacturing economics of both parties.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

3. Quantities:

(a) ***, this is a contract whereby EASTMAN agrees to purchase the following quantities of Chemical Cellulose in the years specified:

<u>Year</u>	<u>Total Quantity (ADMT)</u>	<u>Base Volume (ADMT)</u>
2012	***	***
2013	***	***
2014	***	***
2015	***	***
2016	***	***
2017 and subsequent years*	***	***

* Unless otherwise terminated as provided under Article 7.

(b) *** ADMT per year of volume for each of the years ***, and for each subsequent year, shall be CSE Volume. RAYONIER's obligation to sell the CSE Volume to EASTMAN shall be subject to the conditions precedent set forth in Article 4.

(c) In no event will EASTMAN's obligation to purchase Chemical Cellulose in any calendar year ***, except as provided under Article 6 (b). Notwithstanding any other provisions of this Agreement, EASTMAN shall purchase and RAYONIER shall sell the Base Volume.

4. Conditions Precedent: Notwithstanding any other provisions of this Agreement, the obligations of RAYONIER relating to CSE Volume and the CSE Volume *** (as contained in the *** Addendum) under this Agreement are expressly conditioned upon the following:

(a) Board Approval (as defined above);

(b) Approval and Permits by governmental and regulatory authorities (including, without limitation, the Georgia Environmental Protection Division, and all other state, local, and federal governments and agencies); and

(c) The completion of the CSE.

5. Purchase Notice and Shipping Schedule: EASTMAN shall give RAYONIER sufficient notice of purchase needs and shall spread weekly shipment quantities as evenly as possible throughout the year. RAYONIER and EASTMAN shall follow the procedures for production and shipment planning as detailed in Addendum 2 attached hereto and by reference made a part hereof.

6. Price:

(a) The price and allowances, if any, for each grade of Chemical Cellulose on the effective date of this Agreement shall be as specified in the Price Addendum. Thereafter RAYONIER shall inform EASTMAN of its estimated price change(s) for the following calendar year, if any, by *** of each year and the actual price by *** of such year.

(b) ***

(c) ***

(d) ***

(e) ***

(f) ***

(g) EASTMAN shall have reasonable audit rights regarding applicable pricing data. Specifically, EASTMAN shall be able to inspect RAYONIER's records (via a mutually agreed-upon third party) to verify the different pricing mechanisms mentioned in this Article 6. The auditor making such inspection shall be required to sign a reasonable confidentiality agreement provided by RAYONIER and shall report only that RAYONIER is in compliance with the pricing mechanisms, and if not, the amount of such discrepancy. Upon receipt by RAYONIER of a report showing such a pricing discrepancy, RAYONIER shall revise the applicable price charged to EASTMAN so that such discrepancy no longer exists in the future, and shall provide the appropriate credit to adjust the incorrectly priced previously purchased Chemical Cellulose within 30 days. The expense and fees of the auditor shall be paid by EASTMAN, unless a discrepancy in excess *** ADMT (annual basis) is found in favor of EASTMAN, in which case the expenses and fees shall be paid by RAYONIER.

(h) A RAYONIER corporate officer shall confirm by every January 30, beginning January 30, 2013, that RAYONIER has complied with the requirements of this Article 6 during the preceding calendar year.

7. Term: This Agreement shall continue in effect from January 1, 2012, through December 31, 2017, and shall be automatically continued in effect from year to year thereafter unless terminated by either party as set forth in this Article 7. On or after October 1, 2017, either party may give notice of termination of this Agreement at any time, *** from such notice, and start the following schedule of shipment reduction. Adherence to the shipment reduction schedule shall be a condition to effective termination of the Agreement.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

Three (3) months from the beginning of the first calendar quarter after notice is received, shipment reduction shall begin and proceed over the ensuing four (4) calendar quarters. The reduction schedule shall be from a Base Quarterly Quantity. Base Quarterly Quantity shall be defined as either of the following (at the election of the party receiving the termination notice): a) *** of the Agreement Quantity for the then current year (current as of receipt of notice), or b) *** of the total quantity shipped during the twelve (12) months prior to the date of termination notice.

Shipment quantities shall be as follows:

- **First calendar quarter** – the Base Quarterly Quantity less ***.
- **Second calendar quarter** – the Base Quarterly Quantity less ***.
- **Third calendar quarter** – the Base Quarterly Quantity less ***.
- **Fourth calendar quarter** – the Base Quarterly Quantity less ***.
- **Fifth calendar quarter** – the Base Quarterly Quantity less ***.

Assuming the shipment reduction schedule has been followed, at the beginning of the fifth (5th) quarter following the start of the shipment reduction schedule, this Agreement shall be terminated.

If Agreement termination notice is given by EASTMAN, the obligation of RAYONIER to give EASTMAN the benefit of *** and *** as described in Article 5 and the *** Addendum of this Agreement shall no longer apply, unless mutually agreed to in writing by the parties.

8. Terms of Payment: The terms shall be payment via wire transfer on the *** from invoice date. Payment should be made pursuant to instructions appearing on RAYONIER'S invoice.

9. Prior Agreements and Contracts Superseded: This Agreement supersedes all other agreements and contracts entered into by the parties prior to the date hereof with respect to the purchase and sale of grades of Chemical Cellulose to be sold hereunder and such other agreements and contracts shall continue in effect only with respect to chemical cellulose delivered to a common carrier prior to the date hereof.

10. Notice: Any notice shall be sufficiently given when duly mailed, registered or certified mail, return receipt requested, postage prepaid, addressed to:

RAYONIER PERFORMANCE FIBERS, LLC
P.O. Box 1280
Jesup, Georgia 31545
Attention: Vice President Sales, Marketing and
Research

EASTMAN CHEMICAL COMPANY
200 S. Wilcox Drive
Kingsport, TN, 37622, U.S.A.
Attention: Vice President, Global Procurement

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

11. Construction of Contract: This Agreement, which includes Addenda 1a, 1b, 2 and 2a, and all sales of Chemical Cellulose made pursuant hereto, are subject to the General Terms of Sale set forth in the attached Addendum 3, all of which are included herein and made a part hereof. In the event of any inconsistency or conflict between any terms or conditions of this Agreement and the General Terms of Sale (Addendum 3), the terms and conditions of this Agreement shall govern. The parties anticipate that either EASTMAN or RAYONIER may employ, as an administrative matter, purchase orders, order confirmations, agreements of sales or other forms which incorporate other provisions which by their terms purport to apply to a sale hereunder. The parties expressly stipulate that only this Agreement shall govern, and that no provisions in any such form other than terms which are consistent with this Agreement and which identify a specific shipment, shall apply to any sale pursuant hereto. This Agreement may be altered or added to only by express agreement in writing signed by EASTMAN and RAYONIER, and no such agreement shall be implied by any act of shipment or acceptance of Chemical Cellulose.

Executed in duplicate this 15th day of June, 2011.

EASTMAN CHEMICAL COMPANY

By: /s/ Michael A. Berry

Name: Michael A. Berry

Title: VP, Global Procurement

RAYONIER PERFORMANCE FIBERS, LLC

By: /s/ Lee M. Thomas

Name: Lee M. Thomas

Title: Chief Executive Officer

CHEMICAL CELLULOSE AGREEMENT

PRICE ADDENDUM

Prices

For information only, the prices in effect as of January 1, 2011 under the 2003 Agreement for RAYONIER's grades of chemical cellulose sold to EASTMAN are as follows:

<u>RAYONIER Grade</u>	<u>EASTMAN Global Material Number</u>	<u>Price, \$/ADMT *</u>
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

***** .

Beginning January 1, 2012 the price for *** delivered after January 1, 2012, will be determined by *** to the then current price of ***.

Prices for all grades are subject to change as set forth in Article 6 of this Agreement. Pricing as of the effective date of this Agreement shall also be determined in accordance with Article 6.

CHEMICAL CELLULOSE AGREEMENT

ADDENDUM

RAYONIER shall grant EASTMAN *** from the prices in Addendum 1a (as updated by the parties) of this Agreement determined and paid as set forth below, unless this Agreement has been terminated by EASTMAN as provided in Article 7. RAYONIER shall pay all *** by the *** unless EASTMAN is in breach under this Agreement. ***

Standard ***:

*** shall be payable on all Base Volume and CSE Volume of Product purchased and paid for by EASTMAN (the “Standard ***”).

CSE Volume ***:

*** shall be payable on all CSE Volume purchased and paid for by EASTMAN (the “CSE Volume ***”). The CSE Volume *** shall not be payable on Base Volume. For purposes of calculating the CSE Volume *** only, CSE Volume shall be calculated as the quantity of Product purchased by EASTMAN in excess of *** in a calendar year, up to an ***, to fulfill EASTMAN’s total minimum quantity requirement of *** per calendar year ***. For accounting purposes it will be assumed that EASTMAN will purchase the full CSE Volume of *** each year, subject to reimbursement as set forth above.

Special ***:

In addition to the Standard *** and CSE Volume ***, Special *** on the below Products only which are purchased and paid for, will be paid *** according to the following schedule:

	2012	2013	2014	2015	2016	2017
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***

Special *** figures are \$/ADMT.

The *** will be paid on volume of Product purchased up to *** each calendar year of this Agreement.

C HEMICAL C ELLULOSE AGREEMENT

PURCHASE NOTICE AND SHIPPING SCHEDULES

The objective of these procedures is to ensure good communication between the parties regarding EASTMAN'S requirements for shipments of Chemical Cellulose and RAYONIER'S ability to produce the Chemical Cellulose to meet the required shipment schedule. The result of the planning should be the development of good production and shipment schedules two (2) to three (3) months ahead, the even flow of shipments over the course of the quarters and year, and *** from RAYONIER's Fernandina Beach, Florida, and Jesup, Georgia, mills. Commencing in 2012, a target *** of the *** pulp volume must be purchased from the Fernandina Beach, Florida mill. The parties anticipate that following completion of the CSE it will be necessary to change the ratio of total Product shipments to approximately ***. ***. Within three (3) months of the completion of the CSE, the parties agree to confer and, if warranted, negotiate in good faith any adjustment to this ratio.

As a second objective, the estimates described herein shall form the basis for estimating any reductions in volume pursuant to Article 7 of the Agreement. The procedure shall be:

- By *** of each year EASTMAN shall give RAYONIER a "budget notice" in writing of its estimated quarterly purchases from RAYONIER for the following calendar year.
- By *** of each year EASTMAN and RAYONIER shall review EASTMAN's estimated quarterly purchases hereunder and determine if any revisions to the budget notice are appropriate.
- No later *** before the start of each calendar quarter, EASTMAN shall give RAYONIER information such as planned production rates, maintenance downtime and/or market curtailments foreseen for the upcoming quarter and RAYONIER shall give EASTMAN similar information related to pulp mill operations over the same period. Product shipments required for the quarter should be scheduled as much as possible in equal weekly increments throughout the quarter.
- Both parties shall strive to maintain a firm daily shipping schedule of *** prior to the actual shipping dates. By Monday of each week a daily shipment schedule shall be agreed upon for the second shipping week ahead.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

Addendum 2a

C HEMICAL C ELLULOSE AGREEMENT

Upon completion of CSE, but in no event earlier than January 1, 2014, for sales to EASTMAN's Kingsport facility, RAYONIER ***

- a. ***
- b. ***
- c. ***
- d. ***
- e. ***
- f. ***

RAYONIER – EASTMAN CHEMICAL

GENERAL TERMS OF SALE

***** TITLE: *****

***** WEIGHT:** In case of Chemical Cellulose “Ton” means “Metric Ton” 1,000 kgs. on an air dry basis (i.e., 90% bone-dry Chemical Cellulose by weight and 10% moisture) and usual packaging materials.

***** SHIPPING COST AND TAXES: *****

***** QUANTITY:** A maximum margin of 10%, more or less, on the quantities shipped is to be allowed for convenience of arranging freighting.

***** CLAIMS *****

***** TESTS: *****

***** SELLER’S LIABILITY:** RAYONIER warrants that the Chemical Cellulose shall comply with the ***** BUT MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.** RAYONIER’s liability hereunder shall in any case be limited to not exceed the purchase price of the particular delivery giving rise to a claim by EASTMAN. Neither party shall be liable to the other party for any special, incidental, indirect, punitive or consequential damages, including, but not limited to, loss of use, or loss of profit, breach of contract between a third party and EASTMAN or RAYONIER, negligence or any other cause of action, nor for cost of litigation related thereto.

***** CONTINGENCIES: *****

***** SOURCE OF SHIPMENT: *****

***** DEFAULTS: *****

***** ASSIGNMENT: *****

***** SEVERABILITY:** If any provision herein is or becomes invalid or illegal in whole or in part, such provision shall be deemed amended, as nearly as possible, to be consistent with the intent expressed herein, in the Agreement to which these General Terms of Sale are attached as an exhibit, and any contract entered into pursuant thereto, and if such is impossible, that provision shall fail by itself without invalidating any of the remaining provisions not otherwise invalid or illegal.

***** NOTICE:** Any notice shall be sufficiently given when duly mailed, registered or certified mail, return receipt requested, postage prepaid, addressed to RAYONIER at P.O. Box 2070, Jesup, Georgia 31598, U.S.A., Attention: Senior Vice President, Performance Fibers and to EASTMAN 200 S. Wilcox Drive, Kingsport, TN, 37622, U.S.A., Attention Vice President and Chief Procurement Officer , or to such other address for either party as that party may by proper notice designate.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

***** GOVERNING LAWS: *****

***** COMPLIANCE WITH FEDERAL LAW:** When producing in the United States of America the products deliverable under the Agreement to which these General Terms of Sale are attached as an exhibit and any Chemical Cellulose Agreement entered into pursuant thereto, RAYONIER shall comply with the Fair Labor Standard Act of 1938, as amended, and Title VII of the Civil Rights Act of 1964, as amended.

***** DELAY NO CAUSE FOR REFUSAL:** Notwithstanding anything contained herein, in the event of a carrier or vessel being delayed in arriving at EASTMAN's location to which the Chemical Cellulose is being shipped or to any foreign Port of Entry, through no fault of RAYONIER, beyond the estimated time of arrival (ETA), such delay shall not by itself constitute a cause for refusal of the shipment by EASTMAN.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**AMENDMENT TO
EASTMAN – RAYONIER
CHEMICAL CELLULOSE AGREEMENT**

THIS AMENDMENT is effective as of January 1, 2012, and is entered into by and between EASTMAN CHEMICAL COMPANY (“EASTMAN”) and RAYONIER PERFORMANCE FIBERS, LLC (“RAYONIER”), collectively, the “PARTIES.”

WHEREAS, Rayonier and Eastman entered into that certain Chemical Cellulose Agreement with the effective date of January 1, 2012 (the “Agreement”);

WHEREAS, the Parties desire to amend the Agreement and revise certain terms contained therein.

NOW THEREFORE, the Parties hereby amend the Agreement as follows:

1. Article 3(a) of the Agreement is replaced with the following:

***, this is a contract whereby EASTMAN agrees to purchase the following quantities of Chemical Cellulose in the years specified:

<u>Year</u>	<u>Total Quantity (ADMT)</u>	<u>Base Volume (ADMT)</u>
2012	***	***
2013	***	***
2014	***	***
2015	***	***
2016	***	***
2017 and subsequent years*	***	***

* Unless otherwise terminated as provided under Article 7.

Except as amended herein, the remaining provisions of Article 3 shall continue in full force and effect.

2. ***

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

Except as amended herein, the remaining provisions of Article 3 shall continue in full force and effect.

3. Except as amended above, all remaining provisions the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of the day and year first above written.

EASTMAN CHEMICAL COMPANY

RAYONIER PERFORMANCE FIBERS, LLC

By: /s/ Michael A. Berry
Name: Michael A. Berry
Title: VP, Global Procurement

By: /s/ Paul Boynton
Name: Paul Boynton
Title: President

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

NANTONG CELLULOSE - RAYONIER

C ELLULOSE S PECIALTIES A GREEMENT

Rayonier Performance Fibers, LLC (“Rayonier”) with a business address at 4470 Savannah Highway, Jesup, Georgia, 31545 agrees to sell and Nantong Cellulose Fibers Co., Ltd. (“Buyer”) with a business address at 27, East Zhong Xiu Road, Nantong, Jiangsu Province 226008, China, agrees to purchase the Product(s) described below, subject to the terms and conditions stated in this Cellulose Specialties Agreement (“Agreement”).

(1) **TERM**: The term of this Agreement shall be from January 1, 2012 to December 31, 2014.

(2) **PRODUCTS**: *** and any other mutually agreed-upon grades of chemical cellulose.

(3) **QUANTITY AND DELIVERIES**:

(a) Buyer shall purchase and Rayonier shall sell the following annual quantities:

2012 ***

2013 ***

2014 ***

(b) The specific quantities, grades, delivery dates, and terms of each individual shipment shall be set forth in Rayonier’s Pulp Sales Contract applicable to such shipment.

(c) *** of each year Buyer may request that the volume for the coming year be greater than that shown in (a) above. Rayonier will accept a volume increase of up to ***% above the ***. Any additional volume requested in excess of ***% will be negotiated and subject to the signed written agreement of Rayonier and Buyer.

(4) **PRICE AND TERMS**:

(a) Payment terms shall be ***.

(b) The delivered price minus *** during the term of this Agreement shall be equal to the sum of: ***.

(5) ***

(6) ***

(7) ***

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

- (8) **AUDIT RIGHTS** : Buyer shall have reasonable audit rights regarding the calculation of Price. Specifically, Buyer may inspect Rayonier's records (via a mutually agreed-upon accounting firm, such agreement upon the accounting firm shall not to be unreasonably withheld or delayed) to verify the Price. The accounting firm making such inspection shall be required to sign a reasonable confidentiality agreement provided by Rayonier and shall report only that Rayonier is in compliance with the pricing mechanism, and if not, the amount of such discrepancy in price. Upon receipt by Rayonier of a report showing such discrepancy, Rayonier shall revise the applicable price charged to Buyer so that such discrepancy no longer exists. Buyer shall be solely responsible for all expenses associated with such audit, provided, however, that in the event the accounting firm determines there is a discrepancy in Rayonier's calculation of the Price for any year, and if the aggregate price for all Product shipped to Buyer during such year exceeds *** of the aggregate price for said Product as determined by the accounting firm for said years, Rayonier shall be responsible for the accounting firm's expenses associated with the audit for such period. Audit rights under this Article shall be limited to one (1) audit per calendar year, and such audits may only be requested during the first three (3) months of the calendar year following the year for which the audit is intended, and the audit report must be delivered within six (6) months of the day the audit request is delivered. Any failure to deliver a request for an audit, or to deliver an audit report, within these time constraints shall constitute a waiver of such an audit.
- (9) **ASSIGNMENT** : This Agreement shall not be assigned in whole or part without the express written consent of the other party, except that either party may assign its interest to a subsidiary or other affiliated company wholly owned by such assigning party or its affiliate.
- (10) **CONSTRUCTION OF AGREEMENT** : This Agreement, and all sales of chemical cellulose made pursuant hereto, are subject to the General Terms of Sale set forth in Exhibit A, all of which are included herein and by reference made a part hereof. The parties anticipate that either Nantong or Rayonier may employ as an administrative matter purchase orders, order confirmations, contracts of sale or other forms which incorporate other provisions which by their terms purport to apply to a sale hereunder. The parties expressly stipulate that only this Agreement shall govern, and that no provisions in any such form, other than terms which are consistent with this Agreement and which identify a specific shipment, shall apply to any sale pursuant hereto. This Agreement may be altered or added to only by express agreement in writing signed by Nantong Cellulose Fibers Co., Ltd. and Rayonier, and no such agreement shall be implied by any act of shipment or acceptance of chemical cellulose. This Agreement may be made in duplicate in English and one or more other languages, in the event of a conflict between the English language text and a duplicate translation, the English language text shall govern.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

Executed in duplicate this day of , 2010.

**NANTONG CELLULOSE FIBERS
CO., LTD**

/s/ Liu Jingru _____

Name: Liu Jingru
Title: Chairman, Board of Directors

Dated: 2011/11/3

**RAYONIER PERFORMANCE
FIBERS, LLC**

/s/ Lee M. Thomas _____

Name: Lee M. Thomas
Title: Chairman, and
Chief Executive Office

Dated: _____

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

Exhibit A to Cellulose Specialties Agreement

Rayonier

GENERAL TERMS OF SALE

***** TITLE; DEFINITION OF "PORT OF ENTRY:" *****

***** WEIGHT:** In case of Cellulose "Ton" means "Metric Ton" 1,000 kgs. on an airdry basis (i.e., 90% bone-dry Cellulose by weight and 10% moisture) and usual packaging materials.

***** SHIPPING COST AND TAXES: *****

***** QUANTITY:** A maximum margin of 10%, more or less, on the quantities shipped is to be allowed for convenience of arranging freighting.

***** CLAIMS: *****

***** TESTS: *****

***** SELLER'S LIABILITY:** Seller warrants that the Cellulose shall comply with the description set out in the *** , **BUT MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.** Seller's liability hereunder shall in any case be limited to not exceed the purchase price of the particular delivery giving rise to a claim by the Buyer. Seller shall not be liable for any special, incidental, indirect, punitive or consequential damages, including, but not limited to, loss of use, or loss of profit, breach of contract between Buyer and any third party, negligence or any other cause of action, nor for cost of litigation related thereto.

***** CONTINGENCIES: *****

***** SOURCE OF SHIPMENT: *****

***** DEFAULTS: *****

***** ASSIGNMENT: *****

***** SEVERABILITY:** If any provision herein is or becomes invalid or illegal in whole or in part, such provision shall be deemed amended, as nearly as possible, to be consistent with the intent expressed herein, in the Agreement to which these General Terms of Sale are attached as an exhibit, and any applicable Pulp Sales Contract entered into pursuant thereto, and if such is impossible, that provision shall fail by itself without invalidating any of the remaining provisions not otherwise invalid or illegal.

***** NOTICE:** Any notice shall be sufficiently given when duly mailed, registered or certified mail, return receipt requested, postage prepaid, addressed to Seller at 4470 Savannah Highway, P.O.Box 2070, Jesup, Georgia 31598, U.S.A., Attention: Vice President, Pulp Marketing, and to Buyer at its address appearing in the Agreement to which these General Terms are attached as an exhibit, or to such other address for either party as that party may by proper notice designate.

*****GOVERNING LAWS: *****

***** COMPLIANCE WITH FEDERAL LAW:** When producing in the United States of America the products deliverable under the Agreement to which these General Terms of Sale are attached as an exhibit and any Pulp Sale Contract entered into pursuant thereto, the Seller shall comply with the Fair Labor Standard Act of 1938, as amended, and Title VII of the Civil Rights Act of 1964, as amended.

***** DELAY NO CAUSE FOR REFUSAL:** Notwithstanding anything contained herein, in the event of a carrier or vessel being delayed in arriving at Buyer's location to which the Cellulose is being shipped or to any foreign Port of Entry, through no fault of Seller, beyond the estimated time of arrival (ETA), such delay shall not by itself constitute a cause for refusal of the shipment by the Buyer.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**AMENDMENT NO. 1 TO
CELLULOSE SPECIALTIES AGREEMENT**

THIS AMENDMENT is effective as of January 1, 2012, and is entered into by and between Nantong Cellulose Fibers Co., Ltd. (“Buyer”), and Rayonier Performance Fibers, LLC (“Seller”), collectively, the “Parties.”

WHEREAS , Buyer and Seller entered into a Cellulose Specialties Agreement with an effective date of January 1, 2012 (the “Agreement”);

WHEREAS , the Parties desire to amend the Agreement to revise the parties respective purchase and sales volumes obligations;

WHEREAS , the Parties desire to revise certain business terms in the Agreement.

NOW THEREFORE , the Parties hereby amend the Agreement as follows:

1. Replace Article 3(a) in its entirety with the following:

(a) Buyer shall purchase and Rayonier shall sell the following annual quantities:

2012 ***

2013 ***

2014 ***

Except as amended above, all remaining provisions of the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF , the Parties have executed this Amendment effective as of the day and year first above written.

NANTONG CELLULOSE FIBERS CO., LTD.

By: /s/ Mao Jun

Name: Mao Jun

Title: Deputy Gen. Mgr. Administration

Date: 11 / 1 / 11

RAYONIER PERFORMANCE FIBERS, LLC

By: /s/ Erin Byers

Name: Erin Byers

Title: VP Sales Market Research

Date: 11 / 1 / 11

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**DAICEL CHEMICAL - RAYONIER
AMENDED AND RESTATED
CELLULOSE SPECIALTIES AGREEMENT**

RAYONIER PERFORMANCE FIBERS, LLC, with a business address at 4474 Savannah Highway, Jesup, Georgia 31545 (“Rayonier”) agrees to sell and DAICEL CHEMICAL INDUSTRIES, LTD., with a business address at JR Shinagawa East Bldg., 2-18-1, Konan, Minato-ku, Tokyo 108-8230, Japan, on behalf of itself, its affiliates, and its subsidiaries (“Daicel”), agrees to purchase the Products described below, subject to the terms and conditions set forth in this Amended and Restated Cellulose Specialties Agreement (This “Agreement”).

As of January 1, 2012, this Agreement amends and restates in its entirety that certain Cellulose Specialties Agreement between Rayonier and Daicel with an effective date of January 1, 2008, as was amended effective October 1, 2010 (collectively, the “2008 Agreement”), and that certain Cellulose Specialties Agreement with an effective date of January 1, 2012 which was executed contemporaneously with the October 1, 2010 amendment. The 2008 Agreement shall continue in full force and effect for all shipments made through December 31, 2011.

- (1) **PRODUCTS**: ***, and any acetate and ether grades mutually agreed by Rayonier and Daicel consistent with Rayonier’s standard specifications.
- (2) **TERM**: This Agreement is effective as of January 1, 2012, and shall continue in full force and effect through December 31, 2016.
- (3) **QUANTITY AND DELIVERIES**:
 - (a) Daicel agrees to purchase and Rayonier agrees to sell the following quantity of Product, which shall be measured in air dry metric tons (“ADMT”) during the calendar years specified below:

Calendar Year	Purchase Volume Requirement (ADMT)
2012	***
2013	***
2014*	***
2015*	***
2016*	***

- * For each respective calendar year specified, Daicel shall notify Rayonier no later than
- *** of the actual volume, within the range specified, that it will purchase for such coming calendar year and that stated volume will become Daicel’s purchase volume requirement for said year. The parties agree to negotiate in good faith a potential purchase and sale agreement (including the quantities and prices) for Product for calendar year 2017, such negotiations to begin no later than the fourth quarter of calendar year 2015.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

Total shipments of *** shall be limited to a maximum of *** ADMT each calendar year.

Shipments of *** shall be limited to *** each calendar quarter. In the event that Daicel agrees to changes to certain Product specifications as described in Rayonier's purchase specifications for *** to the levels set forth in Exhibit B, the quarterly shipment limit on shipments of *** purchased under the new specifications shall be removed.

The specific quantities, grades (Products), delivery dates, and terms of each individual shipment shall be agreed upon and set forth in Rayonier's Pulp Sales Contract applicable to such shipment; such Pulp Sales Contract shall serve as order confirmation only and shall not alter the terms of this Agreement. Daicel shall use its best efforts to schedule its purchases in equal monthly increments throughout the year, and agrees to provide to Rayonier rolling quarterly purchase forecasts.

(b) ***

(c) ***

(4) **PRICE AND TERMS :**

(a) Payment terms shall be ***, but in no event later than *** from the date of the Bill of Lading. If Daicel requests delivery to a destination other than***, the terms for such deliveries shall be at Rayonier's discretion, stated on the Pulp Sales Contract associated with such shipments, and Daicel shall be responsible for all additional costs, if any, associated with delivery to such other destinations.

(b) The price for Product shall be as follows: (i) for all volume of ***, the price per ADMT shall be the delivered price charged to Daicel for the volume of such grades purchased in the previous year, plus ***.

(c) ***

(5) ***

(6) ***

(7) **ALLOWANCE :** Provided Daicel is not in default under this Agreement, for each calendar year during the term hereof in which Daicel purchases and pays for the minimum volumes set forth in Article 3 above, ***.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

Volume *** shall be advanced within 30 days of the end of each quarter based on the assumption that the minimum annual volume requirement described in Article 3 is met. Daicel agrees to reimburse Rayonier the volume *** for each calendar year in which the minimum annual volume requirement is not met. Repayment of the volume *** shall be ***.

- (8) **CONSTRUCTION OF AGREEMENT**: This Agreement, and all sales of Product made pursuant hereto, are subject to the General Terms of Sale set forth in Exhibit A, all of which are included herein and by reference made a part hereof. The parties anticipate that either Daicel or Rayonier may employ as an administrative matter purchase orders, order confirmations, contracts of sale or other forms which incorporate other provisions which by their terms purport to apply to a sale hereunder. The parties expressly stipulate that only this Agreement shall govern, and that no provisions in any such form shall apply to a sale hereunder, except to confirm an order or identify a specific shipment. This Agreement amends and restates any previous agreements with regard to transactions occurring on or after January 1, 2012. This Agreement may be altered or modified only by express agreement in writing signed by both Daicel and Rayonier, and no such agreement shall be implied by any act of shipment or acceptance of Product. This Agreement may be made in duplicate in English and one or more other languages, in the event of a conflict between the English language text and a duplicate translation, the English language text shall govern.

DAICEL CHEMICAL INDUSTRIES, LTD.

By: /s/ Shuzaburo Kumano

Name: Shuzaburo Kumano

Title: Managing Executive Officer & President
Cellulose Company

Date: _____

RAYONIER PERFORMANCE FIBERS, LLC

By: /s/ Paul G. Boynton

Name: Paul G. Boynton

Title: President

Date: _____

Rayonier

GENERAL TERMS OF SALE

***** TITLE; DEFINITION OF "PORT OF ENTRY:" *****

***** WEIGHT:** In case of Cellulose "Ton" means "Metric Ton" 1,000 kgs. on an airdry basis (i.e., 90% bone-dry Cellulose by weight and 10% moisture) and usual packaging materials.

***** SHIPPING COST AND TAXES: *****

***** QUANTITY:** A maximum margin of 10%, more or less, on the quantities shipped is to be allowed for convenience of arranging freighting.

***** CLAIMS: *****

***** TESTS: *****

***** LIMITATION OF LIABILITY:** Seller warrants that the Cellulose shall comply with the description set out in the *****, BUT MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.** Either party's liability hereunder shall in any case be limited to not exceed the purchase price of the particular delivery to Buyer hereunder giving rise to a claim by the other party. The parties shall not be liable for any special, incidental, indirect, punitive or consequential damages, including, but not limited to, loss of use, or loss of profit, breach of contract between either party and any third party, negligence or any other cause of action, nor for cost of litigation related thereto.

***** CONTINGENCIES: *****

***** SOURCE OF SHIPMENT: *****

***** DEFAULTS: *****

***** ASSIGNMENT: *****

***** SEVERABILITY:** If any provision herein is or becomes invalid or illegal in whole or in part, such provision shall be deemed amended, as nearly as possible, to be consistent with the intent expressed herein, in the Agreement to which these General Terms of Sale are attached as an exhibit, and any applicable Pulp Sales Contract entered into pursuant thereto, and if such is impossible, that provision shall fail by itself without invalidating any of the remaining provisions not otherwise invalid or illegal.

***** NOTICE:** Any notice shall be sufficiently given when duly mailed, registered or certified mail, return receipt requested, postage prepaid, addressed to Seller at 4474 Savannah Highway, P.O.Box 1280, Jesup, Georgia 31545, U.S.A., Attention: Vice President, Pulp Marketing, and to Buyer at its address appearing in the Agreement to which these General Terms are attached as an exhibit, or to such other address for either party as that party may by proper notice designate.

***** GOVERNING LAWS *****

***** COMPLIANCE WITH FEDERAL LAW:** When producing in the United States of America the products deliverable under the Agreement to which these General Terms of Sale are attached as an exhibit and any Pulp Sale Contract entered into pursuant thereto, the Seller shall comply with the Fair Labor Standard Act of 1938, as amended, and Title VII of the Civil Rights Act of 1964, as amended.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

***** DELAY NO CAUSE FOR REFUSAL:** Notwithstanding anything contained herein, in the event of a carrier or vessel being delayed in arriving at Buyer's location to which the Cellulose is being shipped or to any foreign Port of Entry, through no fault of Seller, beyond the estimated time of arrival (ETA), such delay shall not by itself constitute a cause for refusal of the shipment by the Buyer.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [***] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT B TO CELLULOSE SPECIALTIES AGREEMENT

Potential Revisions to

Referred to in 4(b)(iii)

	<u>Single roll</u>	<u>Lot average</u>
***	max	max
	***	***

	Target	Jumbo Min	Lot Average max	min	max
***	***	***	***	***	***

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

AMENDMENT NO. 1 TO

DAICEL – RAYONIER

AMENDED CHEMICAL SPECIALTIES AGREEMENT

THIS AMENDMENT is effective as of February 15, 2013, and is entered into by and between Daicel Corporation (“Daicel”) and Rayonier Performance Fibers, LLC (“Rayonier”).

WHEREAS, Daicel Chemical Industries, Ltd. and Rayonier are parties to an Amended and Restated Chemical Specialties Agreement, with an effective date of January 1, 2012 (hereinafter the “Agreement”);

WHEREAS, Daicel Chemical Industries, Ltd. is now Daicel Corporation; and

WHEREAS, Daicel and Rayonier (the “Parties”) wish to revise the certain terms of the Agreement.

NOW THEREFORE, the Parties hereby amend the Agreement as follows:

1. The Parties agree that all references to Daicel Chemical Industries, Ltd. are hereby deleted and replaced with Daicel Corporation.
2. The Parties further agree that the table in Subarticle 3(a) shall be deleted in its entirety and replaced with the following:

<u>Calendar Year</u>	<u>Purchase Volume Requirement (ADMT)</u>
2013	***
2014*	***
2015*	***
2016*	***

3. The Parties further agree that the following sentence shall be inserted in the paragraph immediately following the table in Subarticle 3(a), before the sentence starting, “The parties agree to negotiated...”:

Daicel shall notify Rayonier no later than October 31, 2013 whether it commits to raise the minimum Purchase Volume Requirement by *** in each of years *** and ***

4. The Parties further agree that the quantity of Product specified in Subarticle 3(b) shall be revised from “****” to “***.”

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

5. The Parties further agree that Subarticles 4(b) and (c) shall be deleted in their entirety and replaced with the following provisions:
 - (b) ***.
 - (c) ***.
 - (d) ***.
6. Parties further agree that Article 5, ***, shall be deleted in its entirety & replaced with the following:

7. The Parties further agree that Article 7, ALLOWANCE, shall be deleted in its entirety and replaced with the following:
Provided Daicel is not in default under this Agreement, then the *** in this Article 7 shall apply:
 - (a) ***
 - (b) ***
 - i) If Daicel qualifies for a Standard Volume ***, Rayonier will pay the *** as follows:

or

 - ii) ***

8. Except as amended above, all remaining provisions of the Agreement shall continue in full force and effect.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST PURSUANT TO RULE 24b-2. REDACTED MATERIAL IS MARKED WITH [*] AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.**

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first above written.

DAICEL CORPORATION

By: /s/ Masayuki Mune

Name: Masayuki Mune

Title: Managing Executive Officer,
Cellulose Company and
Raw Material Purchasing Center

RAYONIER PERFORMANCE FIBERS, LLC

By: /s/ Paul G. Boynton

Name: Paul G. Boynton

Title: President

January 1, 2014

NAME
Rayonier Inc
1301 Riverplace Blvd.
Jacksonville, FL 32207

Transaction Bonus Agreement

Dear NAME:

As you are aware, it was announced that Rayonier Inc. (“**Rayonier**”) believes that it is in its shareholders’ best interest to separate Rayonier into two publicly traded companies (the “**Spinoff Transaction**”) — one focused on Timber and Real Estate and a new corporation focused on Performance Fibers and other performance materials (“**PFCo**”). You are an important member of our team and your continued commitment to facilitate the Spinoff Transaction and remain employed with us through at least six months following the date of the closing of the Spinoff Transaction is crucial to our continued success. The period from today through the date that is six months after the closing of the Spinoff Transaction or through December 31, 2014 if the Spinoff Transaction is abandoned, is referred to in this agreement as the “**Eligibility Period**”.

To acknowledge the value of your commitment to this joint effort in successfully completing the Spinoff Transaction and helping to transition Rayonier to two publicly traded companies, this letter agreement describes a “transaction bonus” to which you will become entitled upon the satisfaction of certain conditions and compliance with the other terms of this agreement. After you have reviewed this agreement, please execute a copy where indicated after my signature below and return it to me to acknowledge your understanding and agreement with its terms.

A. Transaction Bonus

Contingent upon your satisfaction of the Eligibility Conditions described below, you will become entitled to a bonus equal to \$ (your “**Transaction Bonus**”) at the conclusion of the Eligibility Period in accordance with the terms of this letter agreement.

B. Eligibility Conditions

The “**Eligibility Conditions**” (all of which must be satisfied) are as follows:

(i) **Performance Conditions**. You have continued to work diligently and in good faith for, and in the interests of your employer (whether it be Rayonier and/or PFCo), and its shareholders and affiliates through the end of the Eligibility

Period or, if earlier, the date of your Qualifying Termination (defined below), as determined in the sole discretion of the Compensation and Management Development Committee of the Rayonier Board of Directors. It is understood that your duties during the Eligibility Period may include additional or different responsibilities to those performed today, as you assist in the transition of each company to independent operation.

(ii) **Employment Condition** . You are continuously employed by Rayonier and/or PFCo from the date of this agreement through the end of the Eligibility Period; *provided, however* , that if your employment with Rayonier or PFCo (as applicable) is terminated without Cause (as defined in Rayonier's Severance Plan, prior to the end of the Eligibility Period (a "**Qualifying Termination**"), you will be deemed to have satisfied the employment condition.

(iii) **Confidentiality Condition** . You have kept the terms of this agreement in strict confidence, it being acknowledged that this letter agreement constitutes confidential information of Rayonier and is subject to the terms of agreements you have previously executed and delivered with respect to your obligations to maintain the confidentiality of Rayonier's confidential information (without regard to the fact that Rayonier and/or PFCo may have a legal obligation to disclose the terms of this agreement).

Notwithstanding the foregoing, in the event that while you are employed by Rayonier or PFCo a "change in control" (as defined in your employer's Incentive Stock Plan) occurs with respect to your employer prior to the end of the Eligibility Period, the Eligibility Conditions will be deemed satisfied as of the date of the Change in Control of your employer.

C. Payment of Your Transaction Bonus.

Upon confirmation that you have satisfied the Eligibility Conditions, your Transaction Bonus will be paid to you in a lump sum, less required deductions and withholding, within ten (10) days following the end of the Eligibility Period; provided that, if you satisfy the employment condition because you experience a Qualifying Termination, payment will be made within ten (10) days following your execution and non-revocation of a release of claims against Rayonier, PFCo and their respective affiliates within the applicable time periods set forth in the release.

D. Covenants

By your signature below, you acknowledge and agree that the agreements you have made in this agreement are reasonable and that, without limiting the rights or remedies of Rayonier, PFCo or their respective affiliates under any other agreement or arrangement, if you violate the terms of this agreement at any time, you will forfeit the right to your Transaction Bonus and, if the Transaction Bonus has been paid, you hereby agree that you will forthwith repay the full amount thereof to Rayonier or PFCo or the applicable affiliate that paid the Transaction Bonus to you, and you consent to Rayonier, PFCo or such affiliate, to the extent permitted by law, deducting the amount of your Transaction Bonus previously paid from any amounts Rayonier, PFCo or such affiliate owes to you.

E. Coordination with Other Plans and Arrangements

Your entitlement to receive a Transaction Bonus does not affect your right to receive severance upon any termination of employment under any existing severance plan or policy of Rayonier or a Rayonier affiliate, or any other benefit to which you may be legally entitled under any existing plan of Rayonier or a Rayonier affiliate, except as specifically provided herein. The Transaction Bonus shall not count toward or be considered in determining payments or benefits due under any other plan, program or agreement in which you are eligible or to which you are a party. Notwithstanding the foregoing, you acknowledge that if you become entitled to benefits under the Rayonier Executive Severance Pay Plan, dated December, 2007 or any substantially identical plan adopted by Rayonier or PFCo (each a "Senior Executive Severance Plan") as a result of a Change in Control (as defined in such Senior Executive Severance Plan) occurring during the Eligibility Period or the six-month period immediately following the Eligibility Period, the benefits under the Senior Executive Severance Plan will be reduced by the amount of any Transaction Bonus to which you become entitled.

Your Transaction Bonus is intended to constitute a payment pursuant to the "short-term deferral" exception under Code Section 409A, and this agreement will be interpreted consistent with that intent and operate in accordance with the requirements of Code Section 409A, including any applicable exceptions. Notwithstanding anything in this agreement to the contrary, in no event will your Transaction Bonus be paid later than two and one-half months after the last day of the fiscal year in which you become entitled to it.

F. Miscellaneous.

Nothing in this agreement shall be construed as changing your status as an employee-at-will of your employer and its affiliates during the Eligibility Period or at any other time.

The terms and provisions of this agreement shall be binding on and inure to your benefit, your heirs, executors, administrators, and other legal representatives and shall be binding on and inure to the benefit of your employer (whether Rayonier or PFCo) and its affiliates, successors and assigns. Rayonier shall have the right to assign this letter in connection with the Spinoff Transaction and, following the Spinoff Transaction, the entity to which this letter is assigned shall be the sole obligor under this agreement.

This agreement constitutes the entire agreement between the parties with respect to the Transaction Bonus and no other agreement, oral or otherwise, shall be binding upon the parties unless it is in writing and signed by the party against whom enforcement is sought. There are no promises, representations, inducements or statements between the parties with respect to this matter other than those that are expressly contained in this agreement.

If any provision of this agreement is held by a court of competent jurisdiction to be void or unenforceable for any reason, in whole or in part, the remaining provisions of this agreement, or their remaining portions, will nevertheless continue with full force and effect, and you agree that a court of competent jurisdiction will have jurisdiction to reform such provision to the extent necessary to cause it be to enforceable to the maximum extent permitted by law, and you agree to be bound by such reformation.

This agreement shall be governed by and construed in accordance with the laws of the State of Florida.

* * * *

Please indicate your understanding and agreement with the above by signing the attached copy of this agreement and returning it to the attention of Jay Posze.

RAYONIER INC.

By: _____
Title: SVP, Human Resources

ACCEPTED AND AGREED:

NAME

Date:

SCHEDULE OF EXECUTIVE OFFICER TRANSACTION BONUS AMOUNTS

<u>Executive Officer:</u>	<u>Title:</u>	<u>Bonus Amount:</u>
Paul G. Boynton	Chairman, President and Chief Executive Officer	\$ 1,650,000
Michael R. Herman	Senior Vice President and General Counsel	\$ 600,000
Charles H. Hood	Senior Vice President, Public Affairs and Communications	\$ 375,000
Jack M. Kriesel	Senior Vice President, Performance Fibers	\$ 580,000
James L. Posze	Senior Vice President, Human Resources	\$ 395,000



[•], 2014

Dear Rayonier Inc. Shareholder:

Earlier this year, we announced plans to separate our performance fibers business from our forest resources and real estate businesses. The separation will occur by means of a spin-off of a newly formed company named Rayonier Advanced Materials Inc. ("SpinCo"), which will contain the Performance Fibers segment of Rayonier Inc. ("Rayonier"). Rayonier, the existing publicly traded company, will continue to manage its forest resources and real estate businesses. As two distinct publicly traded companies, Rayonier and SpinCo will be better positioned to capitalize on significant growth opportunities and focus resources on their respective businesses and strategic priorities.

Both of these companies will be industry-leading in terms of both products and services. With 2.6 million acres of high-quality timber and real estate holdings in the United States and New Zealand, Rayonier will continue to be an international leader in the forest resources industry, with a strong capital structure and greater ability to focus its capital deployment strategy on growing its timberland base. SpinCo will continue to be the world's largest producer of high-value specialty cellulose fibers, which are used in a variety of products, including cigarette filters, liquid crystal displays, thickeners for food products, pharmaceuticals, personal care products, cosmetics, impact-resistant plastics, and food casings.

The separation will provide current Rayonier shareholders with equity ownership in both Rayonier and SpinCo. We expect that the separation will be tax-free to Rayonier shareholders and have requested a ruling from the Internal Revenue Service regarding the tax-free nature of the separation.

The separation will be effected by means of a pro rata distribution of 100% of the outstanding shares of SpinCo common stock to holders of Rayonier common shares. Each Rayonier shareholder will receive [•] shares of SpinCo common stock for each Rayonier common share held on [•], 2014, the record date for the distribution. No vote of Rayonier shareholders is required for distribution. You do not need to take any action to receive shares of SpinCo common stock to which you are entitled as a Rayonier shareholder, and you do not need to pay any consideration or surrender or exchange your Rayonier common shares.

I encourage you to read the attached information statement, which is being provided to all Rayonier shareholders who held shares on the record date for the distribution. The information statement describes the separation in detail and contains important business and financial information about SpinCo.

I believe the separation provides tremendous opportunities for our businesses and our shareholders, as we work to continue building long-term shareholder value. We appreciate your continuing support of Rayonier, and look forward to your future support of both companies.

Sincerely,

Paul G. Boynton
Chairman, President and Chief Executive Officer
Rayonier Inc.

Table of Contents

[RAYONIER ADVANCED MATERIALS INC. LOGO]

[•], 2014

Dear Future Rayonier Advanced Materials Inc. Stockholder:

I am pleased to welcome you as a future stockholder of Rayonier Advanced Materials Inc. (“SpinCo”), whose common stock we intend to list on the New York Stock Exchange under the symbol “RYAM”. Although we are newly independent, we have long been the world leader in the production of high purity specialty cellulose fibers. With more than 85 years of experience, we have unparalleled knowledge and expertise in this business, which translates into superior quality, customer focus and service.

Our high-value cellulose specialties are derived from wood that has been processed into custom fibers using SpinCo’s proprietary knowledge to achieve customers’ exacting specifications. In 2013, we generated \$1.0 billion in sales and \$289 million in operating income. Our strong cash flow has allowed us to invest in additional capacity and successfully complete a \$385 million project to expand capacity by approximately 190,000 metric tons in 2013.

As explained in the attached information statement, we intend to capitalize on our differentiated product offering, strengthen our leadership position in the manufacture of the highest value-added cellulose specialties and drive growth opportunities, as well as continue to focus on operational excellence and maximize cash flow. As a newly independent company, we believe that our leading positions, culture of innovation, technologically-advanced operations, long-term relationships and demonstrated financial resilience will enable us to meet these goals.

Our stockholder value proposition is simple: provide superior returns to SpinCo stockholders by maintaining our leadership position in cellulose specialties production, investing in the growth of our newly stand-alone company and generating strong cash flows.

We invite you to learn more about SpinCo and our strategic initiatives by reading the attached information statement. We thank you in advance for your support as a future stockholder of SpinCo.

Sincerely,

Paul G. Boynton
Chairman, President and Chief Executive Officer
Rayonier Advanced Materials Inc.

Table of Contents

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED MARCH 31, 2014

INFORMATION STATEMENT

Rayonier Advanced Materials Inc.

This information statement is being furnished in connection with the distribution by Rayonier Inc. (“Rayonier”) to its shareholders of all of the outstanding shares of common stock of Rayonier Advanced Materials Inc. (“SpinCo”), a wholly owned subsidiary of Rayonier that will hold directly or indirectly the assets and liabilities associated with Rayonier’s performance fibers business. To implement the distribution, Rayonier will distribute all of the shares of SpinCo common stock on a pro rata basis to the Rayonier shareholders in a manner that is intended to be tax-free in the United States.

For every common share of Rayonier held of record by you as of the close of business on [•], 2014, the record date for the distribution, you will receive [•] shares of SpinCo common stock. You will receive cash in lieu of any fractional shares of SpinCo common stock that you would have received after application of the above ratio. As discussed under “The Separation and Distribution—Trading Between the Record Date and Distribution Date,” if you sell your Rayonier common shares in the “regular-way” market after the record date and before the distribution, you also will be selling your right to receive shares of SpinCo common stock in connection with the separation. SpinCo expects the shares of SpinCo common stock to be distributed by Rayonier to you on [•], 2014. SpinCo refers to the date of the distribution of the SpinCo common stock as the “distribution date.”

No vote of Rayonier shareholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Rayonier a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing Rayonier common shares or take any other action to receive your shares of SpinCo common stock.

There is no current trading market for SpinCo common stock, although SpinCo expects that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and SpinCo expects “regular-way” trading of SpinCo common stock to begin on the first trading day following the completion of the distribution. SpinCo intends to apply to have its common stock authorized for listing on the New York Stock Exchange under the symbol “RYAM.” Following the spin-off, Rayonier will continue to trade under the symbol “RYN.”

In reviewing this information statement, you should carefully consider the matters described under the caption “Risk Factors” beginning on page 19.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [•], 2014.

This information statement was first mailed to Rayonier shareholders on or about [•], 2014.

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
Questions and Answers about the Separation and Distribution	1
Information Statement Summary	7
Risk Factors	19
Cautionary Statement Concerning Forward-Looking Statements	34
The Separation and Distribution	36
Dividend Policy	42
Capitalization	43
Selected Historical Combined Financial Data of Rayonier Advanced Materials Inc.	44
Unaudited Pro Forma Condensed Combined Financial Statements	45
Business	52
Management's Discussion and Analysis of Financial Condition and Results of Operation	63
Management	76
Directors	78
Compensation Discussion and Analysis	83
Executive Compensation	97
Certain Relationships and Related Person Transactions	108
Material U.S. Federal Income Tax Consequences	116
Description of Material Indebtedness	119
Security Ownership of Certain Beneficial Owners and Management	120
Description of Rayonier Advanced Materials Inc.'s Capital Stock	121
Where You Can Find More Information	125
Index to Financial Statements	126

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is SpinCo and why is Rayonier separating SpinCo's business and distributing SpinCo stock?

SpinCo, which is currently a wholly owned subsidiary of Rayonier, was formed to own and operate Rayonier's performance fibers business. The separation of SpinCo from Rayonier and the distribution of SpinCo common stock are intended to provide you with equity ownership in two separate, publicly traded companies that will be able to focus exclusively on each of their respective businesses. Rayonier and SpinCo expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the sections entitled "The Separation and Distribution—Reasons for the Separation."

Why am I receiving this document?

Rayonier is delivering this document to you because you are a holder of Rayonier common shares. If you are a holder of Rayonier common shares as of the close of business on [•], 2014, the record date of the distribution, you will be entitled to receive [•] shares of SpinCo common stock for each Rayonier common share that you held at the close of business on such date. This document will help you understand how the separation and distribution will affect your post-separation ownership in Rayonier and SpinCo, respectively.

How will the separation of SpinCo from Rayonier work?

To accomplish the separation, Rayonier will distribute all of the outstanding shares of SpinCo common stock to Rayonier shareholders on a pro rata basis as a distribution intended to be tax-free for U.S. federal income tax purposes.

Why is the separation of SpinCo structured as a distribution?

Rayonier believes that a tax-free distribution of shares in the United States of SpinCo stock to the Rayonier shareholders is an efficient way to separate its performance fibers business in a manner that will create long-term value for Rayonier, SpinCo and their respective shareholders.

What is the record date for the distribution?

The record date for the distribution will be [•], 2014.

When will the distribution occur?

It is expected that all of the shares of SpinCo common stock will be distributed by Rayonier on [•], 2014 to holders of record of Rayonier common shares at the close of business on [•], 2014, the record date for the distribution.

What do shareholders need to do to participate in the distribution?

Shareholders of Rayonier as of the record date for the distribution will not be required to take any action to receive SpinCo common stock in the distribution, but you are urged to read this entire information statement carefully. No shareholder approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing Rayonier common shares or take any other action to receive your shares of SpinCo common stock. Please do not send in your Rayonier stock certificates. The distribution will not affect the number of outstanding Rayonier common shares or any rights of Rayonier shareholders, although it will affect the market value of each outstanding Rayonier common share.

How will shares of SpinCo common stock be issued?

You will receive shares of SpinCo common stock through the same channels that you currently use to hold or trade Rayonier common shares, whether through a brokerage account, 401(k) plan or other channel. Receipt of SpinCo shares will be documented for you in the same manner that you typically receive shareholder updates, such as monthly broker statements and 401(k) statements.

Table of Contents

	<p>If you own Rayonier common shares as of the close of business on the record date for the distribution, including shares owned in certificate form, Rayonier, with the assistance of Computershare Trust Company, N.A., the distribution agent, will electronically distribute shares of SpinCo common stock to you or to your brokerage firm on your behalf in book-entry form. Computershare will mail you a book-entry account statement that reflects your shares of SpinCo common stock, or your bank or brokerage firm will credit your account for the shares. If you own Rayonier common shares through the Rayonier dividend reinvestment plan, the SpinCo shares you receive will be distributed to a new SpinCo dividend reinvestment plan account that will be created for you.</p>
<p><i>If I was enrolled in the Rayonier dividend reinvestment plan, will I automatically be enrolled in the SpinCo dividend reinvestment plan?</i></p>	<p>Yes. If you elected to have your Rayonier cash dividends applied toward the purchase of additional Rayonier common shares, the SpinCo shares you receive in the distribution will be automatically enrolled in the SpinCo dividend reinvestment plan sponsored by Computershare (SpinCo's transfer agent and registrar), unless you notify Computershare that you do not want to reinvest any SpinCo cash dividends in additional SpinCo shares. For contact information for Computershare, see "Description of Rayonier Advanced Materials Inc.'s Capital Stock—Transfer Agent and Registrar."</p>
<p><i>How many shares of SpinCo common stock will I receive in the distribution?</i></p>	<p>Rayonier will distribute to you [•] shares of SpinCo common stock for each common share of Rayonier held by you as of the record date for the distribution. Based on approximately [•] Rayonier common shares outstanding as of [•], 2014, a total of approximately [•] shares of SpinCo common stock will be distributed. For additional information on the distribution, see "The Separation and Distribution."</p>
<p><i>Will SpinCo issue fractional shares of its common stock in the distribution?</i></p>	<p>No. SpinCo will not issue fractional shares of its common stock in the distribution. Fractional shares that Rayonier shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.</p>
<p><i>What are the conditions to the distribution?</i></p>	<p>The distribution is subject to the satisfaction (or waiver by Rayonier in its sole discretion) of the following conditions:</p> <ul style="list-style-type: none">• the transfer of assets and liabilities from Rayonier to SpinCo shall be completed in accordance with the distribution agreement;• Rayonier shall have received a private letter ruling from the Internal Revenue Service (or the "IRS") to the effect that, among other things, the contribution by Rayonier of assets and liabilities to SpinCo and the distribution, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (or the "Code"), and certain transactions related to the transfer of assets and liabilities to SpinCo in connection with the separation will not result in the recognition of any gain or loss to Rayonier, SpinCo or their shareholders, and such private letter ruling shall not have been revoked or modified in any material respect;

- Rayonier shall have received an opinion from Rayonier’s outside tax counsel to the effect that with respect to certain requirements for tax-free treatment under Section 355 of the Code on which the IRS will not rule, such requirements will be satisfied;
- the U.S. Securities and Exchange Commission (or the “SEC”) shall have declared effective the registration statement of which this information statement forms a part, and this information statement shall have been mailed to the Rayonier shareholders;
- all actions or filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental entity;
- the transaction agreements relating to the separation shall have been duly executed and delivered by the parties;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions shall be in effect;
- the shares of SpinCo common stock to be distributed shall have been accepted for listing on the New York Stock Exchange, subject to official notice of distribution;
- Rayonier shall have received the proceeds from the cash transfers from SpinCo, as described in “Certain Relationships and Related Person Transactions—The Separation Agreement—Cash Transfers,” and Rayonier shall be satisfied in its sole and absolute discretion that as of the effective time of the distribution, it shall have no further liability under any of the SpinCo financing arrangements described under “Description of Material Indebtedness;” to Rayonier prior to the distribution, as described in the separation and distribution agreement; and
- no other event or development shall exist or have occurred that, in the judgment of Rayonier’s board of directors, in its sole discretion, makes it inadvisable to effect the separation, distribution and other related transactions.

Rayonier and SpinCo cannot assure you that any or all of these conditions will be met and may also waive any of the conditions to the distribution. In addition, Rayonier can decline at any time to go forward with the separation. For a complete discussion of all of the conditions to the distribution, see “The Separation and Distribution—Conditions to the Distribution.”

What is the expected date of completion of the separation?

The completion and timing of the separation are dependent upon a number of conditions. It is expected that the shares of SpinCo common stock will be distributed by Rayonier on [•], 2014 to the holders of record of Rayonier common shares at the close of business on [•], 2014, the record date for the distribution. However, no assurance can be provided as to the timing of the separation or that all conditions to the distribution will be met.

Table of Contents

Can Rayonier decide to cancel the distribution of SpinCo common stock even if all the conditions have been met?

Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See the section entitled “The Separation and Distribution—Conditions to the Distribution.” Until the distribution has occurred, Rayonier has the right to terminate the distribution, even if all of the conditions are satisfied.

What if I want to sell my Rayonier common shares or my SpinCo common stock?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.

What is “regular-way” and “ex-distribution” trading of Rayonier common shares?

Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, it is expected that there will be two markets in Rayonier common shares: a “regular-way” market and an “ex-distribution” market. Rayonier common shares that trade in the “regular-way” market will trade with an entitlement to shares of SpinCo common stock distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to shares of SpinCo common stock distributed pursuant to the distribution. If you decide to sell any Rayonier common shares before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your Rayonier common shares with or without your entitlement to SpinCo common stock pursuant to the distribution.

Where will I be able to trade shares of SpinCo common stock?

SpinCo intends to apply to list its common stock on the New York Stock Exchange under the symbol “RYAM.” SpinCo anticipates that trading in shares of its common stock will begin on a “when-issued” basis on or shortly before the record date for the distribution and will continue up to and through the distribution date and that “regular-way” trading in SpinCo common stock will begin on the first trading day following the completion of the separation. If trading begins on a “when-issued” basis, you may purchase or sell SpinCo common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. SpinCo cannot predict the trading prices for its common stock before, on or after the distribution date.

What will happen to the listing of Rayonier common shares?

Rayonier common shares will continue to trade on the New York Stock Exchange after the distribution under the symbol “RYN.”

Will the number of Rayonier common shares that I own change as a result of the distribution?

No. The number of Rayonier common shares that you own will not change as a result of the distribution.

Will the distribution affect the market price of my Rayonier common shares?

Yes. As a result of the distribution, Rayonier expects the trading price of Rayonier common shares immediately following the distribution to be lower than the “regular-way” trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the performance fibers business. There can be no assurance that the aggregate market value of the Rayonier common shares and the SpinCo common stock following the separation will be higher or lower than the market value of Rayonier common shares if the separation did not occur. This means, for example, that the combined trading prices of one Rayonier common share and one share of SpinCo common stock after the distribution may be equal to, greater than or less than the trading price of one Rayonier common share before the distribution.

Table of Contents

What are the material U.S. federal income tax consequences of the contribution and the distribution?

It is a condition to the completion of the distribution that Rayonier receive a private letter ruling from the IRS to the effect that, among other things, the contribution of assets and liabilities from Rayonier to SpinCo and the distribution, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368 (a)(1)(D) of the Code, and that such ruling shall not have been revoked or modified in any material respect. In addition, it is a condition to the completion of the distribution that Rayonier receive an opinion from outside tax counsel to the effect that, with respect to certain requirements for tax-free treatment under Section 355 of the Code on which the IRS will not rule, such requirements will be satisfied. Under the private letter ruling from the IRS, the contribution of assets and liabilities from Rayonier to SpinCo and the distribution, taken together, will qualify as a reorganization for U.S. federal income tax purposes under Section 355 and Section 368(a)(1)(D) of the Code, and accordingly, no gain or loss will be recognized by Rayonier in connection with the contribution and distribution and, except with respect to cash received in lieu of a fractional share of SpinCo common stock, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of SpinCo common stock in the distribution for U.S. federal income tax purposes. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of SpinCo common stock. For more information regarding the private letter ruling and the potential U.S. federal income tax consequences to SpinCo and to you of the contribution and the distribution, see the section entitled “Material U.S. Federal Income Tax Consequences.”

How will I determine my tax basis in the SpinCo shares I receive in the distribution?

For U.S. federal income tax purposes, your aggregate basis in the common shares that you hold in Rayonier and the new SpinCo common stock received in the distribution (including any fractional share interest in SpinCo common stock for which cash is received) will equal the aggregate basis in the Rayonier common shares held by you immediately before the distribution, allocated between your Rayonier common shares and the SpinCo common stock (including any fractional share interest in SpinCo common stock for which cash is received) you receive in the distribution in proportion to the relative fair market value of each on the distribution date. You should consult your tax advisor about the particular consequences of the distribution to you, including the application of the tax basis allocation rules and the application of state, local and non-U.S. tax laws.

What will SpinCo’s relationship be with Rayonier following the separation?

SpinCo will enter into a separation and distribution agreement with Rayonier to effect the separation and provide a framework for SpinCo’s relationship with Rayonier after the separation and will enter into certain other agreements, such as a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement. These agreements will provide for the separation between SpinCo and Rayonier of the assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) of Rayonier and its subsidiaries attributable to periods prior to, at and after SpinCo’s separation from Rayonier and will govern the relationship between SpinCo and Rayonier subsequent to the completion of the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled “Risk Factors—Risks Related to the Separation” and “Certain Relationships and Related Person Transactions.”

Table of Contents

Who will manage SpinCo after the separation?

SpinCo will benefit from a management team with an extensive background in the performance fibers business. Led by Paul G. Boynton, who will be SpinCo's Chairman, President and Chief Executive Officer after the separation, SpinCo's management team will possess deep knowledge of, and extensive experience in, its industry. For more information regarding SpinCo's management, see "Management."

Are there risks associated with owning SpinCo common stock?

Yes. Ownership of SpinCo common stock is subject to both general and specific risks relating to SpinCo's business, the industry in which it operates, its ongoing contractual relationships with Rayonier and its status as a separate, publicly traded company. Ownership of SpinCo common stock is also subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 16. You are encouraged to read that section carefully.

Does SpinCo plan to pay dividends?

SpinCo currently expects that it will initially pay a regular cash dividend. However, the declaration and payment of any dividends in the future by SpinCo will be subject to the sole discretion of its board of directors and will depend upon many factors. See "Dividend Policy."

Will SpinCo incur any indebtedness prior to or at the time of the distribution?

Yes. SpinCo anticipates having approximately \$[•] million of indebtedness upon completion of the separation. Of this amount, SpinCo anticipates that \$[•] million will consist of a term loan and \$[•] million will consist of corporate bonds. See "Description of Material Indebtedness" and "Risk Factors—Risks Related to SpinCo's Business."

Who will be the distribution agent, transfer agent, registrar and information agent for the SpinCo common stock?

The distribution agent, transfer agent and registrar for the SpinCo common stock will be Computershare Trust Company, N.A. For questions relating to the transfer or mechanics of the stock distribution, you should contact: If your shares are held by a bank, broker or other nominee, you may call the information agent for the distribution, [•], toll free at [•].

Where can I find more information about Rayonier and SpinCo?

Before the distribution, if you have any questions relating to Rayonier's business performance, you should contact:

Rayonier Inc.
1301 Riverplace Boulevard
Suite 2300
Jacksonville, Florida 32207
Attention: Investor Relations

After the distribution, SpinCo stockholders who have any questions relating to SpinCo's business performance should contact SpinCo at:

Rayonier Advanced Materials Inc.
1301 Riverplace Boulevard
Suite [•]
Jacksonville, Florida 32207
Attention: Investor Relations

The SpinCo investor Web site will be operational as of [•], 2014.

INFORMATION STATEMENT SUMMARY

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Rayonier Advanced Materials Inc. assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to “SpinCo” refer to Rayonier Advanced Materials Inc., a Delaware corporation, and its combined subsidiaries. References to SpinCo’s historical business and operations refer to the business and operations of Rayonier’s performance fibers business that will be transferred to SpinCo in connection with the separation and distribution. References in this information statement to “Rayonier” refer to Rayonier Inc., a North Carolina corporation, and its consolidated subsidiaries, unless the context otherwise requires.

Rayonier Advanced Materials Inc.

Rayonier Advanced Materials Inc. (“SpinCo”) is the leading global producer of high-purity cellulose, a natural polymer, used as a raw material to manufacture a broad range of consumer-oriented products such as cigarette filters, liquid crystal displays, impact-resistant plastics, thickeners for food products, pharmaceuticals, cosmetics, high-tenacity rayon yarn for tires and industrial hoses, food casings, paints and lacquers. Purified cellulose is an organic material primarily derived from either wood or cotton and sold as cellulose specialties or commodity viscose, depending on its purity level. Cellulose specialties typically contain over 95% cellulose, while commodity viscose typically contains less than 95% cellulose. Cellulose specialties generally command a price premium, earn higher margins and benefit from greater demand stability through the economic cycle relative to commodity viscose.







SpinCo’s cellulose specialties require high levels of purity, process knowledge and are custom engineered and manufactured to customers’ exacting specifications. SpinCo’s customers (primarily specialty chemical companies) place a high premium on products that have great impact in terms of form, function and composition as they modify SpinCo’s fibers through various chemical reactions, which require high purity and uniformity for efficient production. As a result, cellulose specialties require a stringent qualification process as any inconsistencies in purity and/or uniformity can result in very negative and costly consequences to SpinCo’s customers.

With approximately 675,000 metric tons of cellulose specialties capacity and nearly double the sales of its next largest competitor, SpinCo is the global leader in the production of cellulose specialties. SpinCo’s key competitive advantage is the “SpinCo Recipe” — its unique ability to utilize its manufacturing facilities to engineer cellulose specialties fibers to customers’ exacting specifications. SpinCo is the only cellulose specialties producer with manufacturing facilities that provide flexibility to use both hardwood and softwood, kraft and sulfite cooking processes, and a variety of proprietary chemical treatments. Additionally, SpinCo has a tremendous asset of process knowledge: the understanding of wood fiber properties and their modification under a sequence of chemical processes, accumulated and developed over 80 years of practical application to achieve unique properties for a variety of customer needs. When this process knowledge is combined with its manufacturing flexibility and knowledge of customers’ applications and specifications, it allows SpinCo to have the most extensive capability set to modify cellulose fibers in the industry.

SpinCo’s strategy has resulted in an increase in gross margin from \$201 million in 2009 to \$333 million in 2013. Adjusted earnings before interest, taxes, depreciation and amortization (or “Adjusted EBITDA”) increased from \$226 million in 2009 to \$363 million in 2013, representing a compound annual growth rate (or “CAGR”) of 13%. For a reconciliation of Adjusted EBITDA to gross margin, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator.”

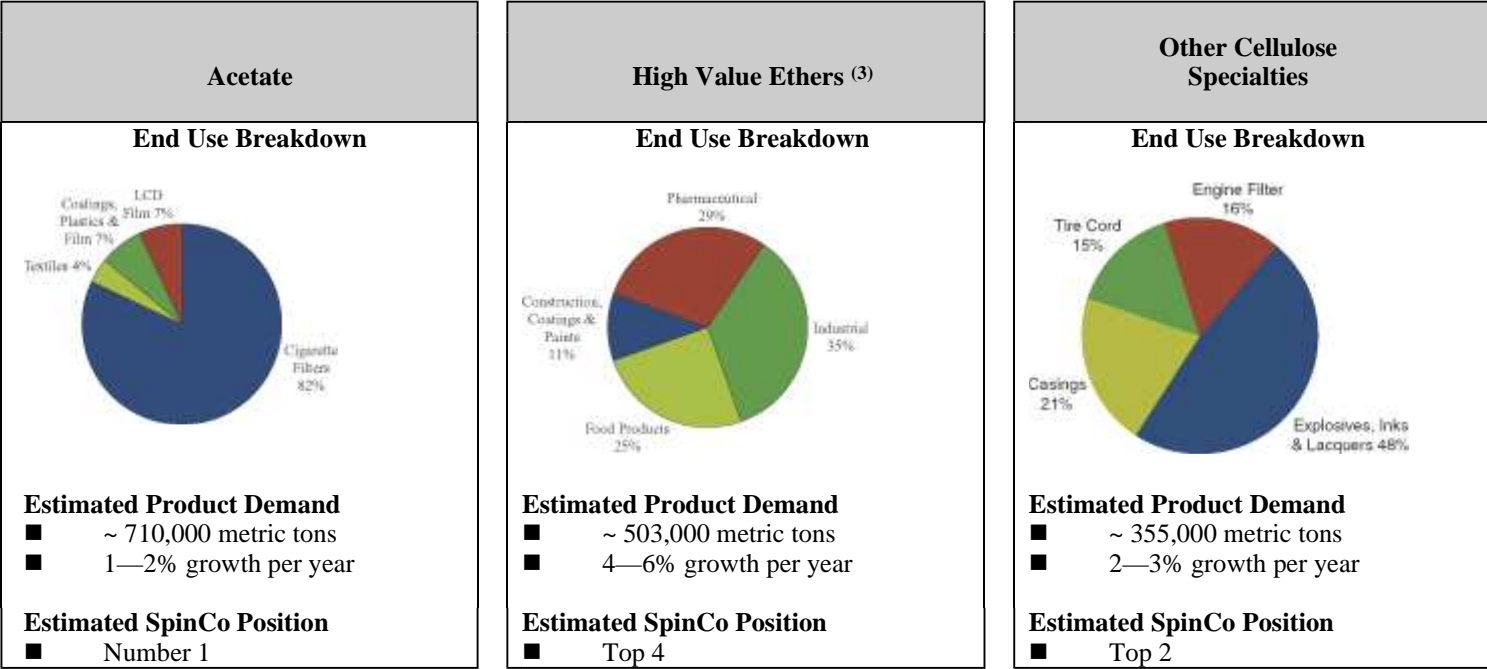
Table of Contents

SpinCo categorizes its cellulose specialties into three product lines: acetate, high-value ethers and other cellulose specialties which account for 80%, 7% and 13% of its total cellulose specialties volume, respectively. SpinCo's products are used primarily in the manufacture of a broad range of end-use products, as shown in the table below.

Products	Key End-Use Applications	Select End Use Products	
Acetate	<ul style="list-style-type: none"> ■ Cigarette filters ■ Liquid crystal displays (LCD) ■ Plastics 		
High Value Ethers	<ul style="list-style-type: none"> ■ Thickeners for food products ■ Pharmaceutical applications ■ Paints 		
Other Cellulose Specialties	<ul style="list-style-type: none"> ■ High-tenacity rayon yarn for tires ■ Industrial hoses ■ Food casings ■ Automotive air and oil filters ■ Explosives ■ Inks ■ Lacquers 		

SpinCo estimates that cellulose specialties demand was approximately 1.6 million metric tons in 2012. SpinCo believes that its 2013 sales volume of approximately 486,000 metric tons makes it the industry leader, reflecting sales in three product lines where SpinCo’s management estimates that it was one of the top three producers by volume. The charts below summarize the global end use breakdown by product line of the cellulose specialties business:

Global Cellulose Specialties End Use Breakdown ⁽¹⁾⁽²⁾



Source: Hawkins Wright, PCI Fibres, Markets and Markets, and company estimates
(1) Data from 2012. (latest available)
(2) Product line size includes approximately 130,000 to 160,000 metric tons of cotton linter.
(3) Product line size includes approximately 100,000 metric tons MCC.

SpinCo’s production facilities, located in Jesup, Georgia, and Fernandina Beach, Florida, have a combined annual production capacity of approximately 675,000 metric tons. The Jesup mill can produce approximately 520,000 metric tons of cellulose specialties, or approximately 77% of SpinCo’s total capacity. The Fernandina Beach mill can produce approximately 155,000 metric tons of cellulose specialties, or approximately 23% of SpinCo’s total capacity. Combined, these facilities manufacture more than 25 different grades of purified cellulose.

Historically, about one-third of SpinCo’s production was absorbent materials, a commodity product mainly used in disposable baby diapers, feminine hygiene products, incontinence pads, convalescent bed pads, industrial towels and wipes, and non-woven fabrics. In May 2011, SpinCo decided to convert its absorbent material production line located in the Jesup mill to cellulose specialties based on increased demand from its customers for high-value cellulose specialties and SpinCo’s desire to exit commodity-like product lines. Management believes this conversion, referred to as the cellulose specialties expansion project, positions SpinCo as the only fully dedicated supplier of cellulose specialties.

The cellulose specialties expansion project cost \$385 million and converted approximately 260,000 metric tons of absorbent materials capacity into approximately 190,000 metric tons of cellulose specialties capacity. The

project was completed in June 2013, after significant modifications to the production line and increased capacity of ancillary systems.

In July 2013, SpinCo restarted the converted production line and began the qualification process for the line's production with its customers. SpinCo expects to produce cellulose specialties, commodity viscose and other products, modulating volumes in each product group to meet demand. As cellulose specialties demand grows over the next several years, SpinCo expects to increase its sales of cellulose specialties and complete its transition to a dedicated cellulose specialties supplier.

Strategies

Key elements of SpinCo's business strategy are as follows:

Strengthen SpinCo's cellulose specialties leadership position. With approximately 675,000 metric tons of cellulose specialties capacity and nearly double the sales of the next largest competitor, SpinCo is the global leader in the production of cellulose specialties, a high-value sector. SpinCo believes the global demand is growing approximately 45,000 to 50,000 metric tons a year as customers' product needs continue to expand. SpinCo's cellulose specialties expansion project's approximately 190,000 metric tons of cellulose specialties capacity is in the process of qualification with new and existing customers. As demand continues to grow for cellulose specialties, SpinCo will be positioned to drive increases in margins and cash flows.

Differentiate through technically superior products and research and development. The quality and consistency of SpinCo's cellulose specialties and its premier research and development capabilities create a significant competitive advantage, resulting in a premium price (a price greater than competitors) for SpinCo's products and driving strong profitability. SpinCo manufactures products that are tailored to the precise and demanding chemical and physical requirements of its customers, achieving industry leading high purity levels and product functionality for specific grades. Its ability to manufacture technically superior products is the result of its proprietary production processes, intellectual property, technical expertise, diverse manufacturing processes and knowledge of cellulosic chemistry.

SpinCo's premier research and development facility allows it to replicate its customers' manufacturing processes which differentiates SpinCo from its competitors. Combined with SpinCo's deep understanding of its customers' processes and historical success in applied research and development, SpinCo is uniquely qualified to continue partnering with its customers to develop new products to meet evolving consumer needs and to trouble shoot customer production issues. For the periods ending December 31, 2013, 2012 and 2011, SpinCo recorded research and development expense of approximately \$3.3 million, \$2.9 million and \$2.8 million respectively.

Drive growth and diversification. Expanding sales to other cellulose specialty applications will provide attractive opportunities for increasing revenue and improving profitability. With 80% of its current sales volume in the acetate product line, SpinCo intends to expand its sales in the faster growing ethers and other cellulose specialty product lines. SpinCo's additional approximately 190,000 metric tons of cellulose specialties capacity combined with its process knowledge and expertise in cellulose specialties manufacturing will allow it to pursue growth and diversification without additional investment. SpinCo also intends to evaluate adjacent specialty chemical market opportunities for further growth and diversification.

Focus on operational excellence. Operating mills reliably and at a competitive cost while producing consistently high-quality and high-value cellulose is critical to SpinCo's existing customers and enhances its ability to attract new customers. SpinCo strives to continuously improve its cost position, throughput and reliability of its manufacturing facilities through targeted expenditures and capital investments. For instance, SpinCo has identified a number of high return projects that it expects will achieve internal rates of return greater than 20 percent and are executable in the next three years. Additionally, SpinCo continues to develop maintenance systems and procedures that will improve the throughput, purity and uniformity of SpinCo's products by increasing the reliability of its manufacturing processes. SpinCo's continued focus on operational excellence will continue to enable it to drive profitability and strengthen customer relationships.

Maximize cash flow. SpinCo has historically maintained a strong margin profile as part of Rayonier. As a stand-alone business, the SpinCo team will be able to implement a focused strategy to more efficiently allocate resources and further maximize cash flow. Additionally, SpinCo believes that its production capacity is sufficient to meet its current growth initiatives without significant additional spending. Over the last five years, Rayonier invested approximately \$397 million in growth capital expenditures for capacity expansions and productivity enhancements. Given the significant investment to date, SpinCo anticipates that further investment in growth capital will be spent only upon the expectation of significant returns. SpinCo's strong balance sheet, financial flexibility and significant cash flows are key, differentiating attributes in its industry.

Strengths

SpinCo believes the following strengths support its business strategies:

Leading position in high-value cellulose specialties. With nearly double the sales of the next largest competitor, SpinCo is the largest global producer of high-value cellulose specialties and is ideally positioned to capture anticipated growth in its markets. SpinCo's leadership position in custom-engineered high-value cellulose specialties reflects its technical expertise, outstanding product purity and consistency, strong partnership with its global customers and continued investment in capacity. SpinCo's processes and products are technologically difficult to replicate for other cellulose specialty producers and SpinCo believes they are not possible without significant investment in equipment and intellectual property. As a result, none of the competitors currently are able to match the consistency and purity of SpinCo's products and the breadth of its product offering. More broadly, in the past 10 years, SpinCo believes there was only one new entrant into the specialty cellulose industry.

SpinCo decided to leverage its process and product expertise by investing \$385 million in its recently-completed cellulose specialties expansion project. The project converted SpinCo's approximate 260,000 metric tons of absorbent materials production capacity to approximately 190,000 metric tons of additional cellulose specialties capacity, positioning SpinCo to capture the anticipated growth in demand in developed and emerging markets and to expand its sales to other cellulose specialty uses, such as ethers, which offer attractive growth rates and profit margins.

Broad product offering and customization enabled by the proprietary "SpinCo recipe." SpinCo's manufacturing processes have been developed over 85 years. SpinCo's production facilities utilize kraft and sulfite manufacturing processes, hardwood and softwood fibers, proprietary bleaching sequences and specialized cold caustic processes to engineer and manufacture highly customized cellulose specialties. This operational flexibility, combined with its state-of-the-art research and development facility, industry-leading technical capabilities, access to desirable hardwood and softwood species and proprietary process knowledge, allows SpinCo to engineer a wide breadth of customized fibers each specifically configured for its customers' unique needs, and to achieve the specific properties required for a broad range of end uses. New product development is another area where SpinCo is the preferred partner for its customers that collaborate with SpinCo to develop and qualify the proprietary formulations for customized fibers.

Long-term relationships with financially strong, global customers. SpinCo benefits from long-standing relationships with blue-chip, industry-leading companies in each of its key product lines, as well as from low customer turnover (SpinCo's average customer relationship among SpinCo's top 10 customers is 38 years). SpinCo has customers in more than 35 countries across five continents and delivers its products to more than 79 ports around the world and, as a result, has developed strategic competence in handling global logistics and distribution. SpinCo's five largest customers, who account for approximately 70% of sales, are all either well known global diversified specialty chemical companies or state owned enterprises. SpinCo has long-term volume contracts with most of the world's cellulose specialties-based product manufacturers, representing a significant majority of SpinCo's cellulose specialties production. SpinCo's relationships with its largest cellulose specialties

customers span 24 to 82 years, facilitating a deep understanding of its customers' products and manufacturing processes that have led to strong partnerships on new product development. See Note 4—*Segment and Geographical Information* of SpinCo's Combined Financial Statements for information on SpinCo's major customers.

Resilience through economic cycles. SpinCo's technically-demanding products are used in many consumer end products such as cigarette filters, sausage casings, food additives, personal care products and pharmaceuticals, which benefit from stable demand throughout the economic cycle. As a result, SpinCo's financial performance tends to be relatively less impacted during cyclical downturns because of the resilient demand for its end-use products. As an example, during the 2008—2009 economic downturn, SpinCo's sales increased by 5%, and SpinCo's Adjusted EBITDA grew 18%. SpinCo believes that its end-use markets will continue to grow in various economic environments given their stable nature. For a reconciliation of Adjusted EBITDA to gross margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator."

Attractive margins and strong free cash flow generation. SpinCo's gross margin increased from \$201 million in 2009 to \$333 million in 2013. Cash flow from operations was \$258 million, \$305 million, \$258 million, \$408 million and \$128 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively. From the beginning of fiscal 2009 through fiscal 2013, SpinCo has generated strong Adjusted Free Cash Flow totaling \$633 million. SpinCo produced Adjusted EBITDA of \$363 million, \$403 million, \$339 million, \$259 million and \$226 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively. During this five-year period, Adjusted EBITDA margins averaged 32%. SpinCo attributes its strong financial performance to its technical product consistency and purity, significant capital investment in its production and research and development facilities, and its deep understanding of customers' manufacturing processes and product requirements and anticipates that its business will continue to generate attractive returns to its shareholders. For a reconciliation of Adjusted Free Cash Flow to cash flow from operations and Adjusted EBITDA to gross margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator."

Industry

Cellulose Specialties

SpinCo believes the global demand in 2012 for cellulose specialties was about 1.6 million metric tons, including 130,000 to 160,000 metric tons of cellulose specialties derived from cotton linters. SpinCo expects global demand to grow approximately 3% to 4% per year for the next 5 years. SpinCo is the global leader in the manufacture of cellulose specialties, and categorizes its sales of cellulose specialties into the following key product lines:

- *Acetate.* SpinCo is the leading global manufacturer of cellulose specialties for acetate products. SpinCo estimates that the global demand in 2012 for cellulose specialties for acetate products was approximately 710,000 metric tons and expects this demand to grow 1% to 2% per year over the next 5 years.
- *High Value Ethers.* SpinCo is a leading global manufacturer of cellulose specialties for ethers products. SpinCo estimates that the global demand in 2012 for cellulose specialties for ethers products was approximately 503,000 metric tons and expects this demand to grow 4% to 6% per year over the next 5 years.
- *Other Cellulose Specialties.* SpinCo is a leading global manufacturer of other cellulose specialties. SpinCo estimates that the global demand in 2012 for other cellulose specialties is approximately 355,000 metric tons and expects this demand to grow 2% to 3% per year over the next 5 years.

In 2013, additional cellulose specialties capacity was added, including approximately 190,000 metric tons added by SpinCo following the completion of its cellulose specialties expansion project and approximately 45,000 metric tons added by SpinCo's competitors. SpinCo believes global capacity totaled approximately 1.8 million metric tons (including the new capacity) at the end of 2013.

Commodity Viscose

Commodity viscose is primarily sold to producers of viscose staple fibers. Viscose staple is used in woven applications such as textiles for clothing and other fabrics, and in non-woven applications such as baby wipes, cosmetic and personal wipes, industrial wipes and mattress ticking. In recent years, shifts in fashion styles and higher than historical cotton prices have increased demand for viscose staple fibers. Weak global cotton harvests during 2011 provided a further boost to demand for viscose staple as a cotton substitute. Additionally, variability in cotton linter supply, due to competing uses of cotton seeds in agriculture, and increasing concerns about the environmental impact of producing viscose staple from cotton have resulted in viscose staple producers shifting volume to commodity viscose derived from wood. SpinCo believes global demand for commodity viscose in 2012 was approximately 4.4 million metric tons, (including approximately 800 thousand metric tons derived from cotton) and expects this demand to grow approximately 9% to 10% per year for the next 5 years.

Significant new commodity viscose capacity has been added in the last three years to meet this demand. SpinCo believes global capacity totaled 5.7 million metric tons at the end of 2013, and an additional 1.0 million metric tons of capacity has been announced and is expected to be completed in the next two years.

In February 2013, China's Ministry of Commerce (MOFCOM) initiated an anti-dumping investigation of imports of dissolving wood, cotton and bamboo pulp into China from the U.S., Canada and Brazil during 2012. In November 2013, MOFCOM issued a preliminary determination that SpinCo's lower purity Fibernier grade product used in commodity viscose applications would be subject to a 21.7% interim duty effective November 7, 2013. MOFCOM's final determination is expected in the first half of 2014. SpinCo is evaluating all potential product options that its broad capabilities provide in the event that MOFCOM's preliminary duty is not materially reduced or eliminated, and does not expect that MOFCOM's preliminary duty will materially affect its business results. For more information regarding the investigation, see "Risk Factors—Risks Related to Rayonier Advanced Materials Inc.'s Business" and "Business—Legal and Regulatory Proceedings."

Although SpinCo's business is focused on the production of cellulose specialties, it expects to sell approximately 135,000 metric tons to commodity markets in 2014. As demand for cellulose specialties increases over the next several years, SpinCo expects to shift production from commodity viscose markets to cellulose specialties until it has essentially exited commodity viscose.

Summary of Risk Factors

An investment in SpinCo's common stock is subject to a number of risks, including risks relating to SpinCo's business, risks related to the separation and risks related to SpinCo's common stock. Set forth below are some, but not all, of these risks. Please read the information in the section captioned "Risk Factors" for a more thorough description of these and other risks.

Risks Related to SpinCo's Business

- The industry in which SpinCo operates is highly competitive. Actions by SpinCo's competitors and excess production capacity, as well as decreased prices resulting from excess production capacity, could adversely affect SpinCo's business, financial condition and results of operations.
- SpinCo is dependent on relatively few large customers for a majority of its sales, and the loss of all or a substantial portion of its sales to any of these customers could adversely affect its financial results.

- Changes in energy or raw material prices could affect SpinCo's results of operations and financial condition.
- SpinCo is subject to risks associated with doing business outside of the United States.
- SpinCo's business is subject to extensive environmental laws and regulations that may restrict or adversely affect SpinCo's ability to conduct its business.
- A material disruption at one of SpinCo's manufacturing facilities could prevent SpinCo from meeting customer demand, reduce SpinCo's sales or negatively affect SpinCo's results of operation and financial condition.
- Failure to develop new ideas and protect SpinCo's intellectual property could negatively affect its future performance and growth.
- Future tobacco legislation, campaigns to discourage smoking, increases in tobacco taxes, increased costs of tobacco products and increased use of non-filtered substitutes could adversely affect SpinCo's business, financial condition and results of operations.

Risks Related to the Separation

- SpinCo has no history operating as an independent company, and its historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.
- SpinCo may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect SpinCo's business.
- After SpinCo's separation from Rayonier, SpinCo will have debt obligations that could restrict SpinCo's ability to pay dividends and have a negative impact on SpinCo's financing options and liquidity position.

Risks Related to SpinCo's Common Stock

- SpinCo cannot be certain that an active trading market for its common stock will develop or be sustained after the separation, and following the separation, SpinCo's stock price may fluctuate significantly.
- A significant number of shares of SpinCo common stock may be traded following the separation, which may cause SpinCo's stock price to decline.
- Certain provisions in SpinCo's amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of SpinCo, which could decrease the trading price of SpinCo's common stock.
- SpinCo's amended and restated certificate of incorporation will contain an exclusive forum provision that may discourage lawsuits against SpinCo and SpinCo's directors and officers. Alternatively, if a court were to find the exclusive forum provision inapplicable or unenforceable, SpinCo may incur additional litigation costs, which could adversely affect SpinCo's business, financial condition or results of operations.

The Separation and Distribution

On January 27, 2014, Rayonier announced that it intended to separate its performance fibers business from its forest resources and real estate businesses. The separation would occur by means of pro rata distribution to the Rayonier shareholders of 100% of the shares of common stock of SpinCo, which was formed to hold Rayonier's performance fibers business.

On [•], 2014, the Rayonier board of directors approved the distribution of all of SpinCo's issued and outstanding shares of common stock on the basis of [•] shares of SpinCo common stock for each Rayonier common share held as of the close of business on [•], 2014, the record date for the distribution.

SpinCo's Post-Separation Relationship with Rayonier

SpinCo will enter into a separation and distribution agreement with Rayonier, which is referred to in this information statement as the "separation agreement" or the "separation and distribution agreement." In connection with the separation, SpinCo will also enter into various other agreements to effect the separation and provide a framework for its relationship with Rayonier after the separation, such as a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement. These agreements will provide for the allocation between SpinCo and Rayonier of Rayonier's assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after SpinCo's separation from Rayonier and will govern certain relationships between SpinCo and Rayonier after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Person Transactions."

Reasons for the Separation

The Rayonier board of directors believes that separating the performance fibers business from the remaining businesses of Rayonier is in the best interests of Rayonier and its shareholders for a number of reasons, including that:

- The separation will allow investors to separately value Rayonier and SpinCo based on their unique investment identities, including the merits, performance and future prospects of their respective businesses. The separation will also provide investors with two distinct and targeted investment opportunities.
- The separation will allow each business to more effectively pursue its own distinct operating priorities and strategies, and will enable the management of both companies to pursue unique opportunities for long-term growth and profitability, free from potential REIT structural constraints that could limit the future growth potential of the performance fibers business.
- The separation will permit each company to concentrate its financial resources solely on its own operations, providing greater flexibility to invest capital in its business in a time and manner appropriate for its distinct strategy and business needs. This will facilitate a more efficient allocation of capital.
- The separation will create separate independent equity structures that will afford each company direct access to capital markets and facilitate the ability to capitalize on its unique growth opportunities and effect future acquisitions utilizing its common stock.
- The separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of each relevant company's business, and enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

The Rayonier board of directors also considered a number of potentially negative factors in evaluating the separation, including, among others, risks relating to the creation of a new public company, possible increased costs and one-time separation costs, but concluded that the potential benefits of the separation outweighed these factors. For more information, see the sections entitled “The Separation and Distribution—Reasons for the Separation” and “Risk Factors” included elsewhere in this information statement.

Corporate Information

SpinCo was incorporated in Delaware for the purpose of holding Rayonier’s performance fibers business in connection with the separation and distribution described herein. Prior to the contribution of this business to SpinCo, which will occur immediately prior to the distribution, SpinCo will have no operations. The address of SpinCo’s principal executive offices is 1301 Riverplace Boulevard, Suite [•], Jacksonville, Florida 32207. SpinCo’s telephone number is [•]. SpinCo maintains an Internet site at [•]. SpinCo’s website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

SpinCo owns or has rights to use the trademarks, service marks and trade names that it uses in conjunction with the operation of its business. SpinCo will have the right to use “Rayonier” as part of SpinCo’s name pursuant to the intellectual property agreement. See “Certain Relationships and Related Person Transactions—Intellectual Property Agreement.”

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to shareholders of Rayonier who will receive shares of SpinCo common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of SpinCo’s securities. The information contained in this information statement is believed by SpinCo to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Rayonier nor SpinCo will update the information except in the normal course of their respective disclosure obligations and practices.

Summary Historical and Unaudited Pro Forma Condensed Combined Financial Data

The following summary financial data reflects the combined operations of SpinCo. SpinCo derived the summary combined income statement data for the years ended December 31, 2013, 2012 and 2011, and summary combined balance sheet data as of December 31, 2013 and 2012, as set forth below, from its audited combined financial statements, which are included in the “Index to Financial Statements and Schedule” section of this information statement. SpinCo derived the summary combined balance sheet data as of December 31, 2011 from SpinCo’s underlying financial records, which were derived from the financial records of Rayonier and are not included in this information statement. The historical results do not necessarily indicate the results expected for any future period. To ensure a full understanding of this summary financial data, you should read the summary combined financial data presented below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the combined financial statements and accompanying notes included elsewhere in this information statement.

The summary unaudited pro forma condensed combined financial data for the year ended December 31, 2013 has been prepared to reflect the separation, including the incurrence of indebtedness of approximately \$[•] billion. The \$[•] billion of indebtedness is expected to consist of a \$[•] million term loan, and \$[•] million of corporate bonds. The net proceeds of the borrowings are expected to fund cash transfers of approximately \$950 million to Rayonier, as described in “Certain Relationships and Related Person Transactions—The Separation Agreement—Cash Transfers,” with the balance to be used by SpinCo for general corporate purposes. The unaudited pro forma condensed combined income statement data presented for the year ended December 31, 2013 assumes the spin-off occurred on January 1, 2013. The unaudited pro forma condensed combined balance sheet data assumes the separation occurred on December 31, 2013. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and SpinCo believes such assumptions are reasonable under the circumstances.

The unaudited pro forma condensed combined financial statements are not necessarily indicative of SpinCo’s results of operations or financial condition had the distribution and its anticipated post-separation capital structure been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition that would have resulted had SpinCo been operating as an independent, publicly traded company during such periods. In addition, they are not necessarily indicative of its future results of operations or financial condition.

You should read this summary financial data together with “Unaudited Pro Forma Condensed Combined Financial Statements,” “Capitalization,” “Selected Historical Combined Financial Data of Rayonier Advanced Materials Inc.,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the combined financial statements and accompanying notes included in this information statement.

Table of Contents

	As of and for the Years Ended December 31,			
	Pro forma 2013	2013	2012	2011
(dollar amounts in millions)				
Statement of Income Data:				
Sales	\$ 1,047	\$ 1,047	\$ 1,095	\$ 1,021
Gross margin	333	333	379	323
Operating income	289	289	342	283
Net income	220	220	242	214
Balance Sheet Data:				
Total assets	n/a	\$ 1,120	\$ 921	\$ 665
Property, plant and equipment, net	n/a	846	681	433
Statement of Cash Flows Data:				
Cash provided by operating activities	n/a	\$ 258	\$ 305	\$ 258
Cash used for investing activities	n/a	(251)	(305)	(131)
Cash used for financing activities	n/a	(7)	—	(127)
Capital expenditures	n/a	(96)	(105)	(97)
Jesup mill cellulose specialties expansion project	n/a	(141)	(201)	(43)
Other Data:				
EBITDA (a)	n/a	\$ 363	\$ 403	\$ 339
Sales volumes (thousands of metric tons)				
Cellulose specialties	n/a	486	503	504
Absorbent materials	n/a	106	214	227
Commodity viscose	n/a	51	—	—
Total		<u>643</u>	<u>717</u>	<u>731</u>
(a) For a reconciliation of EBITDA to gross margin and cash flow from operations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator.”				

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating SpinCo and SpinCo's common stock. Any of the following risks could materially and adversely affect SpinCo's business, financial condition or results of operations. The risk factors generally have been separated into three groups: risks related to SpinCo's business, risks related to the separation and risks related to SpinCo's common stock.

Risks Related to Rayonier Advanced Materials Inc.'s Business

The industry in which SpinCo operates is highly competitive.

SpinCo faces competition from domestic and foreign producers of high purity cellulose specialties and producers of products that can substitute for them in certain applications, such as cotton linters. Moreover, the entry of new competitors and the expansion of existing competitors could create excess capacity, which might cause SpinCo to lose sales or result in price reductions. For example, over the past 24 months some manufacturers of commodity viscose have publicly announced plans to convert facilities to manufacture, or claimed to have already commenced production of, high purity cellulose specialties that may compete with SpinCo's products. In addition to SpinCo's recently completed cellulose specialties expansion project, which added approximately 190,000 metric tons of cellulose specialties capacity, a few competitors have announced expansions of their capacity. Buckeye Technologies recently completed a project to increase its cellulose specialties capacity by 42,000 metric tons at its Perry, Florida operation. Tembec, Inc. announced plans to increase capacity by 5,000 metric tons. Sateri Holdings Ltd. increased capacity 5,000 to 10,000 metric tons per year over the past three years.

As a result of the increased cellulose specialties capacity described above, SpinCo expects 2014 cellulose specialties prices to decrease 7 percent to 8 percent. Although SpinCo plans to gradually increase cellulose specialties production in line with demand, additional increases in cellulose specialties capacity could continue to adversely affect product pricing, which could result in a potential decline in SpinCo's revenues and margins, thereby adversely affecting SpinCo's financial condition and results of operations.

SpinCo is dependent on a relatively few large customers for a majority of its sales. The loss of all or a substantial portion of its sales to any of these large customers could have a material adverse effect on SpinCo.

SpinCo is subject to risks related to customer concentration because of the relative importance of its largest customers, many of whom have been doing business with Rayonier for decades, and the ability of those customers to influence pricing and other contract terms. SpinCo depends on major acetate tow manufacturers for a substantial portion of its sales. SpinCo's five largest customers, which account for approximately 70% of its sales, are all either well known global diversified specialty chemical companies or state owned enterprises. Although SpinCo strives to broaden and diversify its customer base, a significant portion of its revenue is derived from a relatively small number of large-volume customers, and the loss of all or a substantial portion of sales to any of these customers, or significant unfavorable changes to pricing or terms contained in SpinCo's contracts with them, could adversely affect SpinCo's business, financial condition or results of operations. SpinCo is also subject to credit risk associated with this customer concentration. If one or more of SpinCo's largest customers were to become bankrupt, insolvent or otherwise were unable to pay for its products, SpinCo may incur significant write-offs of accounts that may have a material adverse effect on its business, financial condition and results of operations. See Note 4—*Segment and Geographical Information* of SpinCo's Combined Financial Statements for information on SpinCo's major customers.

SpinCo's business is exposed to risks associated with the cyclicity of the business of certain of its customers, which may adversely affect its business and results of operations.

Some of the industries in which SpinCo's end-use customers participate, such as the construction, automotive and textile industries, are cyclical in nature, thus posing a risk to SpinCo which is beyond its control. The

Table of Contents

industries in which these customers participate are highly competitive, to a large extent driven by end-use applications, and may experience overcapacity or reductions in demand, all of which may affect demand for and pricing of SpinCo's products. The consequences of this could include the reduction, delay or cancellation of customer orders, and bankruptcy of customers, suppliers or other creditors. Although the occurrence of these events has not had a material impact on SpinCo's historical financial condition, the occurrence of these events may adversely affect SpinCo's business, financial condition and results of operation in the future.

Changes in raw material and manufacturing input prices could affect SpinCo's results of operations and financial condition.

Raw material costs and energy, such as wood, chemicals, oil and natural gas are a significant operating expense. The cost of raw materials and energy can be volatile and are susceptible to rapid and substantial increases due to factors beyond SpinCo's control, such as changing economic conditions, political unrest, instability in energy-producing nations, and supply and demand considerations. For example, caustic soda, a key manufacturing input, has historically had significant price volatility. The price of oil has also substantially increased in recent years, and SpinCo has, at times, experienced limited availability of hardwood, primarily due to wet weather conditions which can limit harvesting, each of which could adversely affect SpinCo's business, financial condition and results of operations.

SpinCo is subject to risks associated with doing business outside of the United States.

Although SpinCo's production facilities are located in the United States, a significant portion of its sales are to customer locations outside of the United States, including China, the European Union and other international markets. The export of SpinCo's products into international markets results in risks that are inherent in conducting business under international laws, regulations and customs. Sales to customers outside of the United States made up approximately 62% of SpinCo's revenue in 2012. SpinCo expects that international sales will continue to contribute to future growth. The risks associated with SpinCo's business outside the United States include:

- changes in and reinterpretations of the laws, regulations and enforcement priorities of the countries in which SpinCo sells its products;
- responsibility to comply with anti-bribery laws such as the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- trade protection laws, policies and measures and other regulatory requirements affecting trade and investment, including loss or modification of exemptions for taxes and tariffs, imposition of new tariffs and duties and import and export licensing requirements;
- difficulty in establishing, staffing and managing non-U.S. operations;
- product damage or losses incurred during shipping;
- potentially negative consequences from changes in or interpretations of tax laws;
- political instability and actual or anticipated military or political conflicts;
- economic instability, inflation, recessions and interest rate and exchange rate fluctuations;
- uncertainties regarding non-U.S. judicial systems, rules and procedures; and
- minimal or limited protection of intellectual property in some countries.

These risks could adversely affect SpinCo's business, financial condition and results of operations.

Table of Contents

Changes in global economic conditions, market trends and world events could negatively affect customer demand.

The global reach of SpinCo's business subjects it to unexpected, uncontrollable and rapidly changing events and circumstances, such as those that may result from the volatile state of the global economic and financial markets, in addition to those experienced in the United States. Adverse changes in the following factors, among others, could have a negative impact on SpinCo's business and results of operations:

- fluctuations in currencies other than the U.S. dollar;
- countervailing duty and anti-dumping tariffs, or similar types of tariffs, that may be imposed on SpinCo, which could result in reduced revenues and margins on some of SpinCo's businesses.

A Chinese anti-dumping investigation has resulted in preliminary duties on SpinCo's lower purity commodity viscose products, which could affect sales of the products into China.

In February 2013, China's Ministry of Commerce ("MOFCOM") notified SpinCo and a number of other parties that it had commenced an anti-dumping investigation into imports of dissolving, cotton and bamboo pulp into China from the United States, Canada and Brazil during 2012. In November 2013, MOFCOM issued its preliminary determination in respect of its investigation. Pursuant to the preliminary determination, SpinCo's lower purity commodity viscose, which is primarily utilized to produce viscose staple fiber for use in the manufacture of fabrics, was assessed an interim duty of 21.7%, effective November 7, 2013. SpinCo's high-value cellulose acetate products, were specifically excluded from assessment of any dumping duty, and SpinCo's other high-value cellulose products were, likewise, exempted from any dumping duty.

SpinCo has challenged the basis of MOFCOM's duty calculation for commodity viscose, and is evaluating other potential commercial and legal options. MOFCOM's final determination is expected in the second quarter of 2014 and would be expected to remain in place for five years. If the final determination retains the duty level for SpinCo set by the preliminary determination, the duty would have an adverse effect on the sales of commodity viscose into China by SpinCo.

SpinCo's business is subject to extensive environmental laws and regulations that may restrict or adversely affect SpinCo's ability to conduct its business.

Environmental laws and regulations are constantly changing and are generally becoming more restrictive. Laws, regulations and related judicial decisions and administrative interpretations affecting SpinCo's business are subject to change, and new laws and regulations are frequently enacted. These changes may adversely affect SpinCo's ability to operate SpinCo's manufacturing facilities. These laws and regulations may relate to, among other things, air emissions, wastewater discharges, receiving water quality, timber harvesting practices, and remedial standards for contaminated property and groundwater. Over time, the complexity and stringency of these laws and regulations have increased and the enforcement of these laws and regulations has intensified. For example, the U.S. Environmental Protection Agency ("EPA") has pursued a number of initiatives that, if implemented, could impose additional operational and pollution control obligations on industrial facilities like those of SpinCo, especially in the area of air emissions and wastewater and stormwater control. In 2013, the EPA issued final regulations that significantly tighten emissions limits of certain air pollutants from industrial boilers, which will result in SpinCo's expenditure of significant capital for compliance. Environmental laws and regulations will likely continue to become more restrictive and over time could adversely affect SpinCo's business, financial condition and results of operations.

SpinCo's mills are subject to stringent environmental laws, regulations and permits that may limit operations and production. Many of SpinCo's operations are subject to stringent environmental laws, regulations and permits that contain conditions governing how SpinCo operates its facilities and, in many cases, how much product SpinCo can produce. These laws, regulations and permits, now and in the future, may restrict SpinCo's current production and limit its ability to increase production, and impose significant costs on SpinCo's

Table of Contents

operations with respect to environmental compliance. It is expected that, overall, costs will likely increase over time as environmental laws, regulations and permit conditions become more stringent, and as the expectations of the communities in which SpinCo operates become more demanding.

Environmental groups and interested individuals may seek to delay or prevent a variety of operations . SpinCo expects that environmental groups and interested individuals will intervene with increasing frequency in the regulatory processes in the states where it operates mills. Delays or restrictions due to the intervention of environmental groups or interested individuals could adversely affect SpinCo's operating results. In addition to intervention in regulatory proceedings, interested groups and individuals may file or threaten to file lawsuits that seek to prevent SpinCo from obtaining permits, implementing capital improvements or pursuing operating plans. For example, in March 2014, SpinCo was served with a complaint filed in federal court by the Altamaha Riverkeeper alleging violations of federal and state environmental laws relating to the Jesup mill. See "Business—Legal and Regulatory Proceedings—Altamaha Riverkeeper Litigation-Jesup Mill" for a description of the pending legal proceedings with the Altamaha Riverkeeper.

Any lawsuit or even a threatened lawsuit could affect how SpinCo operates or limit its ability to modify or invest in its mills.

SpinCo currently owns or may acquire properties that may require environmental remediation or otherwise be subject to environmental and other liabilities. SpinCo currently owns and formerly operated manufacturing facilities that it does not currently own, and may acquire additional facilities in the future, which are subject to environmental liabilities, such as remediation of soil, sediment and groundwater contamination and other existing or potential liabilities. The cost of investigation and remediation of contaminated properties could increase operating costs and adversely affect financial results. Although SpinCo believes it currently has adequate reserves for the investigation and remediation of its properties, legal requirements relating to assessment and remediation of these properties continue to become more stringent and there can be no assurance that actual expenditures will not exceed expectations, or that other unknown liabilities will not be discovered in the future. SpinCo has incurred and expects to continue to incur significant capital, operating and other expenditures complying with applicable environmental laws and regulations and as a result of remedial obligations. SpinCo could also incur substantial costs, such as civil or criminal fines, sanctions and enforcement actions (including orders limiting its operations or requiring corrective measures, installation of pollution control equipment or other remedial actions), clean-up and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws and regulations.

Future tobacco legislation, campaigns to discourage smoking, increases in tobacco taxes, increased costs of tobacco products and increased use of non-filtered substitutes could adversely affect SpinCo's business, financial condition and results of operations.

The majority of SpinCo's fibers are used to manufacture acetate tow, the filter component of a cigarette. SpinCo's sales for this end-use have historically accounted for an important portion of SpinCo's total sales revenue. Significant increases in cigarette costs and potential actions taken by the United States and other countries to discourage smoking, such as tax increases on tobacco products and, future legislation, may have a material adverse effect on the demand for tobacco products. Additionally, increased use of e-cigarettes or smokeless tobacco products may affect demand for cigarettes. Reduced sales of tobacco products that use acetate-based filters could adversely affect SpinCo's business, financial condition and results of operations.

The impacts of climate-related initiatives, at the international, federal and state levels, remain uncertain at this time.

There continue to be numerous international, federal and state-level initiatives and proposals to address domestic and global climate issues. Within the United States, most of these proposals would regulate and/or tax, in one fashion or another, the production of carbon dioxide and other "greenhouse gases" to facilitate the reduction of carbon compound emissions to the atmosphere, and provide tax and other incentives to produce and use more "clean energy."

Table of Contents

In late 2009, the EPA issued an “endangerment finding” under the Clear Air Act with respect to certain greenhouse gases, and this finding could lead to the regulation of carbon dioxide as a criteria pollutant under the Clean Air Act and have significant ramifications for SpinCo and the industry in general. In this regard, the EPA has published various proposed regulations, which are currently subject to numerous legal challenges, affecting the operation of existing and new industrial facilities that emit carbon dioxide. In addition, as a result of the EPA’s decision to regulate greenhouse gases under the Clean Air Act, the states will now have to consider them in permitting new or modified facilities.

Overall, it is reasonably likely that legislative and regulatory activity in this area will in some way affect SpinCo, but it is unclear at this time whether such impact will be, in the aggregate, positive, negative, neutral or material. For example, while SpinCo’s mills produce greenhouse gases and utilize fossil fuels, they also generate a substantial amount of their energy from wood fiber (often referred to as “biomass”), which may be viewed more favorably than fossil fuels in future legislative and regulatory proposals, but that is uncertain at this time. However, to date, many environmental groups have generally opposed the use of biomass for energy production due to their concerns about deforestation. SpinCo continues to monitor political and regulatory developments in this area, but their overall impact on SpinCo, from a cost, benefit and financial performance standpoint, remains uncertain at this time.

Investment returns on pension assets may be lower than expected or interest rates may decline, requiring SpinCo to make significant additional cash contributions to SpinCo’s benefit plans.

SpinCo sponsors several defined benefit pension plans, which cover many of SpinCo’s salaried and hourly employees. The Federal Pension Protection Act of 2006 requires that certain capitalization levels be maintained in each of these benefit plans. Because it is unknown what the investment return on pension assets will be in future years or what interest rates may be at any point in time, no assurances can be given that applicable law will not require SpinCo to make future material plan contributions. Any such contributions could adversely affect SpinCo’s financial condition. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates” for additional information about these plans, including funding status.

SpinCo’s failure to maintain satisfactory labor relations could have a material adverse effect on its business.

As of December 31, 2013, approximately 72 percent of SpinCo’s work force is unionized. As a result, SpinCo is required to negotiate the wages, benefits and other terms with these employees collectively. SpinCo’s financial results could be adversely affected if labor negotiations were to restrict the efficiency of SpinCo’s operations. In addition, SpinCo’s inability to negotiate acceptable contracts with any of these unions as existing agreements expire could result in strikes or work stoppages by the affected workers. If SpinCo’s unionized employees were to engage in a strike or other work stoppage, SpinCo could experience a significant disruption of its operations, which could adversely affect its business, financial condition and results of operations. For example, collective bargaining agreements at SpinCo’s Fernandina Beach, Florida mill expire on April 30, 2014, and negotiations are expected to begin shortly.

Weather and other natural conditions may increase the prices of and reduce access to raw materials.

SpinCo uses large quantities of wood as a raw material in its fiber manufacturing process. Weather conditions, timber growth cycles and restrictions on access to timberlands for harvesting (for example, due to prolonged wet conditions) may limit the availability and increase the price of wood, as may other factors, including damage by fire, insect infestation, disease, prolonged drought and natural disasters such as wind storms and hurricanes.

Raw materials are available from a number of suppliers and SpinCo has not historically experienced material supply interruptions or substantial sustained price increases; however, SpinCo’s requirements for certain raw

Table of Contents

materials, such as wood, may increase as a result of its recent Jesup mill expansion. As a result, SpinCo may not be able to purchase sufficient quantities of these raw materials to meet its production requirements at prices acceptable to it during times of tight supply caused by weather and other natural conditions. An insufficient supply of wood could materially adversely affect its business, financial condition, results of operations and cash flow.

SpinCo depends on third parties for transportation services and increases in costs and the availability of transportation could adversely affect SpinCo's business.

SpinCo's business depends on transportation services provided by third parties, both domestically and internationally. SpinCo relies on these providers for transportation of the products that it manufactures as well as delivery of its raw materials to its manufacturing facilities. A significant portion of the products SpinCo manufactures and raw materials it uses are transported in the United States by railroad or trucks, and internationally by ship.

If any of SpinCo's transportation providers were to fail to deliver the goods that SpinCo manufactures in a timely manner, or damaged them during transport, SpinCo may be unable to sell those products at full value, or at all. Similarly, if any of these providers were to fail to deliver raw materials to SpinCo in a timely manner, SpinCo may be unable to timely manufacture its products in response to customer demand.

Any significant failure of third-party transportation providers to deliver raw materials or finished products could harm SpinCo's reputation, negatively affect its customer relationships and adversely affect its business. In addition, increases in transportation rates or fuel costs could adversely affect SpinCo's financial condition and results of operations.

A material disruption at one of SpinCo's manufacturing facilities could prevent SpinCo from meeting customer demand, reduce SpinCo's sales or adversely affect SpinCo's business, financial condition and results of operation.

Any of SpinCo's manufacturing facilities, or a part of any particular facility, could cease operations unexpectedly due to a number of events, including:

- unscheduled maintenance outages;
- prolonged power failures;
- equipment failure;
- a chemical spill or release;
- explosion of a boiler or other pressure vessel;
- fires, floods, windstorms, earthquakes, hurricanes or other catastrophes;
- terrorism or threats of terrorism; and
- other operational problems.

Furthermore, depending on the nature, extent and length of any operational interruption due to any such event, the results could adversely affect SpinCo's business, financial condition and results of operations.

SpinCo's operations require substantial capital .

SpinCo requires substantial capital for ongoing maintenance, repair and replacement of existing facilities and equipment. Although SpinCo maintains its production equipment with regular scheduled maintenance, key pieces

Table of Contents

of equipment may need to be repaired or replaced periodically. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could adversely affect SpinCo's financial condition and results of operations.

SpinCo believes its capital resources will, at the time of separation, be adequate to meet its current projected operating needs, capital expenditures and other cash requirements. However, if for any reason SpinCo is unable to provide for its operating needs, capital expenditures and other cash requirements on reasonable economic terms, SpinCo could experience an adverse effect on its business, financial condition and results of operations.

SpinCo is dependent upon attracting and retaining key personnel, the loss of whom could adversely affect SpinCo's business.

SpinCo believes that its success depends, to a significant extent, upon its ability to attract and retain key senior management and operations management personnel. SpinCo's failure to recruit and retain these key personnel could adversely affect its business, financial condition or results of operations.

Failure to protect SpinCo's intellectual property could negatively affect its future performance and growth.

SpinCo relies on process knowledge, confidentiality agreements and internal security measures to protect its trade secrets and other intellectual property. Failure to protect this intellectual property could negatively affect SpinCo's future performance and growth.

SpinCo may need additional financing in the future to meet its capital needs or to make opportunistic acquisitions, and such financing may not be available on favorable terms, if at all, and may be dilutive to existing stockholders.

SpinCo may need to seek additional financing for its general corporate purposes. For example, it may need to increase its investment in research and development activities or require funding to make acquisitions. SpinCo may be unable to obtain desired additional financing on terms favorable to it, if at all. For example, during periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their credit commitments and obligations, including but not limited to extending credit up to the maximum permitted by a credit facility and otherwise accessing capital and/or honoring loan commitments. If SpinCo's lenders are unable to fund borrowings under their revolving credit commitments or SpinCo is unable to borrow, it could be difficult to replace SpinCo's revolving credit facility on similar terms. If adequate funds are not available on acceptable terms, SpinCo may be unable to fund growth opportunities, successfully develop or enhance products, or respond to competitive pressures, any of which could negatively affect SpinCo's business. If SpinCo raises additional funds through the issuance of equity securities, its stockholders will experience dilution of their ownership interest. If SpinCo raises additional funds by issuing debt, it may be subject to limitations on its operations and ability to pay dividends due to restrictive covenants.

SpinCo's business exposes it to potential product liability claims, which could adversely affect SpinCo's financial condition and performance.

The development, manufacture and sale of cellulose specialties by SpinCo, including products manufactured for use by the food, cigarette, automotive, and pharmaceutical industries, involves a risk of exposure to product liability claims, and related adverse publicity. A product liability claim or judgment against SpinCo could also result in substantial and unexpected expenditures, affect confidence in SpinCo's products, and divert management's attention from other responsibilities. Although SpinCo maintains product liability insurance, there can be no assurance that this type or the level of coverage is adequate or that SpinCo will be able to continue to maintain SpinCo's existing insurance or obtain comparable insurance at a reasonable cost, if at all. A partially or completely uninsured judgment against SpinCo could have a material adverse effect on its results of operations or financial condition. Although SpinCo has standard contracting policies and controls, it may not always be able to contractually limit its exposure to third-party claims should its failure to perform result in downstream supply disruptions or product recalls.

Table of Contents

The inability to make or effectively integrate future acquisitions may affect SpinCo's results.

As part of SpinCo's growth strategy, SpinCo may pursue additional acquisitions of complementary businesses and product lines, and invest in joint ventures. The ability to grow through acquisitions or other investments depends upon SpinCo's ability to identify, negotiate, complete and integrate suitable acquisitions or joint venture arrangements. If SpinCo fails to successfully integrate acquisitions into SpinCo's existing business, SpinCo's business, financial condition and results of operations could be adversely affected.

Risks Related to the Separation

The combined post-separation value of Rayonier and SpinCo shares may not equal or exceed the pre-separation value of Rayonier common shares.

As a result of the distribution, Rayonier expects the trading price of Rayonier common shares immediately following the distribution to be lower than the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the performance fibers business held by SpinCo. There can be no assurance that the aggregate market value of the Rayonier common shares and the SpinCo common stock following the separation will be higher or lower than the market value of Rayonier common shares if the separation did not occur.

SpinCo has no history of operating as an independent company, and SpinCo's historical and pro forma financial information are not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.

The historical information about SpinCo in this information statement refers to SpinCo's business as operated by and integrated with Rayonier. SpinCo's historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Rayonier. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that SpinCo would have achieved as a separate, publicly traded company during the periods presented or those that SpinCo will achieve in the future primarily as a result of the factors described below:

- Prior to the separation, SpinCo's business has been operated by Rayonier as part of its broader corporate organization, rather than as an independent company. Rayonier or one of its affiliates performed various corporate functions for SpinCo, such as legal, treasury, accounting, auditing, human resources, public affairs and finance. SpinCo's historical and pro forma financial results reflect allocations of corporate expenses from Rayonier for such functions and are likely to be less than the expenses SpinCo would have incurred had it operated as a separate publicly traded company.
- Currently, SpinCo's business is integrated with the other businesses of Rayonier. Historically, SpinCo has shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although SpinCo will enter into transition agreements with Rayonier, these arrangements may not fully capture the benefits that SpinCo has enjoyed as a result of being integrated with Rayonier and may result in SpinCo paying higher charges than in the past for these services. This could have an adverse effect on SpinCo's results of operations and financial condition following the completion of the separation.
- Generally, SpinCo's working capital requirements and capital for its general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Rayonier. Following the completion of the separation, SpinCo may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and maybe more costly.

Table of Contents

- After the completion of the separation, the cost of capital for SpinCo's business may be higher than Rayonier's cost of capital prior to the separation.
- SpinCo's historical financial information does not reflect the debt that it will incur as part of the separation and distribution.

Other significant changes may occur in SpinCo's cost structure, management, financing and business operations as a result of operating as a company separate from Rayonier. For additional information about the past financial performance of SpinCo's business and the basis of presentation of the historical combined financial statements and the unaudited pro forma condensed combined financial statements of SpinCo's business, see "Unaudited Pro Forma Condensed Combined Financial Statements," "Selected Historical Combined Financial Data of Rayonier Advanced Materials Inc.," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

There could be significant liability if the distribution is determined to be a taxable transaction.

A condition to the distribution is the receipt by Rayonier of a private letter ruling from the IRS to the effect that, among other things, the separation and the distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code, and it is a condition to the distribution that this private letter ruling shall not be revoked or modified in any material respect. In addition, it is a condition to the distribution that Rayonier receives an opinion from outside tax counsel to the effect that, with respect to certain requirements for tax-free treatment under Section 355 of the Code on which the IRS will not rule, such requirements will be satisfied. The ruling and the opinion rely on certain facts, assumptions, representations and undertakings from Rayonier and SpinCo regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, Rayonier and its shareholders may not be able to rely on the ruling or the opinion of tax counsel and could be subject to significant tax liabilities.

Notwithstanding the private letter ruling from the IRS and opinion of tax counsel, the IRS could determine on audit that the separation is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion that are not covered by the private letter ruling, or for other reasons, including as a result of certain significant changes in the share ownership of Rayonier or SpinCo after the separation. If the separation is determined to be taxable for U.S. federal income tax purposes, Rayonier and its shareholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities and SpinCo could incur significant liabilities. For a description of the sharing of such liabilities between Rayonier and SpinCo, see "Certain Relationships and Related Person Transactions—Tax Matters Agreement."

SpinCo may not be able to engage in certain corporate transactions after the separation.

To preserve the tax-free treatment to Rayonier of the separation and the distribution, under the tax matters agreement that SpinCo will enter into with Rayonier, SpinCo will be restricted from taking any action that prevents the distribution and related transactions from being tax-free for U.S. federal income tax purposes. Under the tax matters agreement, for the two-year period following the distribution, SpinCo will be prohibited, except in certain circumstances, from:

- entering into any transaction resulting in the acquisition of 40% or more of its stock or substantially all of its assets, whether by merger or otherwise;
- merging, consolidating, or liquidating;
- issuing equity securities beyond certain thresholds;

Table of Contents

- repurchasing its capital stock; and
- ceasing to actively conduct its business.

These restrictions may limit SpinCo's ability to pursue certain strategic transactions or other transactions that it may believe to be in the best interests of its stockholders or that might increase the value of its business. In addition, under the tax matters agreement, SpinCo is required to indemnify Rayonier against any such tax liabilities as a result of the acquisition of SpinCo's stock or assets, even if it did not participate in or otherwise facilitate the acquisition.

Until the separation occurs, Rayonier has sole discretion to change the terms of the separation in ways which may be unfavorable to SpinCo.

Until the separation occurs, SpinCo will be a wholly owned subsidiary of Rayonier. Accordingly, Rayonier will effectively have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the distribution and the separation date. These changes could be unfavorable to SpinCo. In addition, Rayonier may decide at any time not to proceed with the separation and distribution.

SpinCo may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect SpinCo's business.

SpinCo may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation and distribution is expected to provide the following benefits, among others:

- a distinct investment identity allowing investors to evaluate the merits, performance, and future prospects of SpinCo separately from Rayonier;
- more efficient allocation of capital for both Rayonier and SpinCo;
- direct access by SpinCo to the capital markets; and
- facilitating incentive compensation arrangements for employees more directly tied to the performance of the relevant company's business, and enhancing employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives, while at the same time creating an independent equity structure that will facilitate SpinCo's ability to effect future acquisitions utilizing SpinCo common stock.

SpinCo may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing SpinCo's business; (b) following the separation, SpinCo may be more susceptible to market fluctuations and other adverse events than if it were still a part of Rayonier; (c) following the separation, SpinCo's business will be less diversified than Rayonier's business prior to the separation; and (d) the other actions required to separate Rayonier's and SpinCo's respective businesses could disrupt SpinCo's operations. If SpinCo fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, the business, financial conditions, and results of operations of SpinCo could be adversely affected.

SpinCo may fail to perform under various transaction agreements that will be executed as part of the separation or it may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation, SpinCo and Rayonier will enter into a separation agreement and will also enter into various other agreements, including a transition services agreement, a tax matters agreement, an

Table of Contents

employee matters agreement and an intellectual property agreement. The separation agreement, the tax matters agreement and employee matters agreement will determine the allocation of assets and liabilities between the companies following the separation for those respective areas and will include any necessary indemnifications related to liabilities and obligations. The transition services agreement will provide for the performance of certain services by each company for the benefit of the other for a period of time after the separation. SpinCo will rely on Rayonier to satisfy its performance and payment obligations under these agreements. If Rayonier is unable to satisfy its obligations under these agreements, including its indemnification obligations, SpinCo could incur operational difficulties or losses. If SpinCo does not have in place its own systems and services, or if SpinCo does not have agreements with other providers of these services once certain transaction agreements expire, SpinCo may not be able to operate its business effectively and its profitability may decline. SpinCo is in the process of creating its own, or engaging third parties to provide, systems and services to replace many of the systems and services that Rayonier currently provides to SpinCo. However, SpinCo may not be successful in implementing these systems and services or in transitioning data from Rayonier's systems to SpinCo's.

After SpinCo's separation from Rayonier, SpinCo will have debt obligations that could adversely affect its business and its ability to meet its obligations.

As of December 31, 2013, on a pro forma basis after giving effect to the new financing arrangements that SpinCo expects to enter into in connection with the separation and after giving effect to the application of the net proceeds of such financing as contemplated under "Unaudited Pro Forma Condensed Combined Financial Statements," SpinCo's total combined indebtedness would have been \$[•] billion.

This significant amount of debt could have important consequences to SpinCo and its investors, including:

- requiring a substantial portion of SpinCo's cash flow from operations to make interest payments on this debt;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing SpinCo's vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow SpinCo's business;
- limiting SpinCo's flexibility in planning for, or reacting to, changes in its business and the industry;
- placing SpinCo at a competitive disadvantage to its competitors that may not be as highly leveraged with debt as SpinCo; and
- limiting SpinCo's ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase common stock.

To the extent that SpinCo incurs additional indebtedness, the risks described above could increase. In addition, SpinCo's actual cash requirements in the future may be greater than expected. SpinCo's cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and SpinCo may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance its debt.

Challenges in the commercial and credit environment may materially adversely affect SpinCo's ability to complete the separation and SpinCo's future access to capital.

SpinCo's ability to issue debt or enter into other financing arrangements on acceptable terms could be materially adversely affected if there is a material decline in the demand for SpinCo's products or in the solvency

Table of Contents

of its customers or suppliers or if other significantly unfavorable changes in economic conditions occur. Volatility in the world financial markets could increase borrowing costs or affect SpinCo's ability to gain access to the capital markets, which could have a material adverse effect on SpinCo's competitive position, business, financial condition, results of operations and cash flows.

Many contracts, which will need to be assigned from Rayonier or its affiliates to SpinCo in connection with the separation, require the consent of the counterparty to such an assignment and failure to obtain these consents could increase SpinCo's expenses or otherwise reduce SpinCo's profitability.

The separation agreement will provide that, in connection with SpinCo's separation, a number of contracts are to be assigned from Rayonier or its affiliates to SpinCo or SpinCo's affiliates. SpinCo currently anticipates that such contracts would be assigned prior to the completion of the distribution. However, some of these contracts may require the contractual counterparty's consent to such an assignment. It is possible that some parties may use the consent requirement to seek more favorable contractual terms from us. If SpinCo is unable to obtain these consents, SpinCo may be unable to obtain some of the benefits, assets and contractual commitments that are intended to be allocated to SpinCo as part of SpinCo's separation. While none of the contracts to be assigned are material to SpinCo's business, if SpinCo is unable to obtain consents with respect to any of the contracts, the loss of the contracts could increase SpinCo's expenses or otherwise reduce SpinCo's profitability.

Risks Related to Rayonier Advanced Materials Inc.'s Common Stock

SpinCo cannot be certain that an active trading market for its common stock will develop or be sustained after the separation, and following the separation, SpinCo's stock price may fluctuate significantly.

A public market for SpinCo common stock does not currently exist. SpinCo anticipates that on or prior to the record date for the distribution, trading of shares of its common stock will begin on a "when-issued" basis and will continue through the distribution date. However, SpinCo cannot guarantee that an active trading market will develop or be sustained for its common stock after the separation. Nor can SpinCo predict the prices at which shares of its common stock may trade after the separation. Similarly, SpinCo cannot predict the effect of the separation on the trading prices of its common stock or whether the combined market value of the shares of SpinCo common stock and the Rayonier common shares will be less than, equal to or greater than the market value of Rayonier common shares prior to the separation.

The market price of SpinCo common stock may fluctuate significantly due to a number of factors, some of which may be beyond SpinCo's control, including:

- actual or anticipated fluctuations in SpinCo's operating results;
- changes in earnings estimated by securities analysts or SpinCo's ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which SpinCo operates; and
- domestic and worldwide economic conditions.

A number of shares of SpinCo common stock are or will be eligible for future sale, which may cause SpinCo's stock price to decline.

Any sales of substantial amounts of SpinCo common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of SpinCo common stock to decline. Upon completion of the distribution, SpinCo expects that it will have an aggregate of approximately [•] shares of its common stock issued and outstanding on [•], 2014. These shares will be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the

Table of Contents

“Securities Act”), unless the shares are owned by one of SpinCo’s “affiliates,” as that term is defined in Rule 405 under the Securities Act. SpinCo is unable to predict whether large amounts of its common stock will be sold in the open market following the distribution. SpinCo is also unable to predict whether a sufficient number of buyers would be in the market at that time.

SpinCo cannot guarantee the timing, amount or payment of dividends on its common stock.

Although SpinCo expects to pay regular cash dividends following the separation, the timing, declaration, amount and payment of future dividends to stockholders will fall within the discretion of SpinCo’s board of directors. The board’s decisions regarding the payment of dividends will depend on many factors, such as SpinCo’s financial condition, earnings, capital requirements, debt service obligations, covenants associated with certain of SpinCo’s debt service obligations, industry practice, legal requirements, regulatory constraints and other factors that the board deems relevant. For more information, see “Dividend Policy.” SpinCo’s ability to pay dividends will depend on its ongoing ability to generate cash from operations and on its access to the capital markets. SpinCo cannot guarantee that it will pay a dividend in the future or continue to pay any dividend if SpinCo commences paying dividends.

Your percentage of ownership in SpinCo may be diluted in the future.

In the future, your percentage ownership in SpinCo may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that SpinCo will be granting to SpinCo’s directors, officers and employees. SpinCo’s employees will have options to purchase shares of its common stock after the distribution as a result of conversion of their Rayonier stock options (in whole or in part) to SpinCo stock options. SpinCo anticipates its compensation committee will grant additional stock options or other stock-based awards to its employees after the distribution. Such awards will have a dilutive effect on SpinCo’s earnings per share, which could adversely affect the market price of SpinCo’s common stock. From time to time, SpinCo will issue additional options or other stock-based awards to its employees under SpinCo’s employee benefits plans.

In addition, SpinCo’s amended and restated certificate of incorporation will authorize SpinCo to issue, without the approval of SpinCo’s stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over SpinCo’s common stock respecting dividends and distributions, as SpinCo’s board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of SpinCo’s common stock. For example, SpinCo could grant the holders of preferred stock the right to elect some number of SpinCo’s directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences SpinCo could assign to holders of preferred stock could affect the residual value of the common stock. See “Description of Rayonier Advanced Materials Inc.’s Capital Stock.”

Certain provisions in SpinCo’s amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of SpinCo, which could decrease the trading price of SpinCo’s common stock.

SpinCo’s amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with SpinCo’s board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of SpinCo’s stockholders to call a special meeting;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;

Table of Contents

- the right of SpinCo's board to issue preferred stock without stockholder approval;
- the division of SpinCo's board of directors into three classes of directors, with each class serving a staggered three-year term, and this classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult;
- a provision that stockholders may only remove directors with cause;
- the ability of SpinCo's directors, and not stockholders, to fill vacancies on SpinCo's board of directors; and
- the requirement that the affirmative vote of stockholders holding at least 80 percent of SpinCo's voting stock is required to amend certain provisions in SpinCo's amended and restated certificate of incorporation and SpinCo's amended and restated bylaws relating to the number, term and election of SpinCo's directors, the filling of board vacancies, the calling of special meetings of stockholders and director and officer indemnification provisions.

In addition, because SpinCo has not chosen to be exempt from Section 203 of the Delaware General Corporation Law, this provision could also delay or prevent a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15 percent of the corporation's outstanding voting stock.

SpinCo believes these provisions will protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with SpinCo's board of directors and by providing SpinCo's board of directors with more time to assess any acquisition proposal. These provisions are not intended to make SpinCo immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that SpinCo's board of directors determines is not in the best interests of SpinCo and SpinCo's stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

In addition, an acquisition or further issuance of SpinCo's stock could trigger the application of Section 355(e) of the Internal Revenue Code. For a discussion of Section 355(e), see "Material U.S. Federal Income Tax Consequences." Under the tax matters agreement, SpinCo would be required to indemnify Rayonier for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.

SpinCo's amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by SpinCo's stockholders, which could discourage lawsuits against SpinCo and SpinCo's directors and officers.

SpinCo's amended and restated certificate of incorporation will provide that unless the board of directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of SpinCo, any action asserting a claim of breach of a fiduciary duty owed by any director or officer of SpinCo to SpinCo or SpinCo's stockholders, creditors or other constituents, any action asserting a claim against SpinCo or any director or officer of SpinCo arising pursuant to any provision of the Delaware General Corporation Law, or the DGCL, or SpinCo's amended and restated certificate of incorporation or bylaws, or any action asserting a claim against SpinCo or any director or officer of SpinCo governed by the internal affairs doctrine. However, if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in another court sitting in the State of Delaware. Although SpinCo's amended and restated certificate of incorporation will

Table of Contents

include this exclusive forum provision, it is possible that a court could rule that this provision is inapplicable or unenforceable. This exclusive forum provision may limit the ability of SpinCo's stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with SpinCo or SpinCo's directors or officers, which may discourage such lawsuits against SpinCo and SpinCo's directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, SpinCo may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect SpinCo's business, financial condition or results of operations.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials Rayonier and SpinCo have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words “believe,” “expect,” “anticipate,” “project” and similar expressions, among others, generally identify “forward-looking statements,” which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. In particular, information included under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” and “The Separation and Distribution” contain forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of SpinCo management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Except as may be required by law, SpinCo undertakes no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date of this information statement. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in addition to the following other factors:

- competitive pressures in the markets in which SpinCo operates;
- risks associated with customer concentration;
- raw material and energy prices;
- risks associated with international operations;
- changes in global economic conditions;
- the preliminary Chinese dumping duties imposed on commodity viscose;
- litigation with the Altamaha Riverkeeper;
- the effect of current and future environmental laws and regulations;
- potential impact of future tobacco-related restrictions;
- potential for additional pension contributions;
- labor relations;
- the effect of weather and other natural conditions;
- transportation cost and availability;
- the failure to attract and retain key personnel;
- the failure to develop new ideas and protect SpinCo’s intellectual property;
- uncertainties related to the availability of additional financing to SpinCo in the future and the terms of such financing;
- risks associated with product liability claims;
- the inability to make or effectively integrate future acquisitions;

Table of Contents

- SpinCo's inability to engage in certain corporate transactions following the separation;
- any failure to realize expected benefits from the separation;
- risks associated with SpinCo's debt obligations following the separation; and
- uncertainties relating to general economic, political, business, industry, regulatory and market conditions.

THE SEPARATION AND DISTRIBUTION

Overview

On January 27, 2014, Rayonier announced that it intended to separate its performance fibers business from its forest resources and real estate businesses. Rayonier announced that it intended to effect the separation through a pro rata distribution of the common stock of a new entity, which is SpinCo, formed to hold the assets and liabilities associated with the performance fibers business.

On [•], 2014, the Rayonier board of directors approved the distribution of the issued and outstanding shares of SpinCo common stock on the basis of [•] shares of SpinCo common stock for each Rayonier common share held as of the close of business on the record date of [•], 2014.

On [•], 2014, the distribution date, each Rayonier shareholder will receive [•] shares of SpinCo common stock for each Rayonier common share held at the close of business on the record date for the distribution, as described below. Rayonier shareholders will receive cash in lieu of any fractional shares of SpinCo common stock that they would have received after application of this ratio. You will not be required to make any payment, surrender or exchange your Rayonier common shares or take any other action to receive your shares of SpinCo's common stock in the distribution. The distribution of SpinCo's common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "The Separation and Distribution—Conditions to the Distribution."

Reasons for the Separation

The Rayonier board of directors determined that the separation of Rayonier's performance fibers business from its forest resources and real estate businesses would be in the best interests of Rayonier and its shareholders and approved the plan of separation. A wide variety of factors were considered by the Rayonier board of directors in evaluating the separation. Among other things, the Rayonier board of directors considered the following potential benefits of the separation:

- *Distinct investment identity.* The separation will allow investors to separately value Rayonier and SpinCo based on their distinct investment identities. SpinCo's performance fibers business differs from Rayonier's business in several respects, such as the market for products, manufacturing processes, research and development capabilities and capital intensity. The separation will enable investors to evaluate the merits, performance and future prospects of each company's respective business and to invest in each company separately based on these distinct characteristics, and may attract new investors, who may not have properly assessed the potentially higher value of the performance fibers business relative to the value it is currently accorded as a business of a taxable REIT subsidiary.
- *Enhanced strategic and management focus.* The separation will allow SpinCo and Rayonier to more effectively pursue their distinct operating priorities and strategies and enable management of both companies to focus on unique opportunities for long-term growth and profitability. For example, while SpinCo's management will be able to focus exclusively on its performance fibers business, the management of Rayonier will be dedicated solely to growing its forest resources and real estate businesses.
- *More efficient allocation of capital.* The separation will permit each company to concentrate its financial resources solely on its own operations without having to compete with each other for investment capital. This will provide each company with greater flexibility to invest capital in its businesses in a time and manner appropriate for its distinct strategy and business needs and facilitate a more efficient allocation of capital. In particular, the separation will allow SpinCo to incur higher leverage than it currently has on a stand-alone basis, which would result in a lower overall cost of capital.

Table of Contents

- *Direct access to capital markets.* The separation will create an independent equity structure that will afford SpinCo direct access to the capital markets and will facilitate SpinCo's ability to effect future acquisitions utilizing SpinCo's common stock. As a result, each company will have more flexibility to capitalize on its unique growth opportunities.
- *Alignment of incentives with performance objectives.* The separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's business, and enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.

Neither SpinCo nor Rayonier can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Rayonier board of directors also considered a number of potentially negative factors in evaluating the separation, including the loss of synergies and joint purchasing power and increased costs resulting from operating as a separate public entity, one-time costs of the separation, the risk of not realizing the anticipated benefits of the separation and limitations placed upon SpinCo as a result of any tax-sharing agreement. The Rayonier board of directors concluded that the potential benefits of the separation outweighed these factors.

Formation of Rayonier Advanced Materials Inc.

SpinCo was formed in Delaware on January 16, 2014, for the purpose of holding Rayonier's performance fibers business. As part of the plan to separate the performance fibers business from the remainder of its businesses, Rayonier plans to transfer the equity interests of certain entities that operate the performance fibers business and the assets and liabilities of the performance fibers business to SpinCo prior to the distribution, including environmental liabilities relating to prior dispositions and discontinued operations which were unrelated to SpinCo's ongoing operations.

When and How You Will Receive the Distribution

With the assistance of Computershare, Rayonier expects to distribute SpinCo common stock on [•], 2014, the distribution date, to all holders of outstanding Rayonier common shares as of the close of business on [•], 2014, the record date for the distribution. Computershare, which currently serves as the transfer agent and registrar for Rayonier's common shares, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for SpinCo common stock.

If you own Rayonier common shares as of the close of business on the record date for the distribution, SpinCo's common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Computershare will then mail you a direct registration account statement that reflects your shares of SpinCo common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. If you own Rayonier common shares through the Rayonier dividend reinvestment plan, the SpinCo shares you receive will be distributed to a new SpinCo dividend reinvestment plan account that will be created for you. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. If you sell Rayonier common shares in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of SpinCo common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Rayonier common shares and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of SpinCo's common stock that have been registered in book-entry form in your name.

Table of Contents

Most Rayonier shareholders hold their common shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your Rayonier common shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the SpinCo common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in “street name,” please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of SpinCo common stock distributed to holders in connection with the distribution will be transferable without registration under the U.S. Securities Act of 1933, as amended, or the Securities Act, except for shares received by persons who may be deemed to be SpinCo affiliates. Persons who may be deemed to be SpinCo affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with SpinCo, which may include certain SpinCo executive officers, directors or principal stockholders. Securities held by SpinCo affiliates will be subject to resale restrictions under the Securities Act. SpinCo affiliates will be permitted to sell shares of SpinCo common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Rayonier Advanced Materials Inc. Common Stock You Will Receive

For each Rayonier common share that you own at the close of business on [•], 2014, the record date for the distribution, you will receive [•] shares of SpinCo common stock on the distribution date. Rayonier will not distribute any fractional shares of SpinCo common stock to its shareholders. Instead, if you are a registered holder, Computershare (which is sometimes referred to herein as the distribution agent) will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by Rayonier or SpinCo, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either Rayonier or SpinCo. Computershare is not an affiliate of either Rayonier or SpinCo. Neither SpinCo nor Rayonier will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds of these sales of fractional shares will be taxable for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences” for an explanation of the material U.S. federal income tax consequences of the distribution. If you hold physical certificates for Rayonier common shares and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. SpinCo estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your Rayonier common shares through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity Based Compensation

As of the distribution date, each Rayonier stock option will be converted into both an adjusted Rayonier stock option and a SpinCo stock option, with adjustments made to the exercise prices and number of shares subject to each option in order to preserve the aggregate intrinsic value of the original Rayonier stock option as measured immediately before and immediately after the separation, subject to rounding. The adjusted Rayonier stock options and the SpinCo stock options will be subject to substantially the same terms, vesting conditions, post-termination exercise rules, and other restrictions that applied to the original Rayonier stock option

Table of Contents

immediately before the separation. Holders of Rayonier restricted stock, including Rayonier non-employee directors, will retain those awards and also will receive restricted stock of SpinCo, in an amount that reflects the distribution to Rayonier shareholders, by applying the distribution ratio to Rayonier restricted stock awards as though they were unrestricted Rayonier common shares.

Performance share awards outstanding as of the distribution date will be treated as follows:

- Performance share awards granted in 2012 (with a 2012-2014 performance period) will be split into both Rayonier performance share awards and SpinCo performance share awards and will continue to be subject to the same performance criteria as applied immediately prior to the separation, except that total shareholder return at the end of the performance period will be based on the combined stock prices of Rayonier and SpinCo and any payment earned will be made to the applicable award holder in shares of Rayonier common stock and shares of SpinCo common stock.
- Performance share awards granted in 2013 (with a 2013-2015 performance period) will be cancelled as of the distribution date and replaced with time-vested equity awards of the post-separation employer of each award holder (Rayonier or SpinCo, as the case may be) that will vest 24 months after the distribution date, generally subject to the holder's continued employment. The value of each time-vested equity award will be equivalent to the grant date value of the performance share award that it replaces, subject to rounding.
- Performance share awards granted in 2014 (with a 2014-2016 performance period) will be cancelled and replaced with performance share awards of the post-separation employer of each holder (Rayonier or SpinCo, as the case may be), and will be subject to the achievement of performance criteria that relate to the post-separation business of the applicable employer during a performance period ending December 31, 2016. The value of each replacement performance share award will be equivalent to the grant date value of the performance share award that it replaces, subject to rounding.

Treatment of 401(k) Shares

Rayonier common shares held in Rayonier's 401(k) plans will be treated in the same manner in the distribution as outstanding Rayonier common shares.

Results of the Distribution

After its separation from Rayonier, SpinCo will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on [•], 2014, the record date for the distribution, and will reflect any exercise of Rayonier options between the date the Rayonier board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding Rayonier common shares or any rights of Rayonier shareholders. Rayonier will not distribute any fractional shares of SpinCo common stock.

SpinCo will enter into a separation agreement and other related agreements with Rayonier before the distribution to effect the separation and provide a framework for SpinCo's relationship with Rayonier after the separation. These agreements will provide for the allocation between Rayonier and SpinCo of Rayonier's assets, liabilities and obligations (including employee benefits, intellectual property, and tax-related assets and liabilities) attributable to periods prior to SpinCo's separation from Rayonier and will govern the relationship between Rayonier and SpinCo after the separation. For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions."

Market for Rayonier Advanced Materials Inc.'s Common Stock

There is currently no public trading market for SpinCo's common stock. SpinCo intends to apply to list its common stock on the New York Stock Exchange under the symbol "RYAM." SpinCo has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

Table of Contents

SpinCo cannot predict the price at which its common stock will trade after the distribution. In fact, the combined trading prices, after the separation, of the shares of SpinCo common stock that each Rayonier shareholder will receive in the distribution and the Rayonier common shares held at the record date for the distribution may not equal the “regular-way” trading price of an Rayonier share immediately prior to the separation. The price at which SpinCo common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for SpinCo common stock will be determined in the public markets and may be influenced by many factors. See “Risk Factors—Risks Related to Rayonier Advanced Materials Inc.’s Common Stock.”

Incurrence of Debt

Prior to the distribution, SpinCo expects to incur approximately, \$[•] billion of new debt. The \$[•] billion of indebtedness is expected to consist of a \$[•] million term loan, and \$[•] million of corporate bonds. The net proceeds of the borrowings are expected to fund cash transfers of approximately \$950 million to Rayonier, as described in “Certain Relationships and Related Person Transactions—The Separation Agreement—Cash Transfers,” with the balance to be used by SpinCo for general corporate purposes.

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, Rayonier expects that there will be two markets in Rayonier common shares: a “regular-way” market and an “ex-distribution” market. Rayonier common shares that trade on the “regular-way” market will trade with an entitlement to SpinCo common shares distributed pursuant to the separation. Rayonier common shares that trade on the “ex-distribution” market will trade without an entitlement to SpinCo common stock distributed pursuant to the distribution. Therefore, if you sell Rayonier common shares in the “regular-way” market up to and including through the distribution date, you will be selling your right to receive SpinCo common stock in the distribution. If you own Rayonier common shares at the close of business on the record date and sell those shares on the “ex-distribution” market up to and including through the distribution date, you will receive the shares of SpinCo common stock that you are entitled to receive pursuant to your ownership as of the record date of the Rayonier common shares.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, SpinCo expects that there will be a “when-issued” market in its common stock. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for SpinCo common stock that will be distributed to holders of Rayonier common shares on the distribution date. If you owned Rayonier common shares at the close of business on the record date for the distribution, you would be entitled to SpinCo common stock distributed pursuant to the distribution. You may trade this entitlement to shares of SpinCo common stock, without the Rayonier common shares you own, on the “when-issued” market. On the first trading day following the distribution date, “when-issued” trading with respect to SpinCo common stock will end, and “regular-way” trading will begin.

Conditions to the Distribution

SpinCo has announced that the distribution will be effective at 11:59 p.m., Eastern time, on [•], 2014, which is the distribution date, provided that the following conditions shall have been satisfied (or waived by Rayonier in its sole discretion):

- the transfer of assets and liabilities from Rayonier to SpinCo shall have been completed in accordance with the separation agreement;
- Rayonier shall have received a private letter ruling from the IRS to the effect that, among other things, the contribution of assets and liabilities from Rayonier to SpinCo and the distribution, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes

Table of Contents

under Sections 355 and 368(a)(1)(D) of the Code and certain transactions related to the transfer of assets and liabilities to SpinCo in connection with the separation will not result in the recognition of any gain or loss to Rayonier, SpinCo or their shareholders, and such private letter ruling shall not have been revoked or modified in any material respect;

- Rayonier shall have received an opinion from Rayonier's outside tax counsel to the effect that, with respect to certain requirements for tax-free treatment under Section 355 of the Code on which the IRS will not rule, such requirements will be satisfied;
- the SEC shall have declared effective SpinCo's registration statement on Form 10, of which this information statement forms a part, and this information statement shall have been mailed to the Rayonier shareholders;
- all actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental authority;
- the transaction agreements relating to the separation shall have been duly executed and delivered by the parties;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions shall be in effect;
- the shares of SpinCo common stock to be distributed shall have been accepted for listing on the NYSE subject to official notice of distribution;
- Rayonier shall have received the proceeds from the cash transfers from SpinCo, as described in "Certain Relationships and Related Person Transactions—The Separation Agreement—Cash Transfers", and Rayonier shall be satisfied in its sole and absolute discretion that, as of the effective time of the distribution, it shall have no further liability under any of the SpinCo financing arrangements described under "Description of Material Indebtedness—Indebtedness in Connection with the Separation"; and
- no event or development shall have occurred or exist that, in the judgment of Rayonier's board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and other related transactions.

Rayonier will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date and the distribution ratio. Rayonier will also have sole discretion to waive any of the conditions to the distribution. Rayonier does not intend to notify its shareholders of any modifications to the terms of the separation that, in the judgment of its board of directors, are not material. For example, the Rayonier board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the Rayonier board of directors determines that any modifications by Rayonier materially change the material terms of the distribution, Rayonier will notify Rayonier shareholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

DIVIDEND POLICY

SpinCo expects that it will pay a regular cash dividend at an annual rate of \$[•] per share, starting with the quarterly dividend to be paid in [•], 2014. However, the timing, declaration, amount of and payment of any dividends following the separation by SpinCo is within the discretion of its board of directors and will depend upon many factors, including SpinCo's financial condition, earnings, capital requirements of its operating subsidiaries, debt service obligations, covenants associated with certain of SpinCo's debt service obligations, legal requirements, regulatory constraints, industry practice, ability to gain access to capital markets, and other factors deemed relevant by its board of directors. Moreover, if SpinCo determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends.

CAPITALIZATION

The following table sets forth SpinCo's capitalization as of December 31, 2013, on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in SpinCo's unaudited pro forma financial information. The information below is not necessarily indicative of what SpinCo's capitalization would have been had the separation, distribution and related financing transactions been completed as of December 31, 2013. In addition, it is not indicative of SpinCo's future capitalization. This table should be read in conjunction with "Unaudited Pro Forma Condensed Combined Financial Statements," "Selected Historical Combined Financial Data of Rayonier Advanced Materials Inc.," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and SpinCo's combined financial statements and notes included in the "Index to Financial Statements and Schedule" section of this information statement.

(dollar amounts in millions)	December 31, 2013	
	Actual	Pro Forma
Cash		
Cash and cash equivalents	\$ —	\$ —
Capitalization:		
Debt Outstanding		
Long-term debt	\$ —	\$ —
Net Investment		
Common stock	\$ —	\$ —
Additional paid-in capital	—	939
Retained earnings	1,416	—
Transfers to parent, net	(408)	—
Accumulated other comprehensive loss	(40)	(55)
Total net investment	968	884
Total capitalization	<u>\$ 968</u>	<u>\$ 884</u>

SpinCo has not yet finalized its post-distribution capitalization. Pro forma financial information reflecting SpinCo's post-distribution capitalization will be included in an amendment to this information statement.

Table of Contents

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF RAYONIER ADVANCED MATERIALS INC.

The following selected financial data reflect the combined operations of SpinCo. SpinCo derived the selected combined income statement data for the years ended December 31, 2013, 2012 and 2011, and the selected combined balance sheet data as of December 31, 2013 and 2012, as set forth below, from its audited combined financial statements, which are included in the “Index to Financial Statements and Schedule” section of this information statement. SpinCo derived the selected combined income statement data for the years ended December 31, 2010 and 2009 and the selected combined balance sheet data as of December 31, 2011, 2010 and 2009 from SpinCo’s underlying financial records, which were derived from the financial records of Rayonier and are not included in this information statement. The historical results do not necessarily indicate the results expected for any future period. To ensure a full understanding, you should read the selected combined financial data presented below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the combined financial statements and accompanying notes included elsewhere in this information statement.

(dollar amounts in millions)	Years Ended December 31,				
	2013	2012	2011	2010	2009
Statement of Income Data:					
Sales	\$ 1,047	\$ 1,095	\$ 1,021	\$ 884	\$ 841
Gross margin	333	379	323	232	201
Operating income (a)	289	342	283	201	373
Net income (a)	220	242	214	159	305
Balance Sheet Data:					
Total assets (b)	\$ 1,120	\$ 921	\$ 665	\$ 568	\$ 737
Property, plant and equipment, net	846	681	433	358	318
Other Operating Data:					
EBITDA (a) (c)	\$ 363	\$ 403	\$ 339	\$ 259	\$ 431
Alternative Fuel Mixture Credit	—	—	—	—	(205)
Adjusted EBITDA (c)	\$ 363	\$ 403	\$ 339	\$ 259	\$ 226
Sales volumes (thousands of metric tons)					
Cellulose specialties	486	503	504	480	464
Absorbent materials	106	214	227	238	270
Commodity viscose	51	—	—	—	—
Total	643	717	731	718	734

- (a) Results for 2009 include \$205.2 million, net of expenses, related to the Alternative Fuel Mixture Credit (“AFMC”). See Note 7 — *Income Taxes* to the Combined Financial Statements for additional information.
- (b) Total Assets in 2009 include a \$215.5 million receivable related to the Alternative Fuel Mixture Credit (“AFMC”). See Note 7 — *Income Taxes* to the Combined Financial Statements for additional information.
- (c) For a reconciliation of EBITDA and Adjusted EBITDA to gross margin and cash flow from operations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator.”

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined financial statements presented below have been derived from SpinCo's historical combined financial statements included in this information statement. While the historical combined financial statements reflect the past financial results of SpinCo's performance fibers business, these pro forma statements give effect to the separation of that business into an independent, publicly traded company. The pro forma adjustments to reflect the separation include:

- The distribution of SpinCo common stock to Rayonier shareholders.
- The issuance by SpinCo of \$[•] billion of new debt in connection with the separation.
- The transfer by SpinCo of approximately \$950 million to Rayonier prior to the distribution.
- The transfer of assets and liabilities from Rayonier to SpinCo, primarily related to postretirement benefit plans, certain property, plant and equipment, and environmental liabilities associated with prior dispositions and discontinued operations, which were not included in the historical combined statements.

The pro forma adjustments are based on available information and assumptions management believes are reasonable; however, such adjustments are subject to change as the costs of operating as a stand-alone company are determined. In addition, such adjustments are estimates and may not prove to be accurate. The unaudited pro forma condensed combined financial statements do not reflect all of the costs of operating as a stand-alone company, including possible higher information technology, tax, accounting, treasury, legal, investor relations, insurance and other similar expenses associated with operating as a stand-alone company. Only costs that management has determined to be factually supportable and recurring are included as pro forma adjustments, including the items described above. Incremental costs and expenses associated with operating as a stand-alone company, which are not reflected in the accompanying pro forma condensed combined financial statements, are estimated to be approximately \$[•] million before-tax annually.

Subject to the terms of the separation and distribution agreement, SpinCo will generally pay all nonrecurring third-party costs and expenses related to the separation and incurred by SpinCo prior to the separation date. Such nonrecurring amounts are expected to include costs to separate and/or duplicate information technology systems, investment banker fees, outside legal and accounting fees, debt issuance and other similar costs. After the separation, subject to the terms of the separation and distribution agreement, all costs and expenses related to the separation incurred by either Rayonier or SpinCo will be borne by the party incurring the costs and expenses. Nonrecurring costs associated with the separation, which SpinCo expects to include in its income within one year after the separation, are estimated to be approximately \$[•] million before-tax.

The unaudited pro forma condensed combined statement of income for the year ended December 31, 2013 has been prepared as though the separation occurred on January 1, 2013. The unaudited pro forma condensed combined financial statements are for illustrative purposes only, and do not reflect what SpinCo's financial position and results of operations would have been had the separation occurred on the dates indicated and are not necessarily indicative of its future financial position and future results of operations.

SpinCo's retained cash balance and the amount of the cash distribution to Rayonier are subject to certain adjustments for SpinCo employee-related assets and liabilities. The following pro forma statements do reflect the impact of such adjustments, though the amount of the adjustment at the separation date will be different (either higher or lower) depending on the final selection of employees.

The unaudited pro forma condensed combined financial statements should be read in conjunction with SpinCo's historical combined financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this information statement. The unaudited pro forma condensed combined financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Statement Concerning Forward-Looking Statements" included elsewhere in this information statement.

[Table of Contents](#)

RAYONIER ADVANCED MATERIALS INC.
UNAUDITED PROFORMA CONDENSED
COMBINED STATEMENT OF INCOME
For the Year Ended December 31, 2013
(in millions of dollars, except for per share amounts)

	<u>As Reported</u>	<u>Debt</u>	<u>Pro Forma</u>
SALES	<u>\$ 1,047</u>	<u>\$ —</u>	<u>\$ 1,047</u>
Costs and expenses			
Cost of sales	714	—	714
Gross margin	333	—	333
Selling and general expenses	36	—	36
Other operating expense	8	—	8
OPERATING INCOME	<u>289</u>	<u>—</u>	<u>289</u>
Interest expense	—	— (a)	—
Interest and miscellaneous income, net	—	—	—
INCOME BEFORE INCOME TAXES	<u>289</u>	<u>—</u>	<u>289</u>
Income tax expense	69	— (b)	69
NET INCOME	<u><u>\$ 220</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 220</u></u>
Pro forma earnings per share:			
Basic			[•] (c)
Diluted			[•] (c)
Pro forma weighted average shares outstanding (in thousands):			
Basic			[•] (c)
Diluted			[•] (c)

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Statements.

RAYONIER ADVANCED MATERIALS INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
As of December 31, 2013
(in millions of dollars unless otherwise stated)

	As Reported	Disc Ops (d)	Benefits (e)	Debt (f)	Other	Pro Forma
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts receivable, less allowance for doubtful accounts of \$140 thousand	71	—	—	—	—	71
Inventory	129	—	—	—	—	129
Deferred tax assets	23				(19) (g)	4
Prepaid and other current assets	23	—	—	—	—	23
Total current assets	<u>246</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(19)</u>	<u>227</u>
PROPERTY, PLANT AND EQUIPMENT						
Land	13	—	—	—	—	13
Buildings	174	—	—	—	—	174
Machinery and equipment	1,749	—	—	—	2	1,751
Construction in progress	20	—	—	—	—	20
Total property, plant and equipment, gross	1,956	—	—	—	2	1,958
Less—accumulated depreciation	(1,110)	—	—	—	(1)	(1,111)
Total property, plant and equipment, net	846	—	—	—	1	847
OTHER ASSETS	28	11	—	—	—	39
TOTAL ASSETS	<u>\$ 1,120</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (18)</u>	<u>\$ 1,113</u>
LIABILITIES AND NET INVESTMENT						
CURRENT LIABILITIES						
Accounts payable	\$ 54	\$ —	\$ —	\$ —	\$ —	\$ 54
Current liabilities for dispositions and discontinued operations	—	7	—	—	—	7
Other current liabilities	26	—	—	—	3	29
Total current liabilities	<u>80</u>	<u>7</u>	<u>—</u>	<u>—</u>	<u>3</u>	<u>90</u>
LONG-TERM DEBT	—	—	—	—	—	—
NON-CURRENT LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	—	70	—	—	—	70
PENSION AND OTHER POSTRETIREMENT BENEFITS	22	—	33	—	—	55
DEFERRED INCOME TAXES	49	(28)	(9)	—	—	12
OTHER NON-CURRENT LIABILITIES	1	—	—	—	1	2
COMMITMENTS AND CONTINGENCIES						
NET INVESTMENT						
Common stock	—	—	—	—	—	—
Additional paid-in capital	—	—	—	—	939 (h)	939
Retained earnings	1,416	—	—	—	(1,416) (h)	—
Transfers to Rayonier, net	(408)	(38)	(9)	—	455 (h)	—
Accumulated other comprehensive loss	(40)	—	(15)	—	—	(55)
TOTAL NET INVESTMENT	<u>968</u>	<u>(38)</u>	<u>(24)</u>	<u>—</u>	<u>(22)</u>	<u>884</u>
TOTAL LIABILITIES AND NET INVESTMENT	<u>\$ 1,120</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (18)</u>	<u>\$ 1,113</u>

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Statements.

Table of Contents

- (a) Represents adjustments to interest resulting from the assumed incurrence of \$[•] billion of indebtedness in connection with the separation, as follows:

	Year Ended December 31, 2013	Year Ended December 31, 2012
(dollars in millions unless otherwise stated)		
Interest expense on \$[•] billion of newly incurred indebtedness	\$ [•]	\$ [•]
Loan fees and amortization of debt issuance costs	[•]	[•]
Total pro forma adjustments to interest expense	<u>\$ [•]</u>	<u>\$ [•]</u>

Pro forma interest expense was calculated based on an assumed blended rate of [•] percent before debt issuance costs and fees. The interest rates reflect estimates based on an assumed high yield (BB) rating with an appropriate spread over the relevant benchmark rate. Interest expense also includes amortization of debt issuance costs and liquidity facility fees (see Note (•)). In addition, bridge loan fees incurred at certain stages while the loan is outstanding are incorporated. Debt issuance costs and liquidity facility fees are amortized over the terms of the associated debt and credit facility. Certain of the bridge loan fees are expensed as incurred. The calculation of interest assumes constant debt levels throughout the period presented; actual interest expense may be higher or lower depending on fluctuations in interest rates. A [•] percent change in interest rates would result in a \$[•] million change in annual interest expense.

- (b) Represents the tax effect of pro forma adjustments to income before income taxes using the statutory tax rate (35% federal rate plus an effective 1.5% state rate) percent for the year ended December 31, 2013. The effective tax rate of SpinCo could be different (either higher or lower) depending on activities subsequent to the separation.
- (c) The calculations of pro forma basic earnings per share and average shares outstanding for the period presented are based on the number of shares used to calculate Rayonier common shares outstanding for the year ended December 31, 2013, adjusted for the distribution ratio of [•] share of SpinCo's common stock for every [•] shares of Rayonier common shares outstanding.

The calculations of pro forma diluted earnings per share and average shares outstanding for the period presented are based on the number of shares used to calculate Rayonier diluted earnings per share for the year ended December 31, 2013, adjusted for the same distribution ratio. This calculation may not be indicative of the dilutive effect that will actually result from SpinCo stock-based awards issued in connection with the adjustment of outstanding Rayonier stock-based awards or the grant of new stock-based awards. The number of dilutive shares of common stock underlying SpinCo stock-based awards issued in connection with the adjustment of outstanding Rayonier stock-based awards will not be determined until after the distribution date.

- (d) Represents environmental liabilities relating to prior dispositions and discontinued operations of Rayonier. See "Liabilities for Dispositions and Discontinued Operations" for additional information.
- (e) Represents the funded status associated with Rayonier-sponsored pension plans and other employee benefit arrangements for SpinCo employees located in the United States. The actual amount of pension and employee benefit assets and liabilities will be different (either higher or lower) based on the final selection of employees.
- (f) The \$[•] billion of long-term debt is expected to consist of a \$[•] million term loan, and \$[•] million of corporate bonds. In addition, SpinCo expects to have access to approximately \$[•] million in liquidity through a revolving credit facility. The actual debt structure may vary depending on market conditions. Costs and expenses related to obtaining the debt, including the liquidity facility, will be deferred and amortized.

Table of Contents

(g) Represents the Cellulosic Biofuel Producer Credit (“CBPC”) tax credit carryforward which will be utilized in the income tax returns of Rayonier TRS Holdings Inc., a wholly-owned subsidiary of Rayonier. SpinCo was a subsidiary of Rayonier and, for purposes of U.S. federal and state income taxes, was not directly subject to income taxes but was included in the income tax return of Rayonier TRS Holdings Inc. At the date of separation, any CBPC carryforward will not be available to offset future taxes of SpinCo but will remain with Rayonier TRS Holdings Inc. See Note 3 — *Summary of Significant Accounting Policies* and Note 7— *Income Taxes* to the Condensed Combined Financial Statements for additional information.

(h) Represents the elimination of the net investment by Rayonier and adjustments to additional paid in capital resulting from the following:

(dollars in millions)

Reclassification of Rayonier’s net investment	\$	(408)
Reclassification of SpinCo’s retained earnings		1,416
New assets and liabilities recorded on SpinCo’s books		(84)
New accumulated other comprehensive loss recorded on SpinCo’s books		15
Total additional paid-in capital	\$	939

LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS

Included in the Unaudited Pro Forma Condensed Combined Balance Sheet at December 31, 2013 are environmental liabilities relating to prior dispositions and discontinued operations, which include Rayonier’s Port Angeles, Washington dissolving pulp mill that was closed in 1997; Rayonier’s wholly-owned subsidiary, Southern Wood Piedmont Company (“SWP”), which ceased operations other than environmental investigation and remediation activities in 1989; and other miscellaneous assets held for disposition. Southern Wood Piedmont Company owns or has liability for ten inactive former wood treating sites that are subject to the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and/or other similar federal or state statutes relating to the investigation and remediation of environmentally-impacted sites.

Use of Estimates

At December 31, 2013, these prior dispositions and discontinued operations had \$76 million of accrued liabilities for environmental costs. Numerous cost assumptions are used in estimating these obligations. Factors affecting these estimates include changes in the nature or extent of contamination, changes in the content or volume of the material discharged or treated in connection with one or more impacted sites, requirements to perform additional or different assessment or remediation, changes in technology that may lead to additional or different environmental remediation strategies, approaches and workplans, discovery of additional or unanticipated contaminated soil, groundwater or sediment on or off-site, changes in remedy selection, changes in law or interpretation of existing law and the outcome of negotiations with governmental agencies or non-governmental parties. Management periodically reviews its environmental liabilities and also engages third-party consultants to assess its ongoing remediation of contaminated sites. A significant change in any of the estimates could have a material effect on the results of operations. Typically, these cost estimates do not vary significantly on a quarter-to-quarter basis, although there can be no assurance that such a change will not occur in the future.

Significant Accounting Policies

Liabilities are established to assess, remediate and monitor sites related to dispositions or discontinued operations from which no current or future benefit is discernible. These obligations are established based on

Table of Contents

payments over the next 20 years and require significant estimates to determine the proper amount at any point in time. Generally, monitoring expense obligations are fixed once remediation projects are at or near completion. The projected period, from 2014 through 2033, reflects the time in which potential future costs are both estimable and probable. As new information becomes available, these cost estimates are updated and recorded liabilities are adjusted appropriately. Environmental liabilities are accounted for on an undiscounted basis and are reflected in current and non-current "Liabilities for dispositions and discontinued operations" in the Unaudited Pro Forma Condensed Combined Balance Sheet.

An analysis of activity in the liabilities for dispositions and discontinued operations for the three years ended December 31 follows:

(dollars in millions)	2013	2012	2011
Balance, beginning of period	\$ 81.7	\$ 90.8	\$ 93.2
Expenditures charged to liabilities	(8.6)	(9.9)	(9.2)
Increase to liabilities	3.3	0.8	6.8
Balance, end of period	76.4	81.7	90.8
Less: Current portion	(6.8)	(8.1)	(9.9)
Non-current portion	\$ 69.6	\$ 73.6	\$ 80.9

Below are disclosures for specific site liabilities where current estimates exceed 10 percent of the total liabilities for dispositions and discontinued operations at December 31, 2013. An analysis of the activity for the three years ended December 31 is as follows:

Sites	Activity (in millions) as of December 31, (Reduction)						
	2011 Liability	Expenditures	Increase to Liabilities	2012 Liability	Expenditures	Increase (Reduction) to Liabilities	2013 Liability
Augusta, Georgia	\$ 13.9	\$ (0.8)	\$ (1.0)	\$ 12.1	\$ (1.0)	\$ 0.8	\$ 11.9
Spartanburg, South Carolina	14.7	(0.9)	0.2	14.0	(1.4)	(0.8)	11.8
East Point, Georgia	11.0	(1.0)	0.9	10.9	(0.8)	(0.2)	9.9
Baldwin, Florida	9.7	(0.9)	0.3	9.1	(1.1)	2.7	10.7
Other SWP sites	26.3	(3.6)	(1.8)	20.9	(2.1)	(0.2)	18.6
Total SWP	75.6	(7.2)	(1.4)	67.0	(6.4)	2.3	62.9
Port Angeles, Washington	9.3	(1.7)	1.9	9.5	(1.5)	1.4	9.4
All other sites	5.9	(1.0)	0.3	5.2	(0.7)	(0.4)	4.1
TOTAL	\$ 90.8	\$ (9.9)	\$ 0.8	\$ 81.7	\$ (8.6)	\$ 3.3	\$ 76.4

A brief description of each of these sites is as follows:

Augusta, Georgia — SWP operated a wood treatment plant at this site from 1928 to 1988. The majority of visually contaminated surface soils have been removed, and remediation activities currently consist primarily of a groundwater treatment and recovery system. The site operates under a 10-year hazardous waste permit issued pursuant to the Resource Conservation and Recovery Act, which expires in 2014. Current cost estimates could change if recovery or discharge volumes increase or decrease significantly, or if changes to current remediation activities are required in the future. Total spending as of December 31, 2013 was \$68.3 million. Liabilities are recorded to cover obligations for the estimated remaining remedial and monitoring activities through 2033.

Spartanburg, South Carolina — SWP operated a wood treatment plant at this site from 1925 to 1989. Remediation activities include: (1) a recovery system and biological wastewater treatment plant, (2) an ozone-sparging system treating soil and groundwater and (3) an ion-exchange resin system treating groundwater. In

Table of Contents

2012, SWP entered into a consent decree with the South Carolina Department of Health and Environmental Control which governs future investigatory and assessment activities at the site. Depending on the results of this investigation and assessment, additional remedial actions may be required in the future. Therefore, current cost estimates could change. Total spending as of December 31, 2013 was \$40.2 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2033.

East Point, Georgia — SWP operated a wood treatment plant at this site from 1908 to 1984. This site operates under a 10-year Resource Conservation and Recovery Act hazardous waste permit, which is currently in the renewal process. In 2009, SWP entered into a consent order with the Environmental Protection Division of the Georgia Department of Natural Resources which requires that SWP perform certain additional investigatory, analytical and potentially, remedial activity. Therefore, while active remedial measures are currently ongoing, additional remedial measures may be necessary in the future. Total spending as of December 31, 2013 was \$21.8 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2033.

Baldwin, Florida — SWP operated a wood treatment plant at this site from 1954 to 1987. This site operates under a 10-year hazardous waste permit issued pursuant to the Resource Conservation and Recovery Act, which expires in 2016. Visually contaminated surface soils have been removed, and current remediation activities primarily consist of a groundwater recovery and treatment system. Investigation and assessment of other potential areas of concern are ongoing in accordance with the facility's Resource Conservation and Recovery Act permit and additional remedial activities may be necessary in the future. Therefore, current cost estimates could change. Total spending as of December 31, 2013 was \$21.7 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2033.

Port Angeles, Washington — Rayonier operated a dissolving pulp mill at this site from 1930 until 1997. The site and the adjacent marine areas (a portion of Port Angeles harbor) have been in various stages of the assessment process under the Washington Model Toxics Control Act ("MTCA") since about 2000, and several voluntary interim soil clean-up actions have also been performed during this time. In 2010, Rayonier entered into an agreed order with the Washington Department of Ecology ("Ecology"), under which the MTCA investigatory, assessment and feasibility and alternatives study process will be completed on a set timetable, subject to approval of all reports and studies by Ecology. Upon completion of all work required under the agreed order and negotiation of an approved remedy, additional remedial measures for the site and adjacent marine areas may be necessary in the future. Total spending as of December 31, 2013 was \$42.7 million. Liabilities are recorded to cover obligations for the estimated assessment, remediation and monitoring obligations that are deemed probable and estimable at this time.

The estimated expenditures for environmental investigation, remediation, monitoring and other costs for all dispositions and discontinued operations will be approximately \$8 million in 2014 and \$7 million in 2015. Such costs will be charged against the established liabilities for dispositions and discontinued operations, which include environmental assessment, remediation and monitoring costs. Management believes established liabilities are sufficient for costs expected to be incurred over the next 20 years with respect to its dispositions and discontinued operations. Remedial actions for these sites vary, but include on-site (and in certain cases off-site) removal or treatment of contaminated soils and sediments, recovery and treatment/remediation of groundwater, and source remediation and/or control.

In addition, these prior dispositions and discontinued operations are exposed to the risk of reasonably possible additional losses in excess of the established liabilities. As of December 31, 2013, this amount could range up to \$30 million, allocable over several of the applicable sites, and arises from uncertainty over the availability, feasibility or effectiveness of certain remediation technologies, additional or different contamination that may be discovered, development of new or more effective environmental remediation technologies and the exercise of discretion in interpretation of applicable law and regulations by governmental agencies.

BUSINESS**Overview**

SpinCo is the leading global producer of high-value cellulose, a natural polymer, used as a raw material to manufacture a broad range of consumer-oriented products such as cigarette filters, liquid crystal displays, impact-resistant plastics, thickeners for food products, pharmaceuticals, cosmetics, high-tenacity rayon yarn for tires and industrial hoses, food casings, paints and lacquers. Purified cellulose is an organic material primarily derived from either wood or cotton and sold as cellulose specialties or commodity viscose, depending on its purity level. Cellulose specialties typically contain over 95% cellulose, while commodity viscose typically contains less than 95% cellulose. Cellulose specialties generally command a price premium, earn higher margins and benefit from greater demand stability through the economic cycle relative to commodity viscose.

SpinCo's cellulose specialties require high levels of purity, process knowledge and are custom engineered and manufactured to customers' exacting specifications. SpinCo's customers (primarily specialty chemical companies) place a high premium on products that have great impact in terms of form, function and composition as they modify SpinCo's fibers through various chemical reactions, which require high purity and uniformity for efficient production. As a result, cellulose specialties require a stringent qualification process as any inconsistencies in purity and/or uniformity can result in very negative and costly consequences to SpinCo's customers.

With approximately 675,000 metric tons of cellulose specialties capacity and nearly double the sales of its next largest competitor, SpinCo is the global leader in the production of cellulose specialties. SpinCo's key competitive advantage is the "SpinCo Recipe"—its unique ability to utilize its manufacturing facilities to engineer cellulose specialties fibers to customers' exacting specifications. SpinCo is the only cellulose specialties producer with manufacturing facilities that provide flexibility to use both hardwood and softwood, kraft and sulfite cooking processes, and a variety of proprietary chemical treatments. Additionally, SpinCo has a tremendous asset of process knowledge: the understanding of wood fiber properties and their modification under a sequence of chemical processes, accumulated and developed over 80 years of practical application to achieve unique properties for a variety of customer needs. When this process knowledge is combined with its manufacturing flexibility and knowledge of customers' applications and specifications, it allows SpinCo to have the most extensive capability set to modify cellulose fibers in the industry.

SpinCo's strategy has resulted in an increase in gross margin from \$201 million in 2009 to \$333 million in 2013. Adjusted earnings before interest, taxes, depreciation and amortization (or "Adjusted EBITDA") increased from \$226 million in 2009 to \$363 million in 2013, representing a compound annual growth rate (or "CAGR") of 13%. For a reconciliation of Adjusted EBITDA to gross margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator."

Table of Contents

SpinCo categorizes its cellulose specialties into three product lines: acetate, high-value ethers and other cellulose specialties which account for 80%, 7% and 13% of its total cellulose specialties volume, respectively. SpinCo’s products are used primarily in the manufacture of a broad range of end-use products, as shown in the table below.






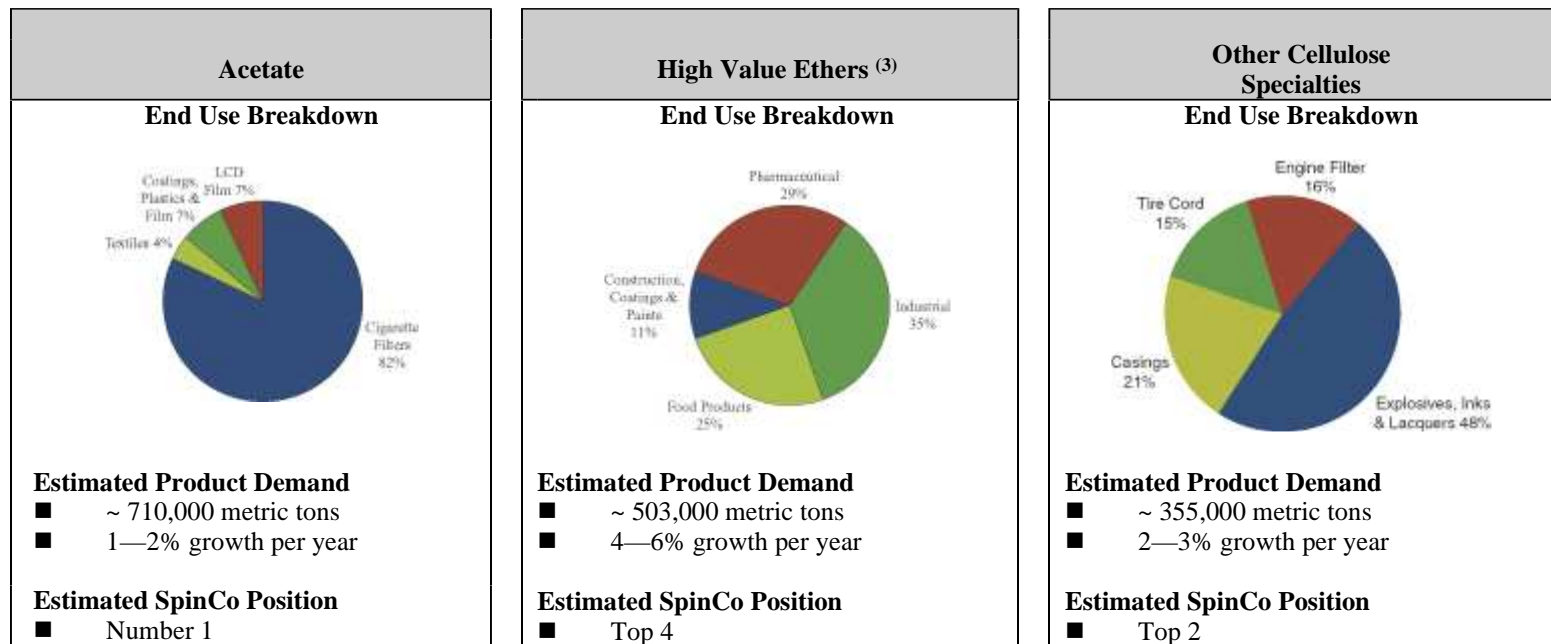
Products	Key End-Use Applications	Select End Use Products	
Acetate	<ul style="list-style-type: none">■ Cigarette filters■ Liquid crystal displays (LCD)■ Plastics		
High Value Ethers	<ul style="list-style-type: none">■ Thickeners for food products■ Pharmaceutical applications■ Paints		
Other Cellulose Specialties	<ul style="list-style-type: none">■ High-tenacity rayon yarn for tires■ Industrial hoses■ Food casings■ Automotive air and oil filters■ Explosives■ Inks■ Lacquers	 	 

Table of Contents

SpinCo estimates that cellulose specialties demand was approximately 1.6 million metric tons in 2012. SpinCo believes that its 2013 sales volume of approximately 486,000 metric tons makes it the industry leader, reflecting sales in three product lines where SpinCo's management estimates that it was one of the top three producers by volume. The charts below summarize the global end use breakdown by product line of the cellulose specialties business:

Global Cellulose Specialties End Use Breakdown ⁽¹⁾⁽²⁾



Source: Hawkins Wright, PCI Fibres, Markets and Markets, and company estimates

(1) Data from 2012. (latest available)

(2) Product line size includes approximately 130,000 to 160,000 metric tons of cotton linter.

(3) Product line size includes approximately 100,000 metric tons MCC.

SpinCo's production facilities, located in Jesup, Georgia, and Fernandina Beach, Florida, have a combined annual production capacity of approximately 675,000 metric tons. The Jesup mill can produce approximately 520,000 metric tons of cellulose specialties, or approximately 77% of SpinCo's total capacity. The Fernandina Beach mill can produce approximately 155,000 metric tons of cellulose specialties, or approximately 23% of SpinCo's total capacity. Combined, these facilities manufacture more than 25 different grades of purified cellulose.

Transition to All Cellulose Specialties

Historically, about one-third of SpinCo's production was absorbent materials, a commodity product mainly used in disposable baby diapers, feminine hygiene products, incontinence pads, convalescent bed pads, industrial towels and wipes, and non-woven fabrics. In May 2011, SpinCo decided to convert its absorbent material production line located in the Jesup mill to cellulose specialties based on increased demand from its customers for high-value cellulose specialties and SpinCo's desire to exit commodity-like product lines. Management believes this conversion, referred to as the cellulose specialties expansion project, positions SpinCo as the only fully dedicated supplier of cellulose specialties.

The cellulose specialties expansion project cost \$385 million and converted approximately 260,000 metric tons of absorbent materials capacity into approximately 190,000 metric tons of cellulose specialties capacity. The project was completed in June 2013, after significant modifications to the production line and increased capacity of ancillary systems.

Table of Contents

In July 2013, SpinCo restarted the converted production line and began the qualification process for the line's production with its customers. SpinCo expects to produce cellulose specialties, commodity viscose and other products, modulating volumes in each product group to meet demand. As cellulose specialties demand grows over the next several years, SpinCo expects to increase its sales of cellulose specialties and complete its transition to a dedicated cellulose specialties supplier.

Business Strategies

Key elements of SpinCo's business strategy are as follows:

Strengthen SpinCo's cellulose specialties leadership position. With approximately 675,000 metric tons of cellulose specialties capacity and nearly double the sales of the next largest competitor, SpinCo is the global leader in the production of cellulose specialties, a high-value sector. SpinCo believes the global demand is growing approximately 45,000 to 50,000 metric tons a year as customers' product needs continue to expand. SpinCo's cellulose specialties expansion project's approximately 190,000 metric tons of cellulose specialties capacity is in the process of qualification with new and existing customers. As demand continues to grow for cellulose specialties, SpinCo will be positioned to drive increases in margins and cash flows.

Differentiate through technically superior products and research and development. The quality and consistency of SpinCo's cellulose specialties and its premier research and development capabilities create a significant competitive advantage, resulting in a premium price (a price greater than competitors) for SpinCo's products and driving strong profitability. SpinCo manufactures products that are tailored to the precise and demanding chemical and physical requirements of its customers, achieving industry leading high purity levels and product functionality for specific grades. Its ability to manufacture technically superior products is the result of its proprietary production processes, intellectual property, technical expertise, diverse manufacturing processes and knowledge of cellulosic chemistry.

SpinCo's premier research and development facility allows it to replicate its customers' manufacturing processes, which differentiates SpinCo from its competitors. Combined with SpinCo's deep understanding of its customers' processes and historical success in applied research and development, SpinCo is uniquely qualified to continue partnering with its customers to develop new products to meet evolving consumer needs and to trouble shoot customer production issues. For the periods ending December 31, 2013, 2012, and 2011, SpinCo recorded research and development expense of approximately \$3.3 million, \$2.9 million and \$2.8 million, respectively.

Drive growth and diversification. Expanding sales to other cellulose specialty applications will provide attractive opportunities for increasing revenue and improving profitability. With 80% of its current sales volume in the acetate product line, SpinCo intends to expand its sales in the faster growing ethers and other cellulose specialty product lines. SpinCo's additional approximately 190,000 metric tons of cellulose specialties capacity combined with its process knowledge and expertise in cellulose specialties manufacturing will allow it to pursue growth and diversification without additional investment. SpinCo also intends to evaluate adjacent specialty chemical market opportunities for further growth and diversification.

Focus on operational excellence. Operating mills reliably and at a competitive cost while producing consistently high quality and high-value cellulose is critical to SpinCo's existing customers and enhances its ability to attract new customers. SpinCo strives to continuously improve its cost position, throughput and reliability of its manufacturing facilities through targeted expenditures and capital investments. For instance, SpinCo has identified a number of high return projects that it expects will achieve internal rates of return greater than 20 percent and are executable in the next three years. Additionally, SpinCo continues to develop maintenance systems and procedures that will improve the throughput, purity and uniformity of SpinCo's products by increasing the reliability of its manufacturing processes. SpinCo's continued focus on operational excellence will continue to enable it to drive profitability and strengthen customer relationships.

Table of Contents

Maximize cash flow. SpinCo has historically maintained a strong margin profile as part of Rayonier. As a stand-alone business, the SpinCo team will be able to implement a focused strategy to more efficiently allocate resources and further maximize cash flow. Additionally, SpinCo believes that its production capacity is sufficient to meet its current growth initiatives without significant additional spending. Over the last five years, Rayonier invested approximately \$397 million in growth capital expenditures for capacity expansions and productivity enhancements. Given the significant investment to date, SpinCo anticipates that further investment in growth capital will be spent only upon the expectation of significant returns. SpinCo's strong balance sheet, financial flexibility and significant cash flows are key, differentiating attributes in its industry.

Strengths

SpinCo believes the following strengths support its business strategies:

Leading position in high-value cellulose specialties. With nearly double the sales of the next largest competitor, SpinCo is the largest global producer of high-value cellulose specialties and is ideally positioned to capture anticipated growth in its markets. SpinCo's leadership position in custom-engineered high-value cellulose specialties reflects its technical expertise, outstanding product purity and consistency, strong partnership with its global customers and continued investment in capacity. SpinCo's processes and products are technologically difficult to replicate for other cellulose specialty producers and SpinCo believes they are not possible without significant investment in equipment and intellectual property. As a result, none of the competitors currently are able to match the consistency and purity of SpinCo's products and the breadth of its product offering. More broadly, in the past 10 years, SpinCo believes there was only one new entrant into the specialty cellulose industry.

SpinCo decided to leverage its process and product expertise by investing \$385 million in its recently-completed cellulose specialties expansion project. The project converted SpinCo's approximate 260,000 metric tons of absorbent materials production capacity to approximately 190,000 metric tons of additional cellulose specialties capacity, positioning SpinCo to capture the anticipated growth in demand in developed and emerging markets and to expand its sales to other cellulose specialty uses, such as ethers, which offer attractive growth rates and profit margins.

Broad product offering and customization enabled by the proprietary "SpinCo recipe." SpinCo's manufacturing processes have been developed over 85 years. SpinCo's production facilities utilize kraft and sulfite manufacturing processes, hardwood and softwood fibers, proprietary bleaching sequences and specialized cold caustic processes to engineer and manufacture highly customized cellulose specialties. This operational flexibility, combined with its state-of-the-art research and development facility, industry-leading technical capabilities, access to desirable hardwood and softwood species and proprietary process knowledge, allows SpinCo to engineer a wide breadth of customized fibers each specifically configured for its customers' unique needs, and to achieve the specific properties required for a broad range of end uses. New product development is another area where SpinCo is the preferred partner for its customers that collaborate with SpinCo to develop and qualify the proprietary formulations for customized fibers.

Long-term relationships with financially strong, global customers. SpinCo benefits from long-standing relationships with blue-chip, industry-leading companies in each of its key product lines, as well as from low customer turnover (SpinCo's average customer relationship among SpinCo's top 10 customers is 38 years). SpinCo has customers in more than 35 countries across five continents and delivers its products to more than 79 ports around the world and, as a result, has developed strategic competence in handling global logistics and distribution. SpinCo's five largest customers, who account for approximately 70% of sales, are all either well known global diversified specialty chemical companies or state owned enterprises. SpinCo has long-term volume contracts with most of the world's cellulose specialties-based product manufacturers, representing a significant majority of SpinCo's cellulose specialties production. SpinCo's relationships with its largest cellulose specialties customers span 24 to 82 years, facilitating a deep understanding of its customers' products and manufacturing

Table of Contents

processes that have led to strong partnerships on new product development. See Note 4— *Segment and Geographical Information* of SpinCo’s Combined Financial Statements for information on SpinCo’s major customers.

Resilience through economic cycles. SpinCo’s technically-demanding products are used in many consumer end products such as cigarette filters, sausage casings, food additives, personal care products and pharmaceuticals, which benefit from stable demand throughout the economic cycle. As a result, SpinCo’s financial performance tends to be relatively less impacted during cyclical downturns because of the resilient demand for its end-use products. As an example, during the 2008—2009 economic downturn, SpinCo’s sales increased by 5%, and SpinCo’s Adjusted EBITDA grew 18%. SpinCo believes that its end-use markets will continue to grow in various economic environments given their stable nature. For a reconciliation of Adjusted EBITDA to gross margin and cash flow from operations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator.”

Attractive margins and strong free cash flow generation. SpinCo’s gross margin increased from \$201 million in 2009 to \$333 million in 2013. Cash flow from operations was \$258 million, \$305 million, \$258 million, \$408 million and \$128 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively. From the beginning of fiscal 2009 through fiscal 2013, SpinCo has generated strong adjusted free cash flow from operations totaling \$633 million. SpinCo produced Adjusted EBITDA of \$363 million, \$403 million, \$339 million, \$259 million and \$226 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 respectively. During this five-year period, Adjusted EBITDA margins averaged 32%. SpinCo attributes its strong financial performance to its technical product consistency and purity, significant capital investment in its production and research and development facilities, and its deep understanding of customers’ manufacturing processes and product requirements and anticipates that its business will continue to generate attractive returns to its shareholders. For a reconciliation of Adjusted Free Cash Flow to cash flow from operations and Adjusted EBITDA to gross margin see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator.”

Industry

Cellulose Specialties

SpinCo believes the global demand in 2012 for cellulose specialties was about 1.6 million metric tons, including 130,000 to 160,000 metric tons of cellulose specialties derived from cotton linters. SpinCo expects global demand to grow approximately 3% to 4% per year for the next 5 years. SpinCo is the global leader in the manufacture of cellulose specialties, and categorizes its sales of cellulose specialties into the following key product lines:

- *Acetate.* SpinCo is the leading global manufacturer of cellulose specialties for acetate products. SpinCo estimates that the global demand in 2012 for cellulose specialties for acetate products was approximately 710,000 metric tons and expects this demand to grow 1% to 2% per year over the next 5 years.
- *High Value Ethers .* SpinCo is a leading global manufacturer of cellulose specialties for ethers products. SpinCo estimates that the global demand in 2012 for cellulose specialties for ethers products was approximately 503,000 metric tons and expects this demand to grow 4% to 6% per year over the next 5 years.
- *Other Cellulose Specialties .* SpinCo is a leading global manufacturer of other cellulose specialties. SpinCo estimates that the global demand in 2012 for other cellulose specialties products is approximately 355,000 metric tons and expects this demand to grow 2% to 3% per year over the next 5 years.

In 2013, additional cellulose specialties capacity was added, including approximately 190,000 metric tons added by SpinCo following the completion of its cellulose specialties expansion project and approximately 45,000 metric tons added by SpinCo’s competitors. SpinCo believes global capacity totaled approximately 1.8 million metric tons (including the new capacity) at the end of 2013.

Table of Contents

Commodity Viscose

Commodity viscose is primarily sold to producers of viscose staple fibers. Viscose staple is used in woven applications such as textiles for clothing and other fabrics, and in non-woven applications such as baby wipes, cosmetic and personal wipes, industrial wipes and mattress ticking. In recent years, shifts in fashion styles and higher than historical cotton prices have increased demand for viscose staple fibers. Weak global cotton harvests during 2011 provided a further boost to demand for viscose staple as a cotton substitute. Additionally, variability in cotton linter supply, due to competing uses of cotton seeds in agriculture, and increasing concerns about the environmental impact of producing viscose staple from cotton have resulted in viscose staple producers shifting volume to commodity viscose derived from wood. SpinCo believes global demand for commodity viscose in 2012 was approximately 4.4 million metric tons, (including approximately 800 thousand metric tons derived from cotton) and expects this demand to grow approximately 9% to 10% per year for the next 5 years.

Significant new commodity viscose capacity has been added in the last three years to meet this demand. SpinCo believes global capacity totaled 5.7 million metric tons at the end of 2013, and an additional 1.0 million metric tons of capacity has been announced and is expected to be completed in the next two years.

In February 2013, China's Ministry of Commerce (MOFCOM) initiated an anti-dumping investigation of imports of dissolving wood, cotton and bamboo pulp into China from the U.S., Canada and Brazil during 2012. In November 2013, MOFCOM issued a preliminary determination that SpinCo's lower purity Fibernier grade product used in commodity viscose applications would be subject to a 21.7% interim duty effective November 7, 2013. MOFCOM's final determination is expected in the second quarter of 2014 and would be expected to remain in place for five years. SpinCo is evaluating all potential product options that its broad capabilities provide in the event that MOFCOM's preliminary duty is not materially reduced or eliminated, and does not expect that MOFCOM's preliminary duty will materially affect its business results. For more information regarding the investigation, see "Risk Factors—Risks Related to Rayonier Advanced Materials Inc.'s Business" and "Business—Legal and Regulatory Proceedings."

Although SpinCo's business is focused on the production of cellulose specialties, it expects to sell approximately 135,000 metric tons to commodity markets in 2014. As demand for cellulose specialties increases over the next several years, SpinCo expects to shift production from commodity markets to cellulose specialties until it has essentially exited commodity markets.

Competition

Potential entrants to the cellulose specialties business face considerable challenges. Significant intellectual property, technical expertise and experience are needed to design the customized fibers and then manufacture them to exacting customer specifications. These specifications include parameters for purity, viscosity, brightness, reactivity and other physical properties, requiring extensive research and development capabilities to formulate the product to achieve the desired characteristics. Qualification time is often lengthy, extending six to nine months. Resulting customer relationships are typically long term, based on a deep understanding of customer production processes and the technical expertise to problem solve production issues and support new product development. A substantial investment is needed to establish a production line and to obtain required production technologies. Additionally, significant capital and maintenance expenditures are required annually to ensure the facilities operate reliably.

Cellulose Specialties

Product performance, technical service and price are principal methods of competition in cellulose specialties. Product performance is primarily determined by the purity and uniformity of the cellulose specialties. SpinCo's intellectual property, technical expertise and experience provide the basis by which it is able to uniformly produce high-value cellulose specialties. Additionally, SpinCo is able to produce the greatest breadth of high-value, uniform cellulose specialties through its diverse manufacturing processes (both kraft and sulfite), sources of wood cellulose fibers (both hardwood and softwood), and its proprietary processes.

Table of Contents

SpinCo competes with both domestic and foreign producers in cellulose specialties. Principal competitors include Buckeye Technologies, Inc., Borregaard and Sateri Holdings Ltd. SpinCo also competes against Tembec, Inc., Neucel Specialty Cellulose Ltd, Sappi Ltd, Cosmo Specialty Fibers, Inc., and Aditya Birla Group in limited applications. Some competitors use both wood and to a small extent cotton linter fibers as a source for cellulose fibers. Although cotton linter fibers can be a higher purity source of cellulose, the variability of their fiber structure and limited availability negatively impact their ability to be a reliable substitute product.

Global production capacity for cellulose specialties has recently increased. In addition to SpinCo's cellulose specialties expansion project which added approximately 190,000 metric tons of cellulose specialties capacity, a few competitors have announced capacity expansions. Buckeye Technologies recently completed a project to increase its cellulose specialties capacity by 40,000 metric tons at its Perry, Florida operation. Tembec, Inc. announced plans to increase capacity by 5,000 metric tons. These additional cellulose specialties capacities did not adversely affect SpinCo's 2013 results.

Commodity Viscose

The principal method of competition in commodity viscose is price, as purity and uniformity are less critical differentiators. SpinCo competes with both domestic and foreign producers in commodity viscose. There are approximately 42 competitors that derive their commodity viscose from wood and 17 competitors that derive their commodity viscose from cotton linters. Although cellulose specialties can generally be sold to meet cellulose specialties or commodity viscose demand, the opposite is typically not true for commodity viscose.

There have been significant production capacity increases recently by commodity viscose producers. SpinCo believes global capacity totaled 5.7 million metric tons at the end of 2013, and an additional 1.0 million metric tons of capacity has been announced and is expected to be completed in the next two years.

Raw Materials and Energy

SpinCo's manufacturing processes require significant amounts of wood to produce purified cellulose. SpinCo purchases approximately 1.8 million short green tons of hardwood chips and 2.3 million short green tons of softwood chips per year. The cost of timber is directly affected by supply and demand fluctuations in the wood products and pulp and paper markets, and also by weather.

SpinCo's manufacturing processes also require significant amounts of chemicals, including caustic soda (sodium hydroxide), sulfuric acid, sodium chlorate, and various deresinators. These chemicals are purchased under negotiated supply agreements with third parties.

SpinCo's manufacturing processes also require a significant amount of energy. The great majority of Spinco's energy is produced through the burning of lignin and other residual biomass in recovery and power boilers located at its mills. However, the mills still require fuel oil, natural gas and electricity to supplement their energy requirements.

Raw materials and energy are subject to significant changes in prices and availability. SpinCo continually pursues reductions in usage and costs of key raw materials, supplies and services and does not foresee any material constraints in the near term from pricing or availability.

Manufacturing Processes

SpinCo's production facilities, located in Jesup, Georgia, and Fernandina Beach, Florida, have a combined annual production capacity of approximately 675,000 metric tons of purified cellulose.

The Jesup mill can produce approximately 520,000 metric tons of cellulose specialties using both hardwood and softwood in a pre-hydrolyzed kraft, or high pH, cooking process. The Fernandina Beach mill can produce approximately 155,000 metric tons of cellulose specialties and commodity viscose using softwood in a sulfite, or

Table of Contents

low pH, cooking process. These different cooking processes are used with various types of wood cellulose and combined with proprietary bleaching sequences and a cold caustic extraction process to manufacture more than 25 different grades of purified cellulose.

The general process of extracting and purifying cellulose from wood at SpinCo's Jesup and Fernandina mills is as follows:

Wood Chips. Logs are purchased, debarked and chipped into uniform dimensions to improve the chip's reaction to chemicals during the cooking process. Hardwood and softwood species, as well as different areas of the log, are used to produce the various grades of purified cellulose. To manufacture approximately one metric ton of purified cellulose, SpinCo uses approximately six short green tons of wood.

Cooking and Washing. The chips are loaded into pressure vessels with various chemicals and heated to separate lignin, the natural component that binds the cellulose fibers together, from the cellulose. After the cooking process is complete, the lignin and chemicals are separated from the cellulose in a washing process. The lignin is generally recovered and burned for energy, and the chemicals are recovered and reused in the production process.

Bleaching. The cellulose obtained from the washing process is bleached with various chemicals to impart the required brightness and increase the purity and uniformity of the cellulose. In order to increase the purity and uniformity of the cellulose to SpinCo's customer specifications, some cellulose specialties require a processing through a cold caustic extraction, or CCE stage. SpinCo's CCE process, which is a key element of SpinCo's intellectual property, generates cellulose specialties purity levels up to 98%.

Machining, Drying and Packaging. Following the bleaching stage, the purified cellulose is compressed, dried and rolled into large rolls. These large rolls are then cut into smaller rolls or sheets in accordance with SpinCo's customer specifications, packaged and shipped.

Environmental Matters

SpinCo's manufacturing operations are subject to significant, federal, state and local environmental regulations. For a more detailed discussion see "Risk Factors", "Business—Legal and Regulatory Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Regulation," "Unaudited Pro Forma Condensed Combined Financial Statements—Liabilities for Dispositions and Discontinued Operations" and Note 12— *Contingencies* to the Combined Financial Statements for additional information.

Legal and Regulatory Proceedings

SpinCo is engaged in various legal actions and has been named as a defendant in various other lawsuits and claims arising in the normal course of business. While SpinCo has procured reasonable and customary insurance covering risks normally occurring in connection with its businesses, it has in certain cases retained some risk through the operation of self-insurance, primarily in the areas of workers' compensation, property insurance and general liability. In SpinCo's opinion, these and other lawsuits and claims, either individually or in the aggregate, are not expected to have a material adverse effect on SpinCo's financial position, results of operations, or cash flow.

Antidumping Investigation . In February 2013, China's Ministry of Commerce (MOFCOM) initiated an anti-dumping investigation of imports of dissolving wood, cotton and bamboo pulp into China from the U.S., Canada and Brazil during 2012. In November 2013, MOFCOM issued a preliminary determination that SpinCo's lower purity product used in commodity viscose applications will be subject to a 21.7% interim duty effective November 7, 2013. However, SpinCo's high-value cellulose acetate products, which constitute a large majority of SpinCo's sales into China, were specifically excluded from assessment of any dumping duty, and SpinCo's other high-value cellulose products were, likewise, exempted from any dumping duty because their higher

Table of Contents

quality specifications, including in the area of cellulose purity, do not meet the preliminary determination's specifications applicable to lower-purity products that are dutiable under the preliminary determination. Other U.S. producers were assessed duties ranging from 18.7% to 21.7%, while all but one Canadian producer were assessed a duty of 13%, and a Brazilian producer was assessed a duty of 6.8%.

These determinations by MOFCOM are preliminary and subject to change upon the completion of its investigation and issuance of its final determination, which is expected in the second quarter of 2014. SpinCo has challenged the basis of MOFCOM's duty calculation for commodity viscose, which it believes is without merit, and simultaneously is evaluating other potential commercial and legal options. MOFCOM's final determination is expected in the second quarter of 2014, and the final determination would be expected to remain in place for five years. SpinCo is evaluating all potential product and market segment options that its broad range of capabilities provides in the event that MOFCOM's preliminary duty is not materially reduced or eliminated, and does not expect that the preliminary duty will materially affect its business results.

Altamaha Riverkeeper Litigation-Jesup Mill. In November 2013, SpinCo received a "sixty day letter" from lawyers representing a non-profit environmental organization, the Altamaha Riverkeeper. In the letter, the Altamaha Riverkeeper threatened to file a citizen suit against SpinCo as permitted under the federal Clean Water Act and the Georgia Water Quality Control Act due to what the letter alleges to be ongoing violations of such laws, if SpinCo does not correct such violations within 60 days of the date of the letter. The allegations relate to the color and odor of treated effluent discharged into the Altamaha River by SpinCo's Jesup, Georgia mill.

On March 26, 2014, SpinCo was served with a complaint, captioned *Altamaha Riverkeeper, Inc. v. Rayonier Inc. and Rayonier Performance Fibers LLC*, which was filed in the U.S. District Court for the Southern District of Georgia. In the complaint, the Altamaha Riverkeeper alleges, among other things, violations of the federal Clean Water Act and Georgia Water Quality Control Act, negligence and public nuisance, relating the permitted discharge from the Jesup mill. The complaint seeks, among other things, injunctive relief, monetary damages, and attorneys' fees and expenses.

The mill's treated effluent is discharged pursuant to a permit issued by the Environmental Protection Division of the Georgia Department of Natural Resources (referred to as the "EPD"), as well as the terms of a consent order entered into in 2008 (and later amended) by EPD and SpinCo. SpinCo disagrees with the Altamaha Riverkeeper and strongly believes that it is in compliance with applicable law relating to the Jesup mill's discharge, including compliance with the terms of its permit and consent order with EPD. SpinCo intends to defend this lawsuit vigorously.

Customers

See Note 4— *Segment and Geographical Information* of SpinCo's Combined Financial Statements for information on SpinCo's major customers.

General

SpinCo has representative sales offices in London, Tokyo and Shanghai to support its customers in the European Union, eastern Europe and Asia.

SpinCo's results are normally not affected by seasonal changes.

SpinCo owns numerous patents, trademarks and trade secrets, and has developed significant know-how, relating to the production of purified cellulose, which it deems important to its operations. SpinCo intends to continue taking steps as necessary to protect its intellectual property, including, when appropriate, filing patent applications for inventions that are deemed important to its operations. SpinCo's U.S. patents generally have a duration of 20 years from the date of filing.

Table of Contents

SpinCo currently employs approximately 1,200 people, of whom approximately 99 percent reside in the United States. Approximately 72 percent of SpinCo's hourly employees are covered by collective bargaining agreements and are represented by one of several labor unions. SpinCo believes its relations with employees are satisfactory.

Properties

The following table details the significant properties SpinCo owns or leases at December 31, 2013:

		Capacity	Owned/Leased
Purified Cellulose Facilities	Jesup, Georgia	520,000 metric tons of cellulose specialties	Owned
	Fernandina Beach, Florida	155,000 metric tons of cellulose specialties	Owned
	Jesup, Georgia	Research Facility	Owned
Wood Chipping Facilities	Offerman, Georgia	800,000 short green tons of wood chips	Owned
	Eastman, Georgia	350,000 short green tons of wood chips	Owned
	Barnesville, Georgia	350,000 short green tons of wood chips	Owned
	Quitman, Georgia	200,000 short green tons of wood chips	Owned
	Jarratt, Virginia	250,000 short green tons of wood chips	Owned
Corporate and Other	Jacksonville, Florida	Corporate Headquarters	Leased

SpinCo's manufacturing facilities are maintained through ongoing capital investments, regular maintenance and equipment upgrades. During 2013, SpinCo's chemical cellulose fibers manufacturing facilities produced at or near capacity levels for most of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the audited combined financial statements and corresponding notes, the unaudited interim condensed combined financial statements and corresponding notes, and the unaudited pro forma condensed combined financial statements and corresponding notes included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

The Separation

On January 27, 2014, Rayonier announced that it intended to separate its performance fibers business from its forest resources and real estate businesses. Rayonier announced that it intended to effect the separation through a pro rata distribution of the common stock of a new entity, which is SpinCo, was formed to hold the assets and liabilities associated with the performance fibers business. On [•], 2014, the Rayonier board of directors approved the distribution of the issued and outstanding shares of SpinCo common stock on the basis of [•] shares of SpinCo common stock for [•] shares of Rayonier common share held as of the close of business on the record date of [•], 2014. The distribution of SpinCo common stock is subject to the satisfaction or waiver of certain conditions. For a description of these conditions, see "The Separation and Distribution—Conditions to the Distribution."

Executive Summary

SpinCo consists of the Performance Fibers segment of Rayonier and is the leading global producer of high-value cellulose, a natural polymer, used as a raw material to manufacture a broad range of consumer-oriented products such as cigarette filters, liquid crystal displays, impact-resistant plastics, thickeners for food products, pharmaceuticals, cosmetics, high-tenacity rayon yarn for tires and industrial hoses, food casings, paints and lacquers. Purified cellulose is an organic material primarily derived from either wood or cotton and sold as cellulose specialties or commodity viscose, depending on its purity level. Cellulose specialties typically contain over 95% cellulose, while commodity viscose typically contains less than 95% cellulose. Cellulose specialties generally command a price premium, earn higher margins and benefit from greater demand stability through the economic cycle relative to commodity viscose.

SpinCo's cellulose specialties require high levels of purity, process knowledge and are custom engineered and manufactured to customers' exacting specifications. SpinCo's customers (primarily specialty chemical companies) place a high premium on products that have great impact in terms of form, function and composition as they modify SpinCo's fibers through various chemical reactions, which require high purity and uniformity for efficient production. As a result, cellulose specialties require a stringent qualification process as any inconsistencies in purity and/or uniformity can result in very negative and costly consequences to SpinCo's customers.

With approximately 675,000 metric tons of cellulose specialties capacity and nearly double the sales of its next largest competitor, SpinCo is the global leader in the production of cellulose specialties. SpinCo's key competitive advantage is the "SpinCo Recipe"—its unique ability to utilize its manufacturing facilities to engineer cellulose specialties fibers to customers' exacting specifications. SpinCo is the only cellulose specialties producer with manufacturing facilities that provide flexibility to use both hardwood and softwood, kraft and sulfite cooking processes, and a variety of proprietary chemical treatments. Additionally, SpinCo has a tremendous asset of process knowledge: the understanding of wood fiber properties and their modification under a sequence of chemical processes, accumulated and developed over 80 years of practical application to achieve

Table of Contents

unique properties for a variety of customer needs. When this process knowledge is combined with its manufacturing flexibility and knowledge of customers' applications and specifications, it allows SpinCo to have the most extensive capability set to modify cellulose fibers in the industry.

Cost of sales includes the cost of wood, chemicals, energy, depreciation, manufacturing overhead and transportation used to manufacture and deliver cellulose fibers. Significant components and percentage of per metric ton cost are as follows:

- Wood costs represent approximately 25 percent of the per metric ton cost of sales. SpinCo purchases approximately 1.8 million short green tons of hardwood chips and 1.4 million short green tons of softwood chips per year. The cost of timber is directly affected by supply and demand fluctuations in the wood products and pulp and paper markets, and also by weather.
- Chemicals costs represent approximately 17 percent of the per metric ton cost of sales. Chemicals, including caustic soda (sodium hydroxide), sulfuric acid, sodium chlorate, and various deresinators are purchased under negotiated supply agreements with third parties.
- Energy costs represent approximately 6 percent of the per metric ton costs of sales. The great majority of Spinco's energy is produced through the burning of lignin and other residual biomass in recovery and power boilers located at its mills. However, the mills still require fuel oil, natural gas and electricity to supplement their energy requirements.

Wood, chemicals and energy are subject to significant changes in price and availability. SpinCo continually pursues reductions in usage and costs of key raw materials, supplies and services and does not foresee any material constraints in the near term from pricing or availability. SpinCo has limited ability to pass costs increases on to its customers.

SpinCo's production facilities, located in Jesup, Georgia, and Fernandina Beach, Florida, have a combined annual production capacity of approximately 675,000 metric tons. The Jesup mill can produce approximately 520,000 metric tons of cellulose specialties, or approximately 77 percent of SpinCo's total capacity. The Fernandina Beach mill can produce approximately 155,000 metric tons of cellulose specialties, or approximately 23 percent of SpinCo's total capacity. Combined, these facilities manufacture more than 25 different grades of cellulose specialties.

Historically, about one-third of SpinCo's production was absorbent materials, a commodity product mainly used in disposable baby diapers, feminine hygiene products, incontinence pads, convalescent bed pads, industrial towels and wipes, and non-woven fabrics. In May 2011, SpinCo decided to convert its absorbent material production line located in the Jesup mill to cellulose specialties based on increased demand from its customers for high-value cellulose specialties and SpinCo's desire to exit commodity-like product lines. Management believes this conversion, referred to as the cellulose specialties expansion project, positions SpinCo as the only fully dedicated supplier of cellulose specialties.

The cellulose specialties expansion project cost \$385 million and converted approximately 260,000 metric tons of absorbent materials capacity into approximately 190,000 metric tons of cellulose specialties capacity. The project was completed in June 2013, after significant modifications to the production line and increased capacity of ancillary systems. In July 2013, we restarted the converted production line and began the qualification process for the line's cellulose specialties production with our customers.

SpinCo expects a majority of its acetate end-use products will be fully qualified by year end 2014 and the anticipated costs of the qualification are not expected to be material. SpinCo expects to produce cellulose specialties, commodity viscose and other products, modulating volumes in each product group to meet demand. SpinCo expects the global demand for cellulose specialties to grow approximately 45,000 to 50,000 metric tons a year as customers' product needs continue to expand. As demand for cellulose specialties grows, SpinCo expects to increase sales of cellulose specialties and complete the transition to become a dedicated cellulose specialties supplier by 2017/2018. As production of cellulose specialties increases, SpinCo anticipates an increase in total

Table of Contents

sales and operating income, assuming 2013 price levels, as higher prices received on the additional cellulose specialties volume more than offset expected cost increases and the net reduction in overall production capacity.

Industry and Market Conditions

From 2008 through most of 2012, demand for commodity viscose steadily increased while very little new supply was added. This shortage of supply was evident in 2010, prompting SpinCo's customers to request it add capacity to support their growth plans.

However, in early 2013, certain end markets (particularly in Europe) such as tire cord and construction ethers weakened, and competitors began trying to place volumes into stronger end markets such as acetate tow. Additionally, commodity viscose prices remain low, which provides incentive for swing producers to attempt to increase volumes into cellulose specialties. Finally, additional cellulose specialties capacity is affecting the market.

SpinCo just completed 2014 price negotiations with its customers. Because of the market conditions noted above, SpinCo expects 2014 cellulose specialties prices to decrease 7% to 8% in 2014. Additionally, SpinCo expects 2014 sales volumes of cellulose specialties of approximately 520,000 to 540,000 metric tons, which considers the reduced production of 35,000 to 40,000 metric tons discussed below. Overall, this is an increase of approximately 30,000 to 50,000 metric tons above 2013. The remainder of SpinCo's 2014 production would be commodity viscose/other. SpinCo is now planning to extend its scheduled 2014 maintenance outage to perform boiler maintenance previously scheduled for 2015. This would reduce 2014 production capacity to approximately 635,000 to 640,000 metric tons, or a decrease of approximately 35,000 to 40,000 metric tons. The 2014 operating income/EBITDA impact of this reduction is approximately \$12 million to \$14 million, but will provide the ability to produce more cellulose specialties in 2015 should demand improve. For a reconciliation of EBITDA to gross margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator."

Critical Accounting Policies and Use of Estimates

The preparation of financial statements requires SpinCo to make estimates, assumptions and judgments that affect SpinCo's assets, liabilities, revenues and expenses, and to disclose contingent assets and liabilities in SpinCo's Combined Financial Statements. SpinCo bases these estimates and assumptions on historical data and trends, current fact patterns, expectations and other sources of information it believes are reasonable. Actual results may differ from these estimates.

Revenue Recognition

SpinCo generally recognizes sales when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred, (iii) SpinCo's price to the buyer is fixed and determinable, and (iv) collectibility is reasonably assured. Generally, title passes upon delivery to the agreed upon location. Based on the time required to reach each location, customer orders are generally received in one period with the corresponding revenue recognized in a subsequent period. As such, there could be substantial variation in orders received and revenue recognized from period to period.

Depreciation of long-lived assets

Depreciation expense is computed using the units-of-production method for the performance fibers plant and equipment and the straight-line method on all other property, plant and equipment over the useful economic lives of the assets involved. The total units of production used to calculate depreciation expense is determined by factoring annual production days, based on normal production conditions, by the economic useful life of the asset involved. On average, the units-of-production and straight line methodologies accounted for approximately 95% and 5% of depreciation expense, respectively. The physical life of equipment, however, may be shortened by economic obsolescence caused by environmental regulation, competition or other causes. SpinCo depreciates its

Table of Contents

non-production performance fiber assets, including office, lab and transportation equipment, using the straight-line depreciation method over 3 to 25 years. Buildings and land improvements are depreciated using the straight-line method over 15 to 35 years and 5 to 30 years, respectively. SpinCo believes that these depreciation methods are the most appropriate under the circumstances as they most closely match revenues with expenses versus other generally accepted accounting methods.

Gains and losses on the retirement of assets are included in operating income. Long-lived assets are reviewed annually for impairment or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets that are held and used is measured by net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value exceeds the fair value of the assets, based on a discounted cash flow model. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Determining the adequacy of pension and other postretirement benefit assets and liabilities

SpinCo has two qualified benefit plans that cover most of its U.S. workforce. Additionally, certain SpinCo employees participate in defined benefit pension and postretirement health and life insurance plans sponsored by Rayonier (which are referred to as shared plans), which include participants of other Rayonier subsidiaries. All pension plans are currently closed to new participants. Pension expense attributable to SpinCo's two qualified pension plans was \$5.0 million in 2013. Pension expense attributable to SpinCo's participation in Rayonier's shared plans was \$9.8 million in 2013. Numerous estimates and assumptions are required to determine the proper amount of pension and postretirement liabilities and annual expense to record in SpinCo's financial statements. The key assumptions include discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees. Although there is authoritative guidance on how to select most of these assumptions, SpinCo exercises some degree of judgment when selecting these assumptions based on input from its actuary. Different assumptions, as well as actual versus expected results, would change the periodic benefit cost and funded status of the benefit plans recognized in the financial statements.

In determining SpinCo's pension expense for its two qualified pension plans in 2013, a \$12.5 million return on assets was assumed based on an expected long-term rate of return of 8.5 percent. The actual return for 2013 was a gain of \$20.9 million, or 13 percent. SpinCo's long-term return assumption was established based on historical long-term rates of return on broad equity and bond indices, discussions with SpinCo's actuary and investment advisors and consideration of the actual annualized rate of return from 1994 (the date of Rayonier Inc.'s spin-off from ITT Corporation) through 2012. At the end of 2013, SpinCo reviewed this assumption for reasonableness and determined that the 2013 long-term rate of return assumption should remain at 8.5 percent. At December 31, 2013, SpinCo's asset mix consisted of 66 percent equities, 29 percent bonds and five percent real estate equity funds. SpinCo does not expect this mix to change materially in the near future.

In determining future pension obligations, SpinCo selects a discount rate based on information supplied by its actuary. The actuarial rates are developed by models which incorporate high-quality (AA rated), long-term corporate bond rates into their calculations. The discount rate increased from 3.70 at December 31, 2012 to 4.60 percent at December 31, 2013.

SpinCo's pension plans were underfunded by \$3 million at December 31, 2013, a \$28 million improvement in funded status from December 31, 2012 due primarily to the increased discount rate. SpinCo had no mandatory pension contributions and did not make discretionary contributions to its qualified pension plans in 2013, 2012 or 2011. Future contribution requirements will vary depending on actual investment performance, changes in valuation assumptions, interest rates and requirements under the Pension Protection Act. See Note 16— *Employee Benefit Plans* of SpinCo's Combined Financial Statements for additional information.

Table of Contents

In 2014, SpinCo expects pension expense to be below 2013 due to an decrease in the amortization of actuarial losses resulting from an increase in the discount rate. Future pension expense will be impacted by many factors including actual investment performance, changes in discount rates, timing of contributions and other employee related matters.

The sensitivity of SpinCo's pension expense and projected benefit obligation related to its two qualified pension plans to changes in economic assumptions is highlighted below:

<u>Change in Assumption</u>	<u>Impact on:</u>	
	<u>Pension Expense</u>	<u>Projected Benefit Obligation</u>
25 bp decrease in discount rate	+ 0.4 million	+ 5.0 million
25 bp increase in discount rate	- 0.3 million	- 4.7 million
25 bp decrease in long-term return on assets	+ 0.4 million	
25 bp increase in long-term return on assets	- 0.4 million	

Realizability of both recorded and unrecorded tax assets and tax liabilities

SpinCo has recorded certain deferred tax assets that it believes will be realized in future periods. These assets are reviewed periodically in order to assess their realizability. This review requires SpinCo to make assumptions and estimates about future profitability affecting the realization of these tax benefits. If the review indicates that the realizability may be less than likely, a valuation allowance is recorded at that time.

SpinCo's income tax returns are subject to examination by U.S. federal and state taxing authorities. In evaluating the tax benefits associated with various tax filing positions, SpinCo records a tax benefit for an uncertain tax position if it is more-likely-than-not to be realized upon ultimate settlement of the issue. SpinCo records a liability for an uncertain tax position that does not meet this criterion. The liabilities for unrecognized tax benefits are adjusted in the period in which it is determined the issue is settled with the taxing authorities, the statute of limitations expires for the relevant taxing authority to examine the tax position or when new facts or information becomes available. See Note 7— *Income Taxes* of SpinCo's Combined Financial Statements for additional information about SpinCo's unrecognized tax benefits.

New Accounting Standards

See Note 3— *Summary of Significant Accounting Policies* of SpinCo's Combined Financial Statements for a discussion of recently issued accounting pronouncements that may affect SpinCo's financial results and disclosures in future periods.

Basis of Presentation

The financial statements presented in the section entitled "Index to Financial Statements and Schedule" were used as the basis for the following discussion of SpinCo's results of operations for each of the three years ended December 31, 2013, 2012 and 2011. The statements were prepared in accordance with U.S generally accepted accounting principles for the purpose of separately presenting the financial position of the performance fibers business of Rayonier and the results of operations, cash flows and changes in equity.

The statements of operations for SpinCo include allocations of certain costs from Rayonier directly related to the operations of SpinCo including; medical costs for active salaried and retired employees, worker's compensation, general liability and property insurance, salaried payroll costs, equity based compensation and a pro-rata share of direct corporate administration expense for accounting, human resource services and information system maintenance. These corporate administrative costs were charged to SpinCo based on employee headcount and payroll costs. The combined statement of income also includes expense allocations for

Table of Contents

certain corporate functions historically performed by Rayonier and not allocated to its operating segments. These allocations are based on revenues and specific identification of time and/or activities associated with SpinCo. Management believes the methodologies employed for the allocation of costs were reasonable in relation to the historical reporting of Rayonier, but may not be indicative of costs had SpinCo operated on a stand-alone basis, nor what the costs may be in the future.

The financial statements for SpinCo include a provision for income taxes determined on a separate return basis which takes into account the impact of the Alternative Fuel Mixture Credit ("AFMC") and subsequent exchanges for the Cellulosic Biofuel Producer Credit ("CBPC"). SpinCo was a subsidiary of Rayonier and, for purposes of U.S. federal and state income taxes, was not directly subject to income taxes but was included in the income tax return of Rayonier TRS Holdings Inc., a wholly-owned subsidiary of Rayonier.

Summary of Rayonier Advanced Materials Inc.'s Results of Operations:

Financial Information (in millions)	Years Ended December 31,		
	2013	2012	2011
Sales			
Performance fibers			
Cellulose specialties	\$ 930	\$ 935	\$ 824
Absorbent materials	73	159	196
Commodity viscose/Other	44	1	1
Total sales	<u>\$ 1,047</u>	<u>\$ 1,095</u>	<u>\$ 1,021</u>
Costs and expenses			
Cost of sales	714	716	698
Gross margin	333	379	323
Selling and general expenses	36	36	33
Other operating expense, net	8	1	7
Operating income	289	342	283
Income tax expense	69	100	69
Net income	<u>\$ 220</u>	<u>\$ 242</u>	<u>\$ 214</u>
Other Data			
Cellulose specialties, sales price (\$ per metric ton)	\$ 1,913	\$ 1,859	\$ 1,636
Cellulose specialties, sales volume (thousands of metric tons)	486	503	504
Gross margin %	31.8%	34.6%	31.6%
Operating margin %	27.6%	31.2%	27.7%
Effective tax rate	23.9%	29.3%	24.5%

Results of Operations, Year Ended December 31, 2013 versus December 31, 2012

Sales (in millions)	2012	Changes Attributable to:		2013
		Price	Volume/ Mix	
Cellulose specialties	\$ 935	\$ 26	\$ (31)	\$ 930
Commodity viscose/other	1	—	43	44
Absorbent materials	159	(8)	(78)	73
Total sales	<u>\$ 1,095</u>	<u>\$ 18</u>	<u>\$ (66)</u>	<u>\$ 1,047</u>

Table of Contents

Total sales decreased \$48 million, or four percent, reflecting lower production as a result of the extended shutdown associated with the CSE project and the timing of customer orders which impacted revenue recognition. This was partially off set by cellulose specialties sales prices which rose three percent after the annual price negotiations, driven by continued strong customer demand. Absorbent materials prices declined 11 percent reflecting weakness in the market. Absorbent Materials volumes decreased 51 percent, reflecting reduced production of absorbent materials and the change to production of viscose and other commodity grades as SpinCo begins its multi-year transition to producing only cellulose specialties. For information on the impact of the timing of customers' order on revenue recognition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates."

Operating Income (in millions)

Operating Income (in millions)	Changes Attributable to:					
	Cellulose Specialties					
	2012	Price	Volume	Cost/Mix	Other	2013
Total operating income	\$ 342	\$ 26	\$ (12)	\$ (16)	\$ (51)	\$ 289

Operating income declined \$53 million, or 15 percent, as the increase in cellulose specialties pricing was offset by lower cellulose specialties volumes and higher wood cost due to wet weather. Other impacts include higher per unit production costs due to lower fixed cost absorption associated with lower production as a result of the extended shutdown associated with the CSE project and the product mix shift away from lower cost absorbent materials to higher cost commodity viscose as a result of the CSE project transition.

Generally, explanations for changes in operating income would be consistent with explanations for changes in gross margin.

Income tax provision —SpinCo's effective tax rate for 2013 was 23.9 percent, compared to 29.3 percent for 2012. The effective tax rate declined as the tax benefit from the AFMC for CBPC exchange was higher in 2013 than 2012 and the law provided a research credit for 2012 (retroactive) and 2013 which reduced SpinCo's 2013 tax provision. SpinCo expects the effective tax rate subsequent to the separation to be consistent with prior effective tax rates excluding the impact of the AFMC for CBPC exchange. See Note 7— *Income Taxes* to the Combined Financial Statements for additional information regarding the reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate and AFMC for CBPC exchange.

Results of Operations, 2012 versus 2011

Sales (in millions)	2011	Changes Attributable to:		2012
		Price	Volume/ Mix	
Cellulose specialties	\$ 824	\$ 112	\$ (1)	\$ 935
Absorbent materials	196	(26)	(11)	159
Other	1	—	—	1
Total sales	\$ 1,021	\$ 86	\$ (12)	\$ 1,095

Total sales increased \$74 million, or seven percent, as the annual price negotiations resulted in a 14 percent increase in cellulose specialties sales prices driven by continued strong customer demand. However, absorbent materials prices declined 15 percent due to market weakness, while volumes were six percent lower due to a production shift to cellulose specialties.

		<u>Changes Attributable to:</u>			
			<u>Volume/</u>		
<u>Operating Income (in millions)</u>	<u>2011</u>	<u>Price</u>	<u>Mix</u>	<u>Cost/Other</u>	<u>2012</u>
Total operating income	\$ 283	\$ 86	\$ (3)	\$ (24)	\$ 342

Table of Contents

Operating income increased \$59 million from the prior year as higher cellulose specialties prices more than offset increased wood, chemical and labor (due to higher pension and postretirement plan costs), and depreciation costs. In addition, 2011 operating income was negatively impacted by a \$6 million write-off related to process equipment changes needed for the cellulose specialties expansion project.

Generally, explanations for changes in operating income would be consistent with explanations for changes in gross margin.

Income tax provision —SpinCo's income tax provision increased \$30 million, or 44 percent, in 2012 compared to 2011 due to higher operating income. The effective tax rates were 29.3 percent and 24.5 percent for the years ended December 31, 2012 and 2011, respectively. The 2012 rate was higher as a reserve reversal related to the taxability of the AFMC benefited the 2011 rate by \$16 million or 5.7 percent. Additionally, in 2011, Rayonier received a final examination report from the IRS regarding its Rayonier TRS Holding Inc.'s 2009 tax return. As a result, SpinCo reversed the uncertain tax liability recorded in 2009 relating to the taxability of the AFMC and recognized a \$16 million tax benefit. SpinCo expects the effective tax rate subsequent to the separation to be consistent with prior effective tax rates excluding the impact of the AFMC for CBPC exchange. See Note 7— *Income Taxes* to the Combined Financial Statements for additional information regarding the reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate and AFMC for CBPC exchange.

Liquidity and Capital Resources

SpinCo's operations have generally produced consistent cash flows, which is its primary source of liquidity and capital resources. In addition, SpinCo receives proceeds from and makes distributions to Rayonier.

Cash Flows

The following table summarizes SpinCo's cash flows from operating, investing and financing activities for each of the periods presented (in millions of dollars):

	Years Ended December 31,		
	2013	2012	2011
Total cash provided by (used for):			
Operating activities	\$ 258	\$ 305	\$ 258
Investing activities	(251)	(305)	(131)
Financing activities	(7)	—	(127)
Increase (decrease) in cash and cash equivalents	\$ —	\$ —	\$ —

Cash Provided by Operating Activities

Cash provided by operating activities of \$258 million in 2013 decreased 16 percent from \$305 million in 2012. The decrease was due to lower earnings as a result of the timing of cellulose specialties orders and a decrease in absorbent material volumes as SpinCo transitions from this business in conjunction with the cellulose specialties expansion project. During 2012, cash provided by operating activities of \$305 million increased 18 percent from \$258 million in 2011. For information on the impact of the timing of customers' order on revenue recognition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates."

Cash Used for Investing Activities

Cash used for investing activities decreased in 2013 over the prior year primarily due to lower spending on the Jesup Mill CSE project, which was completed in June. Cash used for investing activities increased in 2012 due to an additional \$158 million in spending on the Jesup Mill cellulose specialties expansion project and a \$9 million increase in other capital expenditures.

Table of Contents

Cash (Used for) Provided by Financing Activities

Cash used for financing activities in 2013 increased \$7 million from 2012 as cash costs allocated from Rayonier increased by approximately \$3 million. The \$49 million decrease in accounts receivable collected by Rayonier on behalf of SpinCo was offset by a \$43 million decrease in payables processed by Rayonier on behalf of SpinCo.

Cash used for financing activities in 2012 decreased \$127 million from 2011 as cash costs allocated from Rayonier increased by approximately \$6 million, primarily due to higher pension and postretirement plan costs associated with the participation in Rayonier Inc.'s plans and higher medical costs. Accounts receivable collected by Rayonier on behalf of SpinCo increased \$92 million due to higher sales and payables processed by Rayonier on behalf of SpinCo decreased \$42 million.

Expected 2014 Expenditures

Capital expenditures in 2014 are forecasted to be between \$75 million and \$80 million. SpinCo made no discretionary pension contributions in 2013 or 2012. SpinCo has no mandatory pension contributions due in 2014.

Performance Indicator

SpinCo uses the following non-GAAP measures: earnings before interest, taxes, depreciation, and amortization ("EBITDA"), Adjusted EBITDA and Adjusted Free Cash Flow. These measures are not defined by U.S. generally accepted accounting principles ("GAAP") and the discussion of these measures is not intended to conflict with or change any of the GAAP disclosures described above. SpinCo's management considers these measures to be important to estimate the enterprise and shareholder values of SpinCo, and for making strategic and operating decisions. In addition, analysts, investors and creditors use these measures when analyzing SpinCo's operating performance and financial condition.

EBITDA is defined by the SEC. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, and amortization, excluding the \$205.2 million related to the Alternative Fuel Mixture Credit in 2009. Adjusted Free Cash Flow is defined as cash provided by operating activities adjusted for capital expenditures excluding strategic capital, the net cash receipt of \$205.2 million related to the Alternative Fuel Mixture Credit in 2010 and subsequent tax benefits to exchange the AFMC for the CBPC. Adjusted Free Cash Flow, as defined, may not be comparable to similarly titled measures reported by other companies.

Below is a reconciliation of Gross Margin to EBITDA and Adjusted EBITDA for the periods presented (in millions of dollars):

	Years Ended December 31,				
	2013	2012	2011	2010	2009
Gross Margin to EBITDA and Adjusted EBITDA Reconciliation					
Gross margin	\$ 333	\$ 379	\$ 323	\$ 232	\$ 201
Selling and general expenses	(36)	(36)	(33)	(30)	(36)
Other operating expense, net	(8)	(2)	(7)	(1)	208
Depreciation, depletion and amortization	74	61	56	58	58
Interest, net	—	1	—	—	—
EBITDA	\$ 363	\$ 403	\$ 339	\$ 259	\$ 431
Alternative fuel mixture credit	—	—	—	—	(205)
Adjusted EBITDA	<u>\$ 363</u>	<u>\$ 403</u>	<u>\$ 339</u>	<u>\$ 259</u>	<u>\$ 226</u>

Table of Contents

Below is a reconciliation of Cash Flow from Operations to EBITDA and Adjusted EBITDA for the periods presented (in millions of dollars):

	Years Ended December 31,				
	2013	2012	2011	2010	2009
Cash Flow from Operations to EBITDA and Adjusted EBITDA Reconciliation					
Cash flow from operations	\$ 258	\$ 305	\$ 258	\$ 408	\$ 128
Income tax expense	69	100	69	41	68
Interest, net	—	1	—	—	—
Change due to AFMC	—	—	—	(205)	205
Other balance sheet changes	36	(3)	12	15	30
EBITDA	\$ 363	\$ 403	\$ 339	\$ 259	\$ 431
Alternative fuel mixture credit	—	—	—	—	(205)
Adjusted EBITDA	<u>\$ 363</u>	<u>\$ 403</u>	<u>\$ 339</u>	<u>\$ 259</u>	<u>\$ 226</u>

Below is a reconciliation of Cash Flow from Operations to Adjusted Free Cash Flow for the periods presented (in millions of dollars):

	Years Ended December 31,				
	2013	2012	2011	2010	2009
Cash Flow from Operations to Adjusted Free Cash Flow Reconciliation					
Cash flow from operations (a)	\$ 258	\$ 305	\$ 258	\$ 408	\$ 128
Capital expenditures	(96)	(105)	(97)	(98)	(59)
Alternative fuel mixture credit	—	—	—	(205)	—
Tax (benefit)/deficit due to AFMC	(19)	(12)	(21)	(24)	12
Adjusted Free Cash Flow	<u>\$ 143</u>	<u>\$ 188</u>	<u>\$ 140</u>	<u>\$ 81</u>	<u>\$ 81</u>

(a) Cash provided by operating activities for 2010 includes \$205.2 million, net of expenses, related to the AFMC offset by a \$27.5 million pension contribution. See Note 7— *Income Taxes* and Note 16— *Employee Benefit Plans* to the Combined Financial Statements for additional information.

Liquidity Facilities

To provide additional liquidity following the separation from Rayonier, SpinCo anticipates arranging a revolving credit facility with a borrowing capacity of approximately \$[•] million. The credit facility is expected to contain customary covenants and events of default.

Indebtedness under the liquidity facility will likely bear interest at LIBOR plus an agreed margin. Entering into a liquidity facility would also result in SpinCo paying customary fees, including administrative agent fees, upfront fees and other fees. The new liquidity facility will be subject to closing requirements and certain other conditions. Accordingly, no assurance can be given that the liquidity facility will be executed on the terms described above (including the amount available to be borrowed) or at all.

Other Indebtedness

In accordance with the expected plan of reorganization to be set forth in the separation and distribution agreement, SpinCo expects to incur approximately \$[•] billion of new debt. The debt is expected to consist of a \$[•] million term loan, and \$[•] million of corporate bonds. Prior to the distribution, SpinCo plans to make cash transfers totaling \$950 million to Rayonier as described in “Certain Relationships and Related Person

Table of Contents

Transactions—The Separation Agreement—Cash Transfers.” Following the distribution, SpinCo believes its internally generated cash flow and ability to access capital markets and its liquidity facility will be adequate to fund its operations and anticipated long-term funding requirements, including capital expenditures, dividend payments, defined benefit plan contributions and repayment of debt maturities.

Off Balance Sheet Arrangements

SpinCo has no material off-balance sheet arrangements other than the contractual obligations that are discussed below.

Contractual Financial Obligations

The following table aggregates SpinCo’s contractual financial obligations as of December 31, 2013. Amounts in the table do not reflect the \$[•] million of debt SpinCo expects to incur in connection with the separation described in the section entitled “Description of Material Indebtedness” and certain liabilities as described under “Unaudited Pro Forma Condensed Combined Financial Statements.”

Contractual Financial Obligations (in millions)	Total	Payments Due by Period			
		2014	2015-2016	2017-2018	Thereafter
Environmental obligations (a)	\$ 2	\$ 2	\$ —	\$ —	\$ —
Postretirement obligations (b)	11	1	2	2	6
Operating leases (c)	23	1	2	5	15
Purchase obligations (d)	50	13	23	14	—
Total contractual cash obligations	<u>\$ 86</u>	<u>\$ 17</u>	<u>\$ 27</u>	<u>\$ 21</u>	<u>\$ 21</u>

- (a) These obligations relate to the Jesup mill 2008 consent order which was amended in 2011 for the cellulose specialties expansion project. See “Environmental Regulation” for additional information on the Jesup mill consent order.
- (b) The amounts represent an estimate of SpinCo’s projected payments related to SpinCo’s postretirement medical and life insurance plans for the next ten years. See Note 16 — *Employee Benefit Plans* to the Combined Financial Statements for additional information.
- (c) Includes operating leases related to property, plant and equipment, office and the Jesup mill natural gas transportation contract.
- (d) On March 1, 2013, Rayonier completed the sale of its Wood Products business (consisting of three lumber mills in Baxley, Swainsboro and Eatonton, Georgia) to International Forest Products Limited (“Interfor”), an unrelated lumber company with operations in the United States and Canada. Interfor is listed on the Toronto Stock Exchange under the symbol “IFP.” Pursuant to the purchase and sale agreement, Rayonier contracted with Interfor to purchase wood chips produced at the lumber mills for use at SpinCo’s Jesup mill. SpinCo will purchase 100 percent of the Baxley mill chips for five years and purchased a minimum of 25 percent of the Swainsboro mill chips in 2013. The purchase price of these chips will be based on the average price paid by SpinCo to other third parties.

Environmental Regulation

SpinCo is subject to stringent environmental laws and regulations concerning air emissions, wastewater discharges, waste handling and disposal, and assessment and remediation of environmental contamination. Such environmental laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state laws and regulations. Management closely monitors its environmental responsibilities and believes

Table of Contents

SpinCo is in substantial compliance with current environmental requirements. In addition to ongoing compliance with laws and regulations, SpinCo's facilities operate in accordance with various permits, which are issued by state and federal environmental agencies. Many of these permits impose operating conditions on SpinCo which require significant expenditures to ensure compliance. Upon renewal and renegotiation of these permits, the issuing agencies often seek to impose new or additional conditions in response to new environmental laws and regulations, or more stringent interpretations of existing laws and regulations. In addition, under many federal environmental laws, private citizens and organizations, such as environmental advocacy groups, have the right to legally challenge permitting and other decisions made by regulatory agencies.

During 2013, 2012 and 2011, SpinCo spent the following for capital projects related to environmental compliance for ongoing operations:

<u>(in millions)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Jesup mill consent order (a)	\$ 18	\$ 25	\$ 3
Cellulose specialties expansion project (b)	19	16	5
Other (c)	8	12	10
Total	<u>\$ 45</u>	<u>\$ 53</u>	<u>\$ 18</u>

- (a) Includes spending related to a 2008 Jesup mill consent order in which SpinCo agreed to implement certain capital improvements relating to the mill's wastewater treatment. This consent order was amended in 2011 in connection with the cellulose specialties expansion project. Capital spending related to the consent order is expected to approximate \$2 million in 2014.
- (b) Environmental compliance expenditures related to the CSE project, which was completed in June 2013.
- (c) Includes spending for improvements to SpinCo's manufacturing process and pollution control systems that will comply with the requirements of new or renewed air emission and waste water discharge permits, and other required improvements for SpinCo's Jesup, Georgia and Fernandina Beach, Florida mills. Other capital spending related to environmental compliance is expected to approximate \$15 million in 2014, which includes \$14 million for industrial boiler air emissions compliance.

SpinCo's operations are subject to constantly changing environmental requirements which are often the result of legislation, regulation, litigation and negotiation. For additional information, see "Risk Factors " for a discussion of the potential impact of environmental laws and regulations, including climate-related initiatives, on SpinCo's business.

It is the opinion of management that substantial expenditures will be required over the next 10 years in the area of environmental compliance. In particular, SpinCo expects significant expenditures will be required as a result of an Environmental Protection Agency regulation issued in 2012, which tightens emissions limits of certain air pollutants from industrial boilers. SpinCo estimates the cost of compliance may range from \$40 million to \$60 million.

Quantitative and Qualitative Disclosures About Market Risk

SpinCo is exposed to various market risks, primarily commodity prices. SpinCo's objective is to minimize the economic impact of these risks and uses derivatives in accordance with policies and procedures approved by the audit committee of the board of directors. Derivatives are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. SpinCo does not enter into financial instruments for trading or speculative purposes.

Cyclical pricing of commodity market paper pulp was one of the factors that influenced performance fibers' prices in the absorbent materials product line. However, as a non-integrated producer of absorbent materials,

Table of Contents

primarily fluff pulp, for non-papermaking end uses, SpinCo's absorbent material pricing tended to lag (on both the upturn and downturn) commodity paper pulp prices with pricing adjustments that are less severe. In 2013, SpinCo started up its cellulose specialties expansion project and plans to exit the absorbent materials business. SpinCo's chemical cellulose specialty fibers' prices are based on market supply and demand and are not correlated to commodity paper pulp prices. In addition, a significant majority of SpinCo's cellulose specialty fibers are under long-term volume contracts that extend through 2014 to 2017. The pricing provisions of these contracts are set in the fourth quarter in the year prior to the shipment.

SpinCo periodically enters into commodity forward contracts to fix some of its fuel oil and natural gas costs. The forward contracts partially mitigate the risk of a change in performance fibers margins resulting from an increase or decrease in these energy costs. At December 31, 2013, SpinCo had no fuel oil or natural gas contracts outstanding.

Post-Separation

With the expected incurrence of debt at separation, SpinCo expects its market risk from interest rates to increase.

MANAGEMENT**Executive Officers Following the Separation**

The following table sets forth information as of March 31, 2014 regarding the individuals who are expected to serve as executive officers of SpinCo following the distribution. A Chief Financial Officer is expected to be appointed at or prior to the distribution, and Spinco will include information concerning the Chief Financial Officer in an amendment to this information statement. While some of SpinCo's executive officers are currently officers and employees of Rayonier, upon the separation, none of these individuals will continue to be employees or executive officers of Rayonier.

Name	Age	Position
Paul G. Boynton	48	Chairman, President and Chief Executive Officer
Michael R. Herman	51	Senior Vice President, General Counsel and Corporate Secretary
Charles H. Hood	63	Senior Vice President, Public Affairs and Communications
Jack M. Kriesel	59	Senior Vice President, Performance Fibers
James L. Posze, Jr.	49	Senior Vice President, Human Resources
Frank A. Ruperto	48	Senior Vice President, Corporate Development and Strategic Planning

Mr. Boynton will be the Chairman, President and Chief Executive Officer of SpinCo. He is currently the Chairman, President and Chief Executive Officer of Rayonier and has served as President and Chief Executive Officer since January 2012 and as Chairman since May 2012. Previously, he held a number of positions of increasing responsibility with Rayonier, including Senior Vice President, Performance Fibers from 2002 to 2008, Senior Vice President, Performance Fibers and Wood Products from 2008 to 2009, Executive Vice President, Forest Resources and Real Estate from 2009 to 2010, President and Chief Operating Officer from 2010 to 2011 and President and Chief Executive Officer from January 2012 to May 2012. Mr. Boynton joined the Company as Director, Specialty Pulp Marketing and Sales in 1999. Prior to joining Rayonier, he held positions with 3M Corporation from 1990 to 1999, including as Global Brand Manager, 3M Home Care Division. Mr. Boynton serves on the Board of Directors of The Brink's Company and is a director of the National Alliance of Forest Owners. He holds a bachelor's degree in Mechanical Engineering from Iowa State University, an MBA from the University of Iowa, and graduated from the Harvard University Graduate School of Business Advanced Management Program.

Michael R. Herman will be named Senior Vice President, General Counsel and Corporate Secretary of SpinCo. Mr. Herman joined Rayonier in 2003 as Vice President and General Counsel and was elected to his current position of Senior Vice President, General Counsel and Assistant Corporate Secretary in March 2013. Prior to joining Rayonier, he served as Vice President and General Counsel of GenTek Inc. (a publicly-traded global manufacturing conglomerate) and in other positions in GenTek's legal department from 1992 to August 2003. Mr. Herman was previously counsel to IBM's Integrated Systems Solutions Corporation and an attorney with the law firm of Shearman & Sterling LLP. He holds a B.A. in Economics and English from Binghamton University and a J.D. from St. John's University School of Law.

Charles H. Hood will be named Senior Vice President, Public Affairs and Communications of SpinCo. Mr. Hood joined Rayonier in July 2007 as Vice President, Public Affairs and was promoted to his current position of Vice President, Public Affairs and Communications in March 2013. Prior to joining Rayonier, Mr. Hood was with Georgia-Pacific for 23 years, most recently as Vice President of Government Affairs. From 1991 to 2003, he was Georgia-Pacific's Southeast Regional Manager of Government Affairs, and prior to that, their Manager of Government Affairs for Florida. Mr. Hood also served as Clerk of the Courts for Putnam County, Florida, for eight years, and was a legislative assistant for the Florida State Senate from 1972 to 1976.

Table of Contents

He currently serves on the boards of the Georgia Chamber of Commerce, Northeast Florida Rural Education Foundation, and the Jacksonville Regional Chamber of Commerce. In addition, Mr. Hood serves on the operating committee for National Alliance of Forest Owners, the public policy committee for the Northeast Florida United Way, and the Georgia Southern University, Mathematics and Science Advisory Board. He holds a bachelor's degree in journalism from the University of Florida.

Jack M. Kriesel will be named Senior Vice President, Performance Fibers of SpinCo. Mr. Kriesel joined Rayonier in 1978, was named Vice President & General Manager, Jesup Mill in November 2001, Vice President, Marketing & Strategic Sourcing in May 2004, Vice President, Marketing & Research in November 2006, Vice President, Marketing, Research and Strategic Sourcing in November 2008 and was elected to his current position of Vice President, Performance Fibers effective November 2009. Mr. Kriesel graduated from Washington State University and from the Harvard University Graduate School of Business Advanced Management Program.

James L. Posze, Jr. will be Senior Vice President, Human Resources of SpinCo. Mr. Posze joined Rayonier in October 2010 as Vice President, Human Resources and was promoted to his current position of Senior Vice President, Human Resources in March 2013. Prior to joining Rayonier, Mr. Posze was with Albemarle Corporation (a manufacturer of polymers and fine chemicals), where he served as Global Director, Human Resources from January 2008 to October 2010 and as Director, Human Resources from 2002 to March 2008. Prior to that, Mr. Posze served for 11 years at Koch Industries in positions of increasing responsibility from January 1991 to March 2002 and as Manager, Human Resources for Jostens from August 1988 to December 1991. Mr. Posze holds a bachelors degree in management from Western Kentucky University.

Frank A. Ruperto will be Senior Vice President, Corporate Development and Strategic Planning of SpinCo. Mr. Ruperto joined Rayonier on March 31, 2014 as Senior Vice President, Corporate Development and Strategic Planning. Prior to joining Rayonier, he served as Managing Director, Mergers and Acquisitions for Bank of America Merrill Lynch (a consumer banking and financial services provider) from 2008 to 2012, and Head of Global Industrial M&A for Banc of America Securities from 2003-2008. Prior to that, Mr. Ruperto served as Managing Director, Mergers and Acquisition for Merrill Lynch & Co. from 1996 to 2003, was an Associate with Kidder Peabody & Co./Painewebber Inc. from 1993 to 1995, and with Smith Barney Inc. from 1995 to 1996. From 1988 to 1991 he was a Corporate Finance Analyst with Alex, Brown & Sons Inc. Mr. Ruperto holds a Bachelor of Arts in Economics from Harvard College and an MBA from The Wharton School of Business at The University of Pennsylvania.

DIRECTORS

Board of Directors Following the Separation

The following table sets forth information as of March 31, 2014 regarding those persons who are expected to serve on SpinCo's board of directors following the completion of the separation. SpinCo is the process of identifying the other persons who are expected to serve on SpinCo's board of directors following the completion of the separation and will include information concerning those persons in an amendment to this information statement. All of the nominees will be presented to SpinCo's sole stockholder, Rayonier, for election prior to the separation.

Name	Age	Position
Paul G. Boynton	48	Chairman, President and Chief Executive Officer
C. David Brown, II	61	Lead Director

Upon completion of the separation, SpinCo's board of directors will be divided into three classes, each comprised of three directors. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which SpinCo expects to hold in 2015. The directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which SpinCo expects to hold in 2016, and the directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which SpinCo expects to hold in 2017. Commencing with the first annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election.

As a result of Mr. Boynton's service as Rayonier's President and Chief Executive Officer since January 2012 and as Rayonier's Chairman since May 2012, his previous service as Senior Vice President, Performance Fibers and Senior Vice President, Performance Fibers and Wood Products, Mr. Boynton has developed valuable business, management and leadership experience, as well as extensive knowledge of SpinCo and long-standing relationships with its major customers. SpinCo believes this experience at Rayonier, together with his marketing and engineering background, make Mr. Boynton uniquely well suited to contribute to SpinCo's board of director considerations of operational and strategic decisions and to manage SpinCo's core business.

Mr. Brown is Chairman of Broad and Cassel (a law firm based in Orlando, Florida), a position he has held since 2000. Previously, he served as Managing Partner of the firm's Orlando office from 1990. He joined the firm in 1980. Prior to joining Broad and Cassel, Mr. Brown was an associate with Rowland, Bowen and Thomas, P.A. and served as a First Lieutenant in the United States Air Force. Mr. Brown serves on the Board of Directors of CVS Caremark Corporation, as Chairman of the Board of Trustees for the University of Florida and on the Board of Directors of Orlando Health, a not-for-profit healthcare network. He holds bachelor's and juris doctorate degrees from the University of Florida. Over a 33-year legal career, Mr. Brown has developed and demonstrated expertise in finance, environmental and land use issues, particularly in complex jurisdictions, as well as extensive experience in structuring real estate transactions. SpinCo believes his experience and expertise will facilitate its board of director discussions regarding SpinCo's core business.

Director Independence

A majority of SpinCo's board of directors will be comprised of directors who are "independent" as defined by the rules of the New York Stock Exchange and the Corporate Governance Principles to be adopted by the board. SpinCo will seek to have all of its non-management directors qualify as "independent" under these standards. SpinCo's board of directors is expected to establish categorical standards to assist it in making its

Table of Contents

determination of director independence. SpinCo expects these standards will provide that no director qualifies as “independent” unless the board of directors affirmatively determines that the director has no material relationship with SpinCo or its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with SpinCo or any of its subsidiaries). In making this determination, the board of directors will consider all relevant facts and circumstances, including the following standards:

- a director is not independent if the director is, or has been within the last three years, an employee of SpinCo or its subsidiaries, or an immediate family member is, or has been within the last three years, an executive officer of SpinCo or its subsidiaries;
- a director is not independent if the director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from SpinCo or its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), and other than amounts received by an immediate family member for service as an employee (other than an executive officer);
- a director is not independent if (A) the director or an immediate family member is a current partner of a firm that is SpinCo’s internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on SpinCo’s or its subsidiaries’ audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on SpinCo or its subsidiaries’ audit within that time;
- a director is not independent if the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the present executive officers of SpinCo or its subsidiaries at the same time serves or served on that company’s compensation committee;
- a director is not independent if the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, SpinCo or its subsidiaries for property or services in an amount that, in any of the last three fiscal years, exceeds the greater of \$1 million, or two percent of such other company’s consolidated gross revenues; and
- a director is not independent if the director is an executive officer of a charitable organization that received charitable contributions (other than matching contributions) from SpinCo and its subsidiaries in the preceding fiscal year that are in excess of the greater of \$1 million or 2 percent of such charitable organization’s consolidated gross revenues.

SpinCo’s board of directors will assess on a regular basis, and at least annually, the independence of directors and, based on the recommendation of the Nominations and Corporate Governance Committee, will make a determination as to which members are independent. References to “SpinCo” above include any subsidiary in a consolidated group with SpinCo Inc. The terms “immediate family member” and “executive officer” above are expected to have the same meanings specified for such terms in the New York Stock Exchange listing standards.

Committees of the Board of Directors

Effective upon the completion of the separation, SpinCo’s board of directors will have the following standing committees: an Audit Committee, a Compensation and Management Development Committee (“Compensation Committee”) and a Nominations and Corporate Governance Committee.

Audit Committee. [•], [•], and [•] are expected to be the members of the board’s Audit Committee. [•] is expected to be the Audit Committee Chairman. The board of directors is expected to determine that at least

Table of Contents

one member of the Audit Committee is an “audit committee financial expert” for purposes of the rules of the SEC. In addition, the board is expected to determine that at least one member of the Audit Committee has accounting or related financial management expertise and that each member is financially literate as required by NYSE rules. In addition, SpinCo expects that the board of directors will determine that each of the members of the Audit Committee will be independent, as defined by the rules of the NYSE, Section 10A(m)(3) of the Exchange Act, and in accordance with the company’s Corporate Governance Principles. The Audit Committee will meet at least quarterly and will assist the board of directors in fulfilling its oversight responsibilities by reviewing and reporting to the board of directors on SpinCo accounting and financial reporting practices and the audit process, the quality and integrity of the company’s financial statements, the independent auditors’ qualifications, independence, and performance, the performance of the company’s internal audit function and internal auditors, and certain areas of legal and regulatory compliance.

Compensation Committee. [•], [•], and [•] are expected to be the members of the board’s Compensation Committee. [•] is expected to be the Compensation Committee Chairman. The board of directors is expected to determine that each member of the Compensation Committee will be independent, as defined by the rules of the NYSE and in accordance with the company’s Corporate Governance Principles. In addition, SpinCo expects that the members of the Compensation Committee will qualify as “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act and as “outside directors” for purposes of Section 162(m) of the Code. The Compensation Committee will assist the board of directors in carrying out the board’s responsibilities relating to the election and compensation of SpinCo’s executive officers. This committee will also review, approve, and administer the incentive compensation plans in which any executive officer of SpinCo participates and all of SpinCo’s equity-based plans. It may delegate the responsibility to administer and make grants under these plans to management, except to the extent that such delegation would be inconsistent with applicable law or regulation or with the listing rules of the NYSE. The Compensation Committee will have the sole authority, under its charter, to select, retain, and/or terminate independent compensation advisors.

Nominations and Corporate Governance Committee. [•], [•], and [•] are expected to be the members of the board’s Nominations and Corporate Governance Committee. [•] is expected to be the Nominations and Corporate Governance Committee Chairman. The board of directors is expected to determine that each of the members of the Nominations and Corporate Governance Committee will be independent, as defined by the rules of the NYSE and in accordance with the company’s Corporate Governance Principles. The Nominations and Corporate Governance Committee will assist the board of directors in identifying individuals qualified to become members of the board of directors (consistent with the criteria approved by SpinCo’s board of directors), recommending director candidates for SpinCo’s board of directors and its committees, developing and recommending Corporate Governance Principles to SpinCo’s board of directors, serving as a point of contact for shareholders, and performing a leadership role in shaping SpinCo’s corporate governance. The Nominating and Corporate Governance Committee will also annually review the compensation paid to the members of the board and give its recommendations to the full board regarding both the amount of director compensation that should be paid and the allocation of that compensation between equity-based awards and cash. In recommending director compensation, the Nominating and Corporate Governance Committee will take comparable director fees into account and review any arrangement that could be viewed as indirect director compensation.

The board of directors is expected to adopt a written charter for each of the Audit Committee, the Compensation Committee and the Nominations and Corporate Governance Committee. These charters will be posted on SpinCo’s website in connection with the separation.

Compensation Committee Interlocks and Insider Participation

During the company’s year ended December 31, 2013, SpinCo was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who currently serve as SpinCo’s executive officers were made by Rayonier, as described in the section of this information statement captioned “Compensation Discussion and Analysis.”

Table of Contents

Corporate Governance

Stockholder Recommendations for Director Nominees

SpinCo's amended and restated bylaws will contain provisions that address the process by which a stockholder may nominate an individual to stand for election to the board of directors. SpinCo expects that the board of directors will adopt a policy concerning the evaluation of stockholder recommendations of board candidates by the Nominations and Corporate Governance Committee.

Corporate Governance Principles

The board of directors is expected to adopt a set of Corporate Governance Principles in connection with the separation to assist it in guiding SpinCo's governance practices. These practices will be regularly re-evaluated by the Nominations and Corporate Governance Committee in light of changing circumstances in order to continue serving the company's best interests and the best interests of its stockholders.

Communicating with the Board of Directors

SpinCo's Corporate Governance Principles will include procedures by which stockholders and other interested parties who would like to communicate their concerns to one or more members of SpinCo's board of directors, a board committee, the lead director or the independent non-management directors as a group may do so by writing to any such party at SpinCo, c/o Corporate Secretary, 1301 Riverplace Boulevard, Suite [•] Jacksonville, FL 32207. All concerns received will be appropriately forwarded and, if deemed appropriate by the Corporate Secretary, may be accompanied by a report summarizing such concerns.

Director Qualification Standards

SpinCo's Corporate Governance Principles will provide that the Nominations and Corporate Governance Committee is responsible for reviewing with SpinCo's board of directors the appropriate skills and characteristics required of board members in the context of the makeup of the board of directors and developing criteria for identifying and evaluating board candidates.

The process that the Nominating and Corporate Governance Committee will use to identify a nominee to serve as a member of the board of directors will depend on the qualities being sought. From time to time, SpinCo may engage an executive search firm to assist the committee in identifying individuals qualified to be board members. The committee will consider the knowledge, experience, diversity, and personal and professional integrity of potential directors, as well as their willingness to devote the time necessary to effectively carry out the duties and responsibilities of membership on the board. The committee may reevaluate the relevant criteria for board membership from time to time in response to changing business factors or regulatory requirements. The full board of directors will be responsible for selecting candidates for election as directors based on the recommendation of the Nominations and Corporate Governance Committee.

Lead Director

The lead director will facilitate communication with the board of directors and will preside over regularly conducted executive sessions of the independent directors or sessions where the chairman of the board is not present. It will be the role of the lead director to review and approve matters, such as agenda items, schedule sufficiency, and, where appropriate, information provided to other board members. The lead director will be chosen by and from the independent members of the board of directors, and will serve as the liaison between the chairman and the independent directors; however, all directors will be encouraged to consult with the chairman on each of the above topics as well. Mr. Brown is expected to be named SpinCo's lead director. The lead director, and each of the other directors, will be expected to communicate regularly with the Chairman and Chief Executive Officer regarding appropriate agenda topics and other board related matters. The lead director also has the authority to call meetings of the independent directors and, if requested by major stockholders, will ensure that he or she is available for consultation and direct communication.

Table of Contents

Oversight of Risk

SpinCo will oversee risk management by annually appointing the members of an Enterprise Risk Management Committee, which will consist of senior executives chaired by the Chief Executive Officer, who will also serve as SpinCo's Chief Risk Officer. The Enterprise Risk Management Committee in turn will appoint the members of business unit and staff function-level risk assessment and mitigation teams, which will continually identify and assess the material risks facing their respective business or function and submit semi-annual reports to the Enterprise Risk Management Committee. These reports will form the basis for the Enterprise Risk Management's annual risk assessment, which will be reported to the Audit Committee for review and evaluation of mitigation strategies.

Policies on Business Ethics

In connection with the separation, SpinCo will adopt a Standard of Ethics and Code of Corporate Conduct ("Code of Conduct") that requires all its business activities to be conducted in compliance with laws, regulations, and ethical principles and values. All directors, officers, and employees of SpinCo will be required to read, understand, and abide by the requirements of the Code of Conduct. The Code of Conduct will be accessible on the company's website. Any waiver of the Code of Conduct for directors or executive officers may be made only by the SpinCo's board of directors. SpinCo will disclose any amendment to, or waiver from, a provision of the Code of Conduct for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on the company's website within four business days following the date of the amendment or waiver. In addition, SpinCo will disclose any waiver from the Code of Conduct for the other executive officers and for directors on the website.

Procedures for Treatment of Complaints Regarding Accounting, Internal Accounting Controls, and Auditing Matters

In accordance with the Sarbanes-Oxley Act of 2002, SpinCo expects that its Audit Committee will adopt procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, and auditing matters and to allow for the confidential, anonymous submission by employees and others of concerns regarding questionable accounting or auditing matters.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

As discussed above, SpinCo is currently part of Rayonier and not an independent company, and its compensation committee has not yet been formed. This Compensation Discussion and Analysis describes the historical compensation practices of Rayonier and attempts to outline certain aspects of SpinCo's anticipated compensation structure for its senior executive officers following the separation. While SpinCo has discussed its anticipated programs and policies with the Compensation and Management Development Committee of Rayonier's board of directors (the "Rayonier Compensation Committee"), they remain subject to the review and approval of SpinCo's own compensation committee (the "SpinCo Compensation Committee").

The employees who are expected to be appointed to serve as SpinCo's Chief Executive Officer, Senior Vice President, Performance Fibers, Senior Vice President, General Counsel and Corporate Secretary, and Senior Vice President, Public Affairs and Communications are identified below, and each of such individuals is currently an executive officer of Rayonier. The historical decisions relating to their compensation as executive officers of Rayonier in 2013 and prior years have been made by the Rayonier Compensation Committee. Following the separation, the compensation of SpinCo's executive officers will be determined by the SpinCo Compensation Committee consistent with the compensation and benefit plans, programs and policies adopted by SpinCo.

For purposes of the following Compensation Discussion and Analysis and executive compensation disclosures, the individuals listed below are collectively referred to as SpinCo's or our "named executive officers." They are SpinCo's Chief Executive Officer, Senior Vice President, Performance Fibers, Senior Vice President, General Counsel and Corporate Secretary, and Senior Vice President, Public Affairs and Communications. Their compensation is disclosed in the tables following this discussion and analysis.

- Paul G. Boynton, SpinCo Chairman, President and Chief Executive Officer. Prior to the separation, Mr. Boynton served as Rayonier's Chairman, President and Chief Executive Officer.
- Jack M Kriesel, SpinCo Senior Vice President, Performance Fibers. Prior to the separation, Mr. Kriesel served as Rayonier's Senior Vice President, Performance Fibers.
- Michael R. Herman, SpinCo Senior Vice President, General Counsel and Corporate Secretary. Prior to the separation, Mr. Herman served as Rayonier's Senior Vice President, General Counsel and Assistant Secretary.
- Charles H. Hood, SpinCo Senior Vice President, Public Affairs and Communications. Prior to the separation, Mr. Hood served as Rayonier's Senior Vice President, Public Affairs and Communications.

Additional information about SpinCo's expected senior executive team following the separation is set forth in the section of this information statement captioned "Management-Executive Officers Following the Separation."

In connection with the separation, SpinCo (or Rayonier on SpinCo's behalf) will need to identify additional SpinCo executive officers, including a chief financial officer, and the compensation arrangements for the SpinCo chief financial officer and any other SpinCo executive officers will either have been approved by the Rayonier Compensation Committee for historic executive officers of Rayonier or will be approved by the Rayonier Compensation Committee prior to the separation. While the focus of the following disclosure is on the compensation for the four SpinCo named executive officers identified above who are historic executive officers of Rayonier, the types of compensation and benefits provided to them are generally similar to those that will likely be provided to any other individuals who are identified to serve as executive officers of SpinCo upon the separation. In subsequent filings, we will describe the material terms of any compensation arrangements with the expected chief financial officer of SpinCo and any other individual expected to serve as an executive officer of SpinCo.

Table of Contents

Initially, SpinCo's compensation policies will be substantially the same as those employed by Rayonier. The SpinCo Compensation Committee will review these policies and practices, and, it is expected, will make adjustments to support SpinCo's strategies and to remain market competitive. The following sections of this Compensation Discussion and Analysis describe Rayonier's compensation philosophy, policies and practices as they applied to the four SpinCo named executive officers identified above during 2013.

Roles of the Rayonier Compensation Committee, Management and Advisors

Historically

The Rayonier Compensation Committee has responsibility for establishing Rayonier's compensation philosophy and for monitoring adherence to it. The Rayonier Compensation Committee reviews and approves compensation levels for all Rayonier executive officers, including our named executive officers, as well as all compensation, retirement, perquisite and benefit programs applicable to such officers.

The Rayonier Compensation Committee establishes annual performance objectives for the Chief Executive Officer, evaluates his accomplishments and performance against those objectives, and, based on such evaluation, makes recommendations regarding his compensation for approval by the independent members of Rayonier's board of directors. All of these functions are set forth in the Rayonier Compensation Committee Charter, which appears on Rayonier's website (www.rayonier.com) and is reviewed annually by the Rayonier Compensation Committee.

The Rayonier Compensation Committee's work is accomplished through a series of meetings, following a regular calendar schedule to ensure that all major elements of compensation are appropriately considered and that compensation and benefit programs are properly designed, implemented and monitored. Special meetings are held as needed to address matters outside the regular compensation cycle.

Working with the Rayonier Compensation Committee Chair, Rayonier's Senior Vice President, Human Resources, Director, Compensation, Benefits and Employee Services and Corporate Secretary prepare an agenda and supporting materials for each meeting. These employees, along with Mr. Boynton, generally attend the Rayonier Compensation Committee meetings by invitation, but are excused for executive sessions. The Rayonier Compensation Committee invites other members of management to attend meetings as it deems necessary to cover issues within their specific areas of expertise or responsibility.

The Rayonier Compensation Committee also seeks advice and assistance from compensation consultants and outside counsel. The Rayonier Compensation Committee has engaged Exequity, LLP ("Exequity") to provide advice, relevant market data and best practices to consider when making compensation decisions, including decisions involving the Chief Executive Officer and the programs applicable to senior executives generally. Exequity also provides the Rayonier Compensation Committee meaningful input on program design features and the balance of pay among the various components of executive compensation. Exequity provides no additional services to the Rayonier Compensation Committee. The Rayonier Compensation Committee has assessed the independence of Exequity against the specific criteria under applicable SEC and NYSE rules and determined that no conflict of interest is raised by Exequity's work for the Rayonier Compensation Committee. Total fees paid to Exequity by Rayonier for services in 2013 were \$60,545.

Going Forward

As noted above, following the separation, the SpinCo Compensation Committee that will be responsible for establishing the programs and policies applicable to the SpinCo executive officers, including the applicable performance goals, and making the compensation decisions thereunder. Immediately following the separation, it is expected that the SpinCo Compensation Committee Charter will be substantially similar to the Rayonier Compensation Committee Charter. Following the separation, the SpinCo Compensation Committee will need to select compensation consultants and other advisors and may initially choose to use the same consultants and advisors as those used by the Rayonier Compensation Committee.

Table of Contents

Compensation Philosophy and Objectives

Historically

The cornerstone of Rayonier's compensation philosophy is to provide a substantial majority of senior executive compensation in the form of "at risk" performance-based incentives. For 2013, the portion of total target compensation (which is comprised of base salary and targeted annual and long-term incentive award levels) for our named executive officers allocated to such incentives ranged between 63% and 83%. Rayonier has no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation.

Rayonier's compensation philosophy emphasizes "pay for performance" programs designed to reward superior financial performance and sustained increases in the value of Rayonier's shareholders' investment in Rayonier, while recognizing the need to maintain competitive base pay, retirement, healthcare, severance and other fixed compensation programs. Rayonier strives to use long-term incentive compensation, rather than base salary or annual cash bonuses, to provide executives with an above-median compensation opportunity if they can, over time, drive increases in shareholder value and outperform Rayonier's peers on a relative total shareholder return basis.

The primary components of Rayonier's "at risk" performance-based incentives are long-term stock-based awards, specifically stock options and performance shares. The ultimate value of these awards to the executive is dependent upon Rayonier's performance in delivering value to Rayonier's shareholders both in absolute terms (through stock options) and relative to Rayonier's peers (through performance shares). Rayonier believes that tying a majority of the senior executives' compensation directly to its ability to deliver shareholder value over a meaningful period of time is a powerful tool to (1) properly align management interests with those of Rayonier's investors, (2) promote an "ownership" mentality among Rayonier's executives that fosters the long-term perspective necessary for sustained success, and (3) minimize the possibility that its incentive programs could promote excessive risk taking.

Annual stock-based award grants are made, and the exercise price for options is set, on the first trading day of the year to remove discretion and avoid any concern that awards are "timed" to take advantage of market fluctuations or Rayonier's announcements, and Rayonier's plans do not allow "repricing" of stock options. All of Rayonier's corporate officers, including our named executive officers, are subject to minimum share ownership requirements and share retention mandates relating to Rayonier common stock until such requirements are fully met. The Rayonier Compensation Committee receives a report at each regular meeting showing the current number and value of all Rayonier shares owned by each senior executive, as well as vested and unvested equity awards.

Short-term incentives for our named executive officers consist of an annual cash bonus based on Rayonier's performance against budgeted earnings and cash flow metrics and the Rayonier Compensation Committee's assessment of management's performance in obtaining identified strategic objectives. Rayonier also provides a competitive base salary and benefit package.

Our named executive officers do not have employment agreements with Rayonier and, with the exception of accrued pension benefits, all of their compensation and benefits are subject to modification or cancellation by the Rayonier Compensation Committee. Perquisites provided to our named executive officers by Rayonier are limited to annual physical examinations and reimbursement of tax and financial planning expenses, subject to an annual dollar cap.

Going Forward

As noted above, since the SpinCo Compensation Committee has not yet been formed, the policies and executive compensation philosophy at SpinCo will be developed and established by the SpinCo Compensation

Table of Contents

Committee after the separation. It is, however, currently expected that after the separation, the framework of SpinCo's executive compensation program will be similar to Rayonier's, and will be comprised of base salaries, an annual performance-based bonuses and long-term incentive awards in the form of stock options and performance shares in respect of SpinCo common stock. In connection with the separation, SpinCo expects to adopt compensation and benefit plans, including the SpinCo 2014 Equity Incentive Plan (subject to the approval of Rayonier prior to the separation, in its capacity as SpinCo's sole stockholder) and the SpinCo Non-Equity Incentive Plan, which plans will initially be substantially similar to those in effect at Rayonier before the separation. Following the separation, the SpinCo Compensation Committee will administer and make determinations under the SpinCo compensation plans consistent with SpinCo's business needs and goals. Additional information about the SpinCo 2014 Equity Incentive Plan and the SpinCo Non-Equity Incentive Plan is set forth in the sections of this information statement captioned "SpinCo 2014 Equity Incentive Plan" and "SpinCo Non-Equity Incentive Plan," respectively.

How Executive Compensation Is Set

Historically

The Rayonier Compensation Committee evaluates and balances each of the primary components of Rayonier's executive compensation program. The role of each such component is discussed separately below, together with factors considered in the setting of executive compensation.

Setting Base Salary. Rayonier provides cash base salaries to meet competitive market demands based on each executive's position, skills and experience. Each year, the Rayonier Compensation Committee reviews the base salary of Mr. Boynton and the other named executive officers. In making adjustments (or, in the case of Mr. Boynton, recommendations to Rayonier's non-management directors for adjustment) to base salary levels, the Rayonier Compensation Committee considers:

- budgeted levels for annual salary merit and equity adjustments;
- the executive's level of responsibilities;
- the executive's experience and breadth of knowledge;
- the executive's individual performance as assessed through annual performance reviews;
- the executive's role in management continuity and development plans;
- the perceived retention risk; and
- internal pay equity factors.

Setting Annual Bonus Opportunities. Rayonier also provides cash compensation in the form of annual bonus incentives, which are designed to reward executives based on Rayonier's financial performance against key budgeted financial metrics, and the attainment of identified strategic objectives. This is accomplished each year by the Rayonier Compensation Committee adopting an Annual Corporate Bonus Program, which provides for a target bonus award for each Rayonier executive, including our named executive officers, based on salary grade, under the Rayonier Non-Equity Incentive Plan (the "Bonus Plan").

Setting Long-Term Incentive Compensation. The Rayonier Incentive Stock Plan (the "Stock Plan"), allows the Rayonier Compensation Committee the flexibility to award long-term compensation incentives through a variety of equity-based awards. The Rayonier Compensation Committee has historically chosen to award primarily stock options and performance shares. The Rayonier Compensation Committee's objective in granting such awards is to provide a strong incentive to Rayonier's executives, including our named executive officers, to focus on the ongoing creation of shareholder value by offering above-median compensation opportunities for

Table of Contents

sustained increases in Rayonier's market valuation and out-performance of Rayonier's peers on a total shareholder return basis. These award opportunities allow Rayonier to offer a competitive overall compensation package, and also further opportunities for share ownership by Rayonier's executives in order to increase their proprietary interest in Rayonier and, as a result, their interest in Rayonier's long-term success and commitment to creating shareholder value. The three-year vesting and payment periods for Rayonier's stock-based awards also provide a retention incentive for executives. Each year the Rayonier Compensation Committee approves a dollar award value for each participating executive, which is converted into a specific number of stock options and performance shares on the grant date as discussed under "Long-Term Incentive Compensation."

Internal Pay Equity Factors. By "internal pay equity" Rayonier means that relative pay differences among the executives are consistent with different job levels and responsibilities. Mr. Boynton, for example, holds the roles and responsibilities of Chairman, Chief Executive Officer and President. As a result, the Rayonier Compensation Committee believes that he had substantially more responsibility and impact on shareholder value than any other named executive officer over the last year. Therefore, the Rayonier Compensation Committee set his total 2013 compensation level appreciably higher in relation to that of other named executive officers, but at a level the Rayonier Compensation Committee believes was appropriate and reflective of market practice.

Tax Considerations-Section 162(m). Section 162(m) of the Internal Revenue Code (the "Tax Code") precludes a public corporation from taking a deduction for compensation in excess of \$1 million for Rayonier's named executive officers (other than person serving as the chief financial officer) unless certain criteria are satisfied. The Rayonier Compensation Committee considers the anticipated tax treatment to Rayonier in its review and establishment of compensation programs and payments. However, deductibility of compensation is only one factor that the Rayonier Compensation Committee takes into account in setting executive compensation terms and levels and, in an appropriate case, would not preclude an award that is not deductible.

Use of Peer Group and Other Compensation Data. Given the diversity of Rayonier's businesses and its REIT structure, Rayonier competes with companies across multiple industries for top executive-level talent. As such, the Rayonier Compensation Committee studies market norms among both forest products industry peers and among comparably-sized general industry companies, and manages executive compensation within the ranges defined by these two groups. However, the Rayonier Compensation Committee does not benchmark any individual executive's compensation level to the median of any range or to certain amounts or percentages of compensation, but consistent with Rayonier's emphasis on providing "pay for performance," generally expect Rayonier's base salary and annual bonus opportunities to be lower in the ranges and Rayonier's long-term incentive award opportunities to be higher in the ranges. Of course, variations from these general expectations may occur based on the expertise and experience level of a given executive as well as individual, company and market factors.

Consistent with past practice, in setting 2013 compensation levels for senior executives, including each of the named executive officers, the Rayonier Compensation Committee reviewed salary, annual bonus and long-term incentive compensation levels at both comparably-sized general industry companies and industry peers. Specifically, Exequity, using Equilar's database, performed a custom survey covering the 20 companies immediately above and the 20 companies immediately below Rayonier in the Standard & Poor's 400 based on market capitalization (referred to in this discussion as the "Equilar Survey"). Given the heavy asset management component of Rayonier's businesses and the inherent variations in margins and revenues, Rayonier believes market capitalization is currently a better measure of overall management responsibility than revenues. The companies included in the Equilar Survey are:

Airgas, Inc., Autoliv, Inc., Ball Corp., Bell Aliant Inc., Canadian Tire Corp, Ltd, CBRE Group, Inc, Cliffs Natural Resources, Core Laboratories N.V., Coventry Health Care, Equifax, Inc., Expedia, Inc., Flowserve Corp., Hospira, Inc., Huntington Bancshares Inc., IAMGOLD Corp., Iron Mountain Inc., J.B. Hunt Transport Svcs, Inc., J.C. Penney Company, Inc., Jacobs Engineering Group, Inc., Masco Corp., MGM Resorts Int'l, Micron Technology, Inc., New Gold, Newell Rubbermaid Inc., OGE Energy Corp., PulteGroup, Inc., ResMed Inc.,

Table of Contents

Royal Caribbean Cruises Ltd., Tesoro Corp., Tractor Supply Company, TRW Automotive Holdings Corp., Ulta Salon, Cosmetics & Fragrance, Inc., United Continental Holdings, Unum Group, Varian Medical Systems, Inc., Whirlpool Corp., Whiting Petroleum Corp., Willis Group Holdings Public Ltd Co. and Windstream Corp.

Rayonier also had Exequity perform a proxy review of compensation levels for named executive officers at each of the peer group companies under the 2012 Performance Share Award Program (the “2012 Industry Peers”) ¹. 2013 aggregate named executive officer target cash compensation fell between the medians for the 2013 Industry Peers and the Equilar Survey, and aggregate targeted long-term incentives fell below the 75th percentiles for the two groups.

For 2013, any payouts under Rayonier’s Performance Share Award Program will be calculated based on the relative performance of Rayonier against a custom peer group of 13 forest products, real estate and REIT companies (the “2013 Performance Share Peer Group”), chosen by the Rayonier Compensation Committee as those most likely to be considered “operational competitors” of one or more of Rayonier’s core businesses, along with 2 relevant market indices, (the S&P Midcap 400 Index and the NAREIT All Equity REIT Index). The 2013 Performance Share Peer Group consists of the following companies: Buckeye Technologies, Mead-Westvaco, St. Joe Company, Deltic Timber, Neenah Paper, Tembec, Domtar, Plum Creek, Weyerhaeuser, Forestar, Potlatch Corporation, International Paper and Sappi.

Going Forward

After the separation, the SpinCo Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to base salary, annual bonus opportunities and long-term incentives within the framework of the compensation plans adopted by SpinCo, which at least initially will be substantially similar to Rayonier’s compensation plans. In addition, the SpinCo Compensation Committee will need to evaluate the relevance of peer data and determine the appropriate peer group, if any, for SpinCo following the separation.

Components of Executive Compensation for 2013

Historically

Looking at the four identified historic Rayonier named executive officers as a group, 73% of their 2013 target total compensation was allocated to “at risk,” performance-based components consisting of annual bonus, performance shares and stock options, with the remaining 27% allocated to base salary. Target non-cash compensation awarded to the Rayonier named executive officers in 2013 ranged from 47% to 65% of their target total compensation. Rayonier believes this mix is both competitive within the marketplace and consistent with Rayonier’s executive compensation philosophy.

Base Salary. Base salary is the component of compensation that is fixed and intended to compensate Rayonier’s executives, based on their experience, expertise and job responsibilities, for work performed during the fiscal year. Rayonier’s Annual Executive Salary Administration Plan, which sets budget levels for annual salary merit and equity adjustments, is structured to be generally consistent with market trends based on published salary survey data.

On April 1, 2013, Mr. Boynton received an 18% increase, bringing his salary to \$825,000. This increase was in recognition of his responsibilities as Chairman, President and Chief Executive Officer of Rayonier as he began his second year in this role and to align his base salary with competitive market pay for his position. The other three Rayonier named executive officer received salary increases averaging 4.6% for 2013. All salary adjustments were effective April 1, 2013.

¹ Buckeye Technologies, Deltic Timber, Domtar, Forestar, International Paper, Mead-Westvaco, Neenah Paper, Plum Creek, Potlatch Corporation, Sappi, St. Joe Company, Tembec and Weyerhaeuser.

Table of Contents

Annual Bonus Awards. Payments under the Bonus Plan are based on Rayonier's performance for the year with regard to: (1) key corporate financial metrics measured against budgeted levels, and (2) identified strategic objectives.

Setting 2013 Target Bonus Awards. The Rayonier Compensation Committee established a target bonus for each named executive officer as a percentage of base salary, with the applicable percentage set uniformly by salary grade. For 2013 the target bonus percentages of base salary for our named executive officers were as follows: Mr. Boynton, 100%; Messrs. Herman and Kriesel, 61%; and Mr. Hood, 43%.

Under the Bonus Plan, the awards for named executive officers are funded at the maximum allowable award level, equal to 200% of target awards, once threshold financial levels of performance are met. The funded award levels are then subject to adjustment by the Rayonier Compensation Committee's exercise of negative discretion based on performance against the financial and strategic performance metrics set at the beginning of the year, and a subjective evaluation of the executive's performance against individual performance objectives, also set at the beginning of the year. Individual objectives for 2013, which consist of personal performance goals outside of the executive's normal job responsibilities, were approved by the Rayonier Compensation Committee for Mr. Boynton and by Mr. Boynton for the other named executive officers. This funding mechanism for named executive officers is a result of the Rayonier Compensation Committee's desire to have maximum flexibility in setting award levels for these executives within the limitations on discretionary adjustments of performance-based awards under Section 162(m) of the Code.

Setting 2013 Performance Factors. The Rayonier Compensation Committee established performance factors for the 2013 Annual Corporate Bonus Program (the "2013 Bonus Program") prior to the beginning of the year. The performance factors were designed to focus management on the two financial metrics considered most critical to Rayonier in measuring annual performance: Net Income and Cash Available for Distribution, or "CAD." The Rayonier Compensation Committee selected these financial metrics due to the importance of earnings and cash generation given Rayonier's REIT structure and the importance investors continue to place on Rayonier's ability to pay, and grow, Rayonier's dividend.

CAD measures Rayonier's ability to generate cash that can be distributed to shareholders as dividends or used for strategic acquisitions, debt reduction or share repurchases. Rayonier defines CAD as Cash Provided by Operating Activities ² adjusted for capital spending, the tax benefits associated with certain strategic acquisitions, the change in committed cash, and other items which include cash provided by discontinued operations, proceeds from matured energy forward contracts, excess tax benefits on stock based compensation and the change in capital expenditures purchased on account.

In exercising its discretion in determining the bonus award for each named executive officer, the Rayonier Compensation Committee's initial consideration is the level of the officer's "formula award," calculated based on actual performance against the financial metrics and strategic objectives, weighted 80% and 20% respectively. Accordingly, such formula award is determined based 80% on Rayonier's performance for the year with regard to Net Income and CAD as measured against budgeted levels and weighted equally, and 20% based on Rayonier's performance against identified strategic objectives. The payout percentages calculated based on performance against the financial metrics and the strategic objectives are added together to create a single measurement of performance that Rayonier calls its Corporate Performance Factor, or "CPF."

Measuring 2013 Results-Accounting Adjustments. Before the Rayonier Compensation Committee approved the CPF and resulting bonus pool for 2013 bonus awards for named executive officers, Rayonier's chief financial officer presented an analysis of all material unusual, nonrecurring and non-budgeted items impacting the bonus calculation for review by the Rayonier Compensation Committee to determine whether, based on factors such as frequency, foreseeability, manageability and past treatment, any particular item should be included or excluded

² GAAP measure included in Rayonier's Consolidated Statements of Cash Flow in Rayonier's 2013 Financial Statements.

Table of Contents

from the calculation. For 2013, the adjustments resulted in a decrease in Net Income of \$22.3 million and an increase in CAD of \$28.5 million, with a corresponding increase of financial performance versus budget from 106.8% to 110.2%.

Payout at target award levels for 2013 required achievement of Net Income of \$276.8 million and CAD of \$322.6 million, the annual budgeted amounts approved by the Rayonier board of directors in December 2012, and the Rayonier Compensation Committee's determination that performance against the 2013 strategic objectives (as identified by the Rayonier Compensation Committee in December 2012) were sufficient to warrant payout at target. The payout scale for the financial metrics provides for a payout of 20% of target awards (16% weighted) at a threshold level of performance of 85% of budget, and a maximum payout of 200% (160% weighted) at 120% of budget. Performance against the 2013 financial metrics, taking into account the Rayonier Compensation Committee's adjustments, was above target (112.7% of budgeted Net Income and 112.3% of budgeted CAD).

After assessing performance for 2013 against the identified strategic objectives, the Rayonier Compensation Committee approved a payout level of 24.4%, reflecting performance slightly exceeding expectations. The Rayonier Compensation Committee intends that the identified strategic objectives be ambitious but achievable, with specific objective measures of success, consistent with the financial metrics component of the CPF calculation. Taking into account both financial (weighted 80%) and strategic performance (weighted 20%), CPF for 2013 was 145%.

At the December 2013 meeting, the Rayonier Compensation Committee reviewed the projected available bonus pool and resulting "formula award" levels. The Rayonier Compensation Committee also reviewed the overall "quality" of 2013 financial results, with management reporting on the primary drivers of variances, both positive and negative, to key budget metrics. Following such analysis, the Rayonier Compensation Committee approved the projected CPF and resulting bonus pool under the 2013 Bonus Program.

Final 2013 Bonus Awards. The final annual bonuses earned by our named executive officers for 2013 were approved by the Rayonier Compensation Committee and, for Mr. Boynton, the non-management directors in February 2014, taking into account the level of each executive's formula award and attainment of his individual performance objectives. The final awards appear in the Summary Compensation Table, under the heading "Non-Equity Incentive Plan Compensation." Aggregate 2013 bonus awards for our named executive officers as a group were within 2% of the corresponding aggregate formula awards, and individual named executive officer awards for 2013 reflected adjustments to formula awards ranging from 0% to plus 17%.

Long-Term Incentive Compensation. Long-term incentive awards for 2013 were approved at the Rayonier Compensation Committee's December 2012 meeting for our named executive officers except Mr. Boynton, whose award was approved by the non-management directors at the Rayonier board of directors December 2012 meeting. The awards are reflected in the Summary Compensation Table and the "Grants of Plan Based Awards" table.

For senior executives, 2013 stock option and performance share award levels were based on three factors:

- (1) the aggregate dollar value of the total long-term incentive award opportunity for the executive approved by the Rayonier Compensation Committee, or, for Mr. Boynton, the non-management directors;
- (2) the Rayonier Compensation Committee's allocation of that total value between stock options and performance share awards; and
- (3) the value of a stock option and performance share award calculated at the grant date of January 2, 2013.

For award purposes, the value of a stock option was based on the Black-Scholes valuation model, which is the same method that is used in Rayonier's financial statements. The value of a performance share was

Table of Contents

determined based on the closing price of Rayonier stock on the grant date. Consistent with applicable accounting rules, Rayonier uses a different performance share valuation model for financial statement purposes, which is derived from a simulation model run after the awards are made.

For 2013, the Rayonier Compensation Committee approved an increase in long-term incentive award values for Mr. Boynton to align his long-term incentive award with competitive market pay for his position at Rayonier. When compared to the 2012 long-term incentive award values, Mr. Boynton's award increased by \$500,000. Long-term incentive award values for Messrs. Kriesel and Herman were held at 2012 levels and the award value for Mr. Hood increased by \$80,000.

For 2013, the Rayonier Compensation Committee maintained the allocation of long-term incentive grant date value at 80% to performance share awards and 20% to stock options, consistent with the Rayonier Compensation Committee's belief that Rayonier's relative total shareholder return versus its operational peers and key market indices, over a meaningful period of time, is the single best measure of overall management performance.

The long-term incentive award values approved by the Rayonier Compensation Committee for each participant, including each of the named executive officers, were converted into a specified number of stock options and performance shares on January 2, 2013 using the Black-Scholes value and closing Rayonier share price as discussed above.

Stock Options. Stock option awards to our named executive officers in 2013 are shown on the "Grants of Plan-Based Awards" table. Rayonier's stock option award program helps us:

- motivate and reward superior performance on the part of executives and key employees;
- directly link the creation of shareholder value and long-term executive incentive compensation;
- encourage increased stock ownership in Rayonier by executives; and
- maintain competitive levels of total compensation.

Each December, the Rayonier Compensation Committee approves the grant date dollar value of the annual stock option award for the upcoming year for selected executives and key employees (other than Mr. Boynton, whose award value is approved by the non-management directors), as well as the award date, on which the exercise price for the award is set. For annual grants the award date has historically been the first trading day in January. Accordingly, Rayonier does not backdate stock options, grant options retroactively or coordinate grants so that they are made before the announcement of favorable information, or after the announcement of unfavorable information. For 2013, options to purchase 68,990 shares of Rayonier stock were awarded to our named executive officers as a group.

Performance Shares. Grants of performance share awards for our named executive officers in 2013 are shown on the "Grants of Plan-Based Awards" table. Rayonier's Performance Share Award Program helps Rayonier to:

- focus executives on the long-term creation of shareholder value;
- provide a retention incentive for our named executives officers;
- provide an opportunity for our named executive officers to increase their stock ownership in Rayonier; and
- maintain competitive levels of total compensation.

As discussed above, 80% of the aggregate grant date dollar value of the annual long-term incentive award for each executive, as approved by the Rayonier Compensation Committee (or, for Mr. Boynton, by

Table of Contents

non-management directors), is allocated to a performance share award. This target award level, expressed as a number of shares of Rayonier stock, is determined at the beginning of a 36-month performance period. Awards are approved by the Rayonier Compensation Committee (or, for Mr. Boynton, the non-management directors) in December and the performance period begins on the following January 1. Awards granted for the performance period beginning January 1, 2013 (and ending December 31, 2015) are referred to as the “2013 Class” of performance share awards. 2013 Class target awards totaling 73,420 shares were awarded to our named executive officers as a group.

The payout, if any, will be based on the level of economic return Rayonier produces for its shareholders (referred to as “Total Shareholder Return”, or “TSR”) as compared to that produced by the 2013 Performance Share Peer Group companies listed in the “Use of Peer Group and Other Compensation Data” section of this discussion and analysis, and the two selected market indices (the S&P Midcap 400 Index and the NAREIT All Equity REIT Index) during the same period. TSR is calculated for the performance period based upon the return on a hypothetical investment in Rayonier shares versus the return on an equal hypothetical investment in each of the peer companies and indices, in all cases assuming reinvestment of dividends. The 2013 Class awards will be paid out, if at all, in January 2016 after the end of the performance period on December 31, 2015, based on Rayonier’s percentile TSR performance against the 2013 Performance Share Peer Group, as follows:

Percentile Rank	Payout Level (Expressed As Percent of Target Award)
80 th and Above	200%
61 st - 79 th	100%, plus 5% for each incremental percentile position over the 60 th Percentile
60 th	100%
31 st - 59 th	30%, plus 2.33% for each incremental percentile position over the 30 th Percentile
30 th	30%
Below 30 th	0%

The Rayonier Compensation Committee annually considers the terms of Rayonier’s Performance Share Program and seeks to ensure that awards provide appropriate and competitive incentives and that the peer group is representative of Rayonier’s businesses.

Going Forward

After the separation, the SpinCo Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to base salary, annual bonus opportunities and long-term incentives within the framework of the compensation plans adopted by SpinCo, which initially will be substantially similar to Rayonier’s compensation plans. Additional information about the SpinCo 2014 Equity Incentive Plan and SpinCo Non-Equity Incentive Plan is set forth in the sections of this information statement captioned “SpinCo 2014 Equity Incentive Plan” and “SpinCo Non-Equity Incentive Plan,” respectively. The SpinCo Compensation Committee will develop a process for establishing financial and non-financial performance goals that will be structured around the business goals of SpinCo and will provide appropriate incentives to the SpinCo executive officers following the separation. SpinCo expects that the target levels for the annual incentive and long-term incentive compensation opportunities of SpinCo’s named executive officers following the separation will be set based on each named executive officer’s post-separation level of responsibility and competitive market rates.

In addition, in connection with the separation, outstanding Rayonier equity awards held by SpinCo employees generally, including our named executive officers, will be treated as follows:

- Rayonier stock options will be converted into both adjusted Rayonier stock options and SpinCo stock options, with adjustments made to preserve the aggregate intrinsic value of the Rayonier stock options as measured immediately before and immediately after the separation, subject to rounding.

Table of Contents

- Rayonier restricted stock awards will be retained and will also receive the distribution of SpinCo shares that applies to Rayonier shareholders generally.
- Rayonier performance share awards granted in 2012 (with a 2012-2014 performance period) will be split into both Rayonier performance share awards and SpinCo performance share awards and will continue to be subject to the same performance criteria as applied immediately prior to the separation, except that total shareholder return at the end of the performance period will be based on the combined stock prices of Rayonier and SpinCo and any payment earned will be made to the applicable award holder in shares of Rayonier common stock and shares of SpinCo common stock.
- Rayonier performance share awards granted in 2013 (with a 2013-2015 performance period) will be cancelled as of the distribution date and replaced with SpinCo time-vested equity awards that will vest 24 months after the distribution date, generally subject to the SpinCo employee's continued employment. The value of each time-vested equity award will be equivalent to the grant date value of the performance share award that it replaces, subject to rounding.
- Rayonier performance share awards granted in 2014 (with a 2014-2016 performance period) will be cancelled and replaced with SpinCo performance share awards, and will be subject to the achievement of performance criteria that relate to the performance fibers business during a performance period ending December 31, 2016. The value of each replacement performance share award will be equivalent to the grant date value of the performance share award that it replaces, subject to rounding.

Retirement Plans and Programs

Historically

Rayonier maintains the following plans and programs to provide retirement benefits to salaried employees, including the named executive officers:

- the Rayonier Investment and Savings Plan for Salaried Employees;
- the Retirement Plan for Salaried Employees of Rayonier;
- the Rayonier Excess Benefit Plan;
- the Rayonier Salaried Retiree Medical Plan; and
- the Rayonier Excess Savings and Deferred Compensation Plan.

The Retirement Plan for Salaried Employees of Rayonier and the Rayonier Salaried Retiree Medical Plan were closed to new employees on January 1, 2006. All of our named executive officers participate in the Retirement Plan for Salaried Employees.

The benefits available under these plans are intended to provide income replacement after retirement, either through a defined pension benefit, withdrawals from a 401(k) plan or deferred compensation, as well as access to quality healthcare. Rayonier places great value on the long-term commitment that many of Rayonier's employees and named executive officers have made to Rayonier and wish to incentivize them to remain with Rayonier with a focus on building sustainable value over the long-term. Therefore, Rayonier has determined that it is appropriate to provide employees with competitive retirement benefits as part of their overall compensation package.

Rayonier's retirement plans are designed to encourage employees to take an active role in planning, saving and investing for retirement. For a detailed description of Rayonier's retirement plans, see the discussion

Table of Contents

following the “Pension Benefits” table. The Rayonier Excess Savings and Deferred Compensation Plan is designed to provide eligible executives with a convenient and efficient opportunity to save for retirement or other future events, such as college expenses, while deferring applicable income taxes until withdrawal. For a detailed description of the Rayonier Excess Savings and Deferred Compensation Plan, see the discussion following the “Nonqualified Deferred Compensation” table.

The Rayonier Salaried Retiree Medical Program provides salaried employees eligible for retirement with access to an employer-sponsored healthcare plan funded entirely by the plan participants. This benefit is extended on an equivalent basis to all eligible retirees.

The Rayonier Compensation Committee reviews these retirement benefit programs periodically to evaluate their continued competitiveness. However, these programs are generally not considered in setting the level of key elements of compensation for the named executive officers.

Going Forward

After the separation, the retirement benefit programs in effect for the named executive officers of at SpinCo will initially have substantially the same terms as the retirement benefit programs in effect for the executive officers at Rayonier prior to the separation. As described in the section entitled “Certain Relationships and Related Person Transactions-Employee Matters Agreement” of this registration statement, SpinCo has agreed to maintain (1) welfare benefit arrangements that are substantially similar in the aggregate to those provided by Rayonier to the employees who will become SpinCo employees immediately prior to the separation, through at least December 31, 2014 and (2) retirement benefit arrangements that provide benefits that are no less favorable than those provided by Rayonier to the employees who will become SpinCo employees immediately prior to the separation through at least December 31, 2015.

Severance and Change in Control Plans

Historically

Severance Pay Plan. The Severance Pay Plan for Salaried Employees provides severance benefits to all salaried employees of Rayonier, including the named executive officers, in the event their employment is terminated (other than “for cause” and other non-qualifying terminations defined in the plan). Upon execution of a satisfactory separation agreement, the severance benefit available to a named executive officer may range from 17 weeks to 26 weeks of base salary, plus an additional week of base salary for each year of service over one year.

Executive Severance Pay Plan. The Rayonier Compensation Committee recognizes that, as with all publicly-traded corporations, there exists the possibility of a change in control of Rayonier and that the uncertainty created by that possibility could result in the loss or distraction of senior executives, to the detriment of Rayonier and Rayonier’s shareholders. The Executive Severance Pay Plan, referred to in this discussion as the “Executive Plan,” reflects the Rayonier Compensation Committee’s view that it is critical for executive retention to be encouraged and that the continued attention and dedication to duty of Rayonier’s senior executives be fostered, notwithstanding the possibility, threat, rumor or occurrence of a change in control of Rayonier. In addition, the Executive Plan is intended to align executive and shareholder interests by enabling executives to consider corporate transactions that may be in the best interests of Rayonier’s shareholders and other constituents without undue concern over whether the transaction would jeopardize the executives’ own employment or significantly disrupt or change the culture or environment of their employment.

The Executive Plan achieves these objectives by providing benefits to eligible executives designated by the Rayonier Compensation Committee, which currently includes our named executive officers, in the event of a

Table of Contents

change in control of Rayonier. The benefits include the vesting of outstanding stock option, performance share and restricted stock awards, without regard to whether or not the executive continues to be employed by Rayonier. In addition, if the executive is involuntarily terminated (other than “for cause”) within 24 months of the change in control, he or she will be entitled to enhanced severance benefits, which depend on the executive’s status as a Tier I or Tier II executive of Rayonier. The Executive Plan also provides that in the event of the imposition of an excise tax on the benefits paid, such benefits are to be “grossed-up” through the payment of an additional amount so that the executive would receive the same amount after tax as he or she would have received had there been no excise tax imposed.

The Rayonier Compensation Committee reviews the Executive Plan annually and retains the discretion to terminate the Executive Plan, or to include or exclude any executive, including any named executive officer, at any time prior to a change in control. At the present time, Messrs. Boynton, Kriesel and Herman are included as Tier I executives in the Rayonier Executive Plan, and Mr. Hood is included as a Tier II executive.

The potential payments under the Executive Plan are calculated in the “Potential Payments Upon Termination or Change In Control” table. Such potential payments do not affect the Rayonier Compensation Committee’s decisions regarding executive compensation, including base salary, annual bonus and long-term incentive award levels.

Going Forward

After the separation, the severance benefit programs in effect for the named executive officers of SpinCo will initially have substantially the same terms as the severance benefit programs in effect for the executive officers at Rayonier prior to the separation. As described below in the section entitled “Certain Relationships and Related Person Transactions-Employee Matters Agreement,” SpinCo has agreed to maintain executive severance arrangements that provide benefits that are no less favorable than those provided by Rayonier to the eligible employees who will become SpinCo employees as in effect immediately prior to the separation through at least December 31, 2015.

Perquisites and Personal Benefits

Historically

Rayonier provides our named executive officers with limited perquisites that the Rayonier Compensation Committee reviews annually. Under Rayonier’s perquisites program, in addition to personal benefits that are available broadly to Rayonier’s employees, our named executive officers are eligible to participate in the following two programs:

- *Executive Physical Program* – Each executive-level employee of Rayonier is required to have a physical examination every other year until age 50, and every year after 50.
- *Senior Executive Tax and Financial Planning Program* – This program provides reimbursement to nine senior executives of Rayonier (including our named executive officers) for expenses incurred for financial and estate planning and for preparation of annual income tax returns. Reimbursements are taxable to the recipient, and are not grossed-up for tax purposes. The annual reimbursement limit for 2013 was \$25,000 for Mr. Boynton and \$10,000 for all other participants.

The total cost of these programs to Rayonier with regard to our named executive officers for 2013 was \$62,576. Rayonier does not pay car allowances (or provide company cars), personal club membership dues, home security expenses or allow personal use of chartered aircraft.

Table of Contents

Going Forward

After the separation, the perquisite and personal benefit programs in place at SpinCo will initially be substantially similar to those in place at Rayonier prior to the separation.

Share Ownership and Retention Requirements; Prohibition on Hedging or Pledging Share Ownership

Historically

Rayonier believes that share ownership requirements help to further focus the senior management team on the long-term success of Rayonier's businesses and the interests of Rayonier's shareholders. All Rayonier executives at the Vice President level and higher are required to acquire and hold, within five years after taking such position, Rayonier shares with a value equal to a designated multiple of their base salary. There are four tiers within Rayonier's senior management covered by ownership requirements. For the Chief Executive Officer, the requirement is six times base salary; for Executive Vice Presidents, three; for Senior Vice Presidents, two; and for Vice Presidents, one. Rayonier also requires that each director, within four years of joining Rayonier's board of directors, maintain a minimum ownership interest in Rayonier at a level equal to four times the director's annual equity retainer. Prior to satisfying his or her ownership requirement, a director or executive is prohibited from selling any Rayonier shares other than shares withheld or sold to satisfy taxes in connection with a performance share payout or stock option exercise.

As of March 1, 2014, all Rayonier directors and officers were in compliance with Rayonier's share ownership and retention requirements.

In addition, Rayonier's executive officers and directors are not permitted to hedge their economic exposure to Rayonier's common shares, to hold their ownership interests in Rayonier's common shares in a margin account or to otherwise pledge their common shares as collateral for a loan.

Going Forward

After the separation, the SpinCo board of directors will adopt share ownership and retention requirements and similar policies to be applicable to the SpinCo executive officers with respect to their SpinCo common stock that will be driven by the considerations described above with respect to Rayonier's policies.

EXECUTIVE COMPENSATION

Historical Compensation of Executive Officers Prior to the Separation

The four currently identified SpinCo named executive officers listed above were employed by Rayonier prior to the separation; therefore, the information provided for the fiscal years 2013, 2012 and 2011 below reflects compensation earned at Rayonier and the design and objectives of the Rayonier executive compensation programs in place prior to the separation. Each of these four named executive officers is currently, and was as of December 31, 2013, an executive officer of Rayonier. Accordingly, the compensation decisions regarding our named executive officers were made by the Rayonier Compensation Committee or by the Rayonier Chief Executive Officer. Executive compensation decisions following the separation will be made by the SpinCo Compensation Committee. All references in the following tables to stock options and performance shares relate to awards granted by Rayonier in respect of shares of Rayonier common stock.

The amounts and forms of compensation reported below are not necessarily indicative of the compensation that SpinCo executive officers will receive following the separation, which could be higher or lower, because historical compensation was determined by Rayonier's Compensation Committee based on Rayonier's performance and because future compensation levels at SpinCo will be determined based on the compensation policies, programs and procedures to be established by the SpinCo Compensation Committee for those individuals who will be employed by SpinCo following the separation.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(3)	Change in Pension Value	All Other Compensation (\$)(5)	Total (\$)
							and Non-Qualified Deferred Compensation Earnings (\$)(4)		
Paul G. Boynton	2013	793,750	—	2,689,839	600,040	1,200,000	321,028	59,900	5,664,557
Chairman, President and Chief Executive Officer	2012	700,000	—	2,537,132	500,189	1,075,000	828,088	62,963	5,703,372
	2011	518,750	—	1,281,082	230,206	840,000	621,225	39,937	3,531,200
Jack M. Kriesel	2013	353,075	—	717,290	160,020	319,000	310,120	31,087	1,894,126
Senior Vice President, Performance Fibers	2012	328,725	—	812,085	159,857	310,000	1,092,079	26,794	2,729,540
	2011	314,750	—	891,197	160,111	375,000	1,017,295	167,107	2,925,450
Michael R. Herman	2013	368,600	—	627,629	140,000	328,693	34,657	25,161	1,524,740
Senior Vice President and General Counsel	2012	358,550	—	710,645	139,830	340,000	289,351	30,705	1,869,081
	2011	346,250	—	779,750	140,191	390,000	269,579	26,060	1,951,830
Charley H. Hood	2013	258,400	—	296,118	65,800	190,000	—	37,087	847,405
Senior Vice President, Public Affairs and Communications	2012	251,450	—	253,600	50,126	165,000	—	35,461	755,637
	2011	242,499	—	278,482	50,025	195,000	—	28,358	794,364

- (1) Represents the aggregate grant date fair value for performance share and stock option awards computed in accordance with FASB ASC Topic 718. Values for awards subject to performance conditions are computed based on probable outcome of the performance condition as of the grant date for the award. A discussion of the assumptions used in calculating these values may be found in the "Incentive Stock Plans" sections included in the notes to Rayonier's Annual Reports on Form 10-K for 2011, 2012 and 2013.

Table of Contents

- (2) The following amounts reflect the grant date award value assuming that the highest level of performance is achieved under the relevant Performance Share Award Program: For 2013, Mr. Boynton, \$4,799,856; Mr. Kriesel \$1,279,962; Mr. Herman, \$1,119,966; and Mr. Hood, \$528,405. For 2012, Mr. Boynton, \$3,999,577; Mr. Kriesel \$1,280,184; Mr. Herman, \$1,120,272; and Mr. Hood, \$399,780. For 2011, Mr. Boynton, \$1,839,485; Mr. Kriesel, \$1,279,642; Mr. Herman, \$1,119,686; and Mr. Hood, \$399,924.
- (3) Represents awards under the 2011, 2012 and 2013 Annual Corporate Bonus Programs discussed in the “Setting Annual Bonus Opportunities” section of the Compensation Discussion and Analysis.
- (4) Represents the annual change in actuarial present value of the participant’s pension benefit under Rayonier’s retirement plans and the above market interest on non-qualified deferred compensation. Excess Base Salary and Annual Bonus Deferral account balances earn a rate of return equal to 10-Year Treasury Notes (adjusted monthly) plus 1.5 percent. Under SEC regulations, any returns on non-qualified deferred compensation in excess of 120% of the applicable federal long-term rate are considered above market interest and must be reported. Accordingly, above market interest paid for Mr. Kriesel in 2013 was \$3,534.
- (5) For each year presented, these amounts include company contributions to the Rayonier Investment and Savings Plan for Salaried Employees, a 401(k) Plan; company contributions to the Rayonier Excess Savings and Deferred Compensation Plan; premiums for group life insurance; reimbursement of expenses incurred under the Senior Executive Tax and Financial Planning Program; restricted stock dividends and accrued interest; wellness reimbursements; and the costs of mandatory executive physical examinations. For 2013, Mr. Boynton received \$10,312 in 401(k) company matching contributions and Messrs. Kriesel and Herman received \$10,455. For 2013, Mr. Hood received \$16,432 in 401(k) matching contributions and retirement contributions. Mr. Boynton received \$22,531 in tax and financial planning reimbursements for 2013. All amounts reflect actual expenses incurred and paid by Rayonier in providing these benefits.

Grants of Plan-Based Awards

This table discloses 2013 stock option and performance share awards along with potential payouts under the 2013 Annual Corporate Bonus Program for the named executive officers.

Name	Grant Date	Approval Date (1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(5)
			Thres-hold (\$)	Target (\$)	Maxi-mum (\$)	Thres-hold (#)	Target (#)	Maxi-mum (#)				
Paul G. Boynton	—	12/13/12	165,000	825,000	1,650,000							
	1/2/13	12/13/12				13,680	45,600	91,200				2,689,839
	1/2/13	12/13/12								42,860	52.63	600,040
Jack M. Kriesel	—	12/13/12	43,290	219,600	439,200							
	1/2/13	12/13/12				3,648	12,160	24,320				717,290
	1/2/13	12/13/12								11,430	52.63	160,020
Michael R. Herman	—	12/13/12	45,262	226,310	452,620							
	1/2/13	12/13/12				3,192	10,640	21,280				627,629
	1/2/13	12/13/12								10,000	52.63	140,000
Charles H. Hood	—	12/13/12	22,360	111,800	223,600							
	1/2/13	12/13/12				1,506	5,020	10,040				296,118
	1/2/13	12/13/12								4,700	52.63	65,800

- (1) 2013 annual equity grants were approved in December 2012 and effective the first trading day of January 2013. For the Non-Equity Incentive Plan Awards, the approval date reflects the date on which the Rayonier Compensation Committee approved the 2013 Annual Corporate Bonus Program.

Table of Contents

- (2) Reflects potential awards under the 2013 Annual Corporate Bonus Program. Awards can range from 0% to 200% of the target award. See the “Annual Bonus Awards” section of the Compensation Discussion and Analysis. The actual amount earned by each named executive officer for 2013 is reflected in the Summary Compensation Table under the “Non-Equity Incentive Plan Compensation” column.
- (3) Reflects potential awards, in number of shares, under the 2013 Class Performance Share Award Program. Awards can range from 0% to 200% of the target award. Please refer to the “Performance Shares” section of the Compensation Discussion and Analysis.
- (4) Reflects annual stock option awards for 2013. The exercise price of all awarded stock options is equal to the closing price of Rayonier shares on the NYSE on the grant date. The awards vest and become exercisable in one-third increments on the first, second and third anniversaries of the grant date, and expire on the tenth anniversary of the grant date or earlier upon certain terminations of employment.
- (5) Reflects the grant date fair value of each equity award computed in accordance with FASB ASC Topic 718.

As discussed in the Compensation Discussion and Analysis, the Summary Compensation Table and Grants of Plan-Based Awards Table reflect that, consistent with the Rayonier Compensation Committee’s stated philosophy, the majority of total targeted compensation for named executive officers for 2013 was allocated to performance-based incentives. Performance-based incentive awards are discussed in further detail in the Compensation Discussion and Analysis beginning in the “Compensation Philosophy and Objectives” section.

Outstanding Equity Awards at Fiscal Year-End

This table discloses outstanding stock option, performance share and restricted stock awards for the named executive officers as of December 31, 2013.

Option Awards (4)						Stock Awards (4)			
Name	Number of Securities Underlying Unexercised	Number of Securities Underlying Unexercised	Option Exercise	Option Grant Date	Option Expiration	Equity Incentive Plan Awards			
						Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Market or Payout Value	
								Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(3)
Paul G. Boynton	0	42,860	52.63	01/02/13	01/02/23				
	14,070	28,140	44.42	01/03/12	01/03/22				
	15,370	7,685	37.03	01/03/11	01/03/21				
	27,450	0	28.22	01/04/10	01/03/20				
	45,255	0	20.18	01/02/09	01/01/19				
	30,030	0	31.06	01/02/08	01/02/18				
								13,680	575,928
								13,506	568,603
								24,840	1,045,764

Table of Contents

Option Awards (4)						Stock Awards (4)			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price (\$)	Option Grant Date	Option Expiration Date	Equity Incentive Plan Awards			
						Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested \$(3)
Jack M. Kriesel	0	11,430	52.63	01/02/13	01/02/23				
	4,497	8,993	44.42	01/03/12	01/03/22				
	10,690	5,345	37.03	01/03/11	01/03/21				
	18,330	0	28.22	01/04/10	01/03/20				
	5,715	0	20.18	01/02/09	01/01/19				
								3,648	153,581
								4,323	181,998
								17,280	727,488
Michael R. Herman	0	10,000	52.63	01/02/13	01/02/23				
	3,934	7,866	44.42	01/03/12	01/03/22				
	9,360	4,680	37.03	01/03/11	01/03/21				
	18,330	0	28.22	01/04/10	01/03/20				
	33,945	0	20.18	01/02/09	01/01/19				
	22,515	0	31.06	01/02/08	01/02/18				
								3,192	134,383
								3,783	159,264
								15,120	636,552
Charles H. Hood	0	4,700	52.63	01/02/13	01/02/23				
	1,410	2,820	44.42	01/03/12	01/03/22				
	3,340	1,670	37.03	01/03/11	01/03/21				
	5,190	0	28.22	01/04/10	01/03/20				
	9,615	0	20.18	01/02/09	01/01/19				
	6,390	0	31.06	01/02/08	01/02/18				
								1,506	63,403
								1,350	56,835
								5,400	227,340

- (1) Option awards vest and become exercisable in one-third increments on the first, second and third anniversaries of the grant date.
- (2) Represents awards under the Performance Share Award Program for 2011, 2012 and 2013, each with a 36-month performance period. Awards for the relevant performance share program period are immediately vested upon determination of the amount earned. As required, this disclosure reflects the target award for the 2011 program and a threshold award level for the 2012 and 2013 programs. Under the Performance Share Award Program, the actual award value can range from zero to 200% of target. See the “Performance Shares” section of the Compensation Discussion and Analysis.

Table of Contents

- (3) Value based on the December 31, 2013 closing share price of \$42.10. The 2011 Class Performance Share Award Program that ended on December 31, 2013, paid out in January 2014 at only 60% of target.
- (4) Shares amounts and option exercise prices shown have been adjusted to reflect the August 2011 3-for-2 stock split.

Options Exercised and Stock Vested

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on	Number of Shares Acquired on Vesting	Value Realized on
	(#)	Exercise (\$)	(#)(1)	Vesting (\$)
Paul G. Boynton	25,800	718,401	53,015	2,841,074
Jack M. Kriesel	3,555	83,329	35,343	1,894,031
Michael R. Herman	—	—	35,343	1,894,031
Charles H. Hood	—	—	10,020	536,972

- (1) Represents payouts under the 2010 Class Performance Share Award Program.

Pension Benefits

The following table illustrates the present value of accumulated benefits payable under the Retirement Plan for Salaried Employees of Rayonier Inc., a tax qualified retirement plan (the “Retirement Plan”), and the Rayonier Inc. Excess Benefit Plan, a non-qualified retirement plan (the “Excess Plan”), at the earliest eligible retirement age.

Name	Plan Name	Number of Years Credited	Present Value of Accumulated	Payments During Last
		Service (#)	Benefit \$(1)	Fiscal Year (\$)
Paul G. Boynton	Rayonier Salaried Employees Retirement Plan	14.7	493,521	—
	Rayonier Excess Benefit Plan	14.7	2,110,378	—
Jack M. Kriesel	Rayonier Salaried Employees Retirement Plan	35.5	1,177,098	—
	Rayonier Excess Benefit Plan	35.5	3,186,644	—
Michael R. Herman	Rayonier Salaried Employees Retirement Plan	10.3	345,591	—
	Rayonier Excess Benefit Plan	10.3	656,464	—
Charles H. Hood	Rayonier Salaried Employees Retirement Plan	—	—	—
	Rayonier Excess Benefit Plan	—	—	—

- (1) Determined using the assumptions that applied for FASB ASC Topic 715-30 disclosure as of December 31, 2013. These assumptions include the RP-2000 mortality table and an interest rate of 4.60%. Employees are assumed to retire at the earliest age that they will be eligible for an unreduced pension (i.e., age 60 and 15 years of service or age 65). None of our named executive officers are currently eligible for an unreduced pension. Mortality is assumed from that date only. Benefits are assumed to be paid in the normal form of payment which is a life annuity for single employees and the 90/50 survivor form for married employees.

The Retirement Plan is a tax-qualified retirement plan covering substantially all eligible salaried employees hired prior to January 1, 2006. This Plan provides income replacement following retirement through the payment

Table of Contents

of monthly pension benefits based upon the employee's average final compensation and years of service. The costs of benefits under the Retirement Plan are borne entirely by Rayonier. Consistent with Rayonier's desire that salaried employees take a more active role in saving for retirement, this benefit was replaced by an increased retirement contribution under the Rayonier Investment Savings Plan for Salaried Employees for new salaried employees effective January 1, 2006.

For the period through December 31, 2003, the annual pension amounts to two percent of a member's average final compensation for each of the first 25 years of benefit service, plus one and one-half percent of a member's average final compensation for each of the next 15 years of benefit service, reduced by one and one-quarter percent of the member's primary Social Security benefit for each year of benefit service to a maximum of 40 years, provided that no more than one-half of the member's primary Social Security benefit is used for such reduction. Effective January 1, 2004, the Retirement Plan was amended so that for future service the annual pension amounts to one and one-half percent of a member's final average compensation for each year of benefit service to a maximum of 40 years.

A member is vested in benefits accrued under the Retirement Plan upon completion of five years of eligibility service. All of Rayonier's eligible named executive officers are vested in their accrued benefits. Normal retirement is at age 65. The Retirement Plan also provides for unreduced early retirement pensions for participants who retire at or after age 60 following completion of 15 years of eligibility service. Reduced benefits are available at age 55 with at least 10 years of service ("Standard Early Retirement") or as early as age 50 with age plus eligibility service equal to at least 80 or age 55 with at least 15 years of eligibility service ("Special Early Retirement"). Mr. Kriesel is currently eligible for reduced benefits. The plan benefit for a member eligible for Standard Early Retirement will be reduced by 3% for each year of age under 65 (e.g., age 64 would result in 97% of the benefit payable). The Retirement Plan benefit for a member eligible for Special Early Retirement will receive a 5% reduction for each year of age under 60 (e.g., age 59 would result in 95% of the benefit payable).

A member's average final compensation includes salary and approved bonus payments calculated under the Retirement Plan as follows: (1) the member's average annual base salary for the five calendar years during the member's last 120 calendar months of service which yield the highest such average, plus (2) the member's average approved bonus payments for the five calendar years during the member's last 120 calendar months of service which yield the highest such average.

Rayonier has adopted the Excess Plan to meet the retirement needs of a small segment of its salaried employee population affected by limiting federal legislation. Applicable federal legislation limits the amount of benefits that can be paid and the compensation that may be recognized under a tax-qualified retirement plan. Tax-qualified retirement plan participants whose annual benefit at the time of payment exceeds the Code Section 415 limitations or whose benefit is limited on account of the Code Section 401(a)(17) limitation on compensation are participants in the Excess Plan. The practical effect of the Excess Plan is to continue calculation of benefits after retirement to all employees on a uniform basis regardless of compensation levels. All employees covered by the Retirement Plan are eligible under the Excess Plan. Rayonier believes the extension of these benefits to executives is consistent with historic and current market practice for companies offering qualified defined benefit plans.

Nonqualified Deferred Compensation

Name	Executive Contributions	Registrant Contributions	Aggregate Earnings in	Aggregate Withdrawals /	Aggregate
	in Last FY \$(1)	in Last FY \$(1)	Last FY (\$)	Distributions in Last FY (\$)	Balance at Last FYE \$(2)
Paul G. Boynton	32,563	22,231	7,504	202,486	259,973
Jack M. Kriesel	5,627	3,866	26,534	—	710,825
Michael R. Herman	2,338	1,971	2,888	—	91,598
Charles H. Hood	1,540	6,818	492	—	17,162

- (1) All executive and Company contributions in the last fiscal year are reflected as compensation in the Summary Compensation Table.
- (2) To the extent that a participant was a named executive officer in prior years, executive and Company contributions included in the Aggregate Balance at Last FYE column have been reported as compensation in the Summary Compensation Table for the applicable year.

The Rayonier Inc. Excess Savings and Deferred Compensation Plan (the “Excess Savings Plan”) is a nonqualified, unfunded plan that consists of two components, an Excess Savings component (a supplement to the Rayonier Investment Savings Plan for Salaried Employees (the “Savings Plan”) and an Excess Base Salary and Bonus Deferral component.

The Savings Plan, a qualified 401(k) plan, is designed to encourage salaried employees to save and invest for retirement. Under this Plan, employees may contribute up to the annual IRS limits on a pre-tax basis. Rayonier will match such contributions at a rate of \$.60 for each \$1.00 up to 6% of the employee’s base salary. In addition, Rayonier will make an annual retirement contribution to each participant’s account equal to 3% of base salary and annual bonus for employees hired after January 1, 2006, or 0.5% of base salary for employees hired before 2006. The retirement contribution was increased, and automatic enrollment of all new salaried employees in the Savings Plan implemented, coincident with the closing of Rayonier’s defined benefit pension plan to new salaried employees effective January 1, 2006. This change reflects Rayonier’s desire that salaried employees take a more active role in planning, saving and investing for retirement.

Rayonier contributions to the Savings Plan, both matching and retirement contributions, vest at a rate of 20% per year over the participant’s first five years of employment, and are made in the form of Rayonier stock in order to encourage employee share ownership. However, employees are free to transfer Company contributions to other investment options available under the Savings Plan immediately.

The Excess Savings Plan supplements the Savings Plan by providing employees with Rayonier contributions lost due to the federal tax regulations limiting employee contributions to defined contribution plans (401(k)). Participants can contribute up to 6% of total base salary. Rayonier contributes up to 3.6% of total base salary (reduced by the regular matching contributions made under the Savings Plan). Amounts contributed by participants, and the Rayonier match, are unsecured, but earn a return equal to 120% of the applicable federal long-term rate (adjusted monthly). The average interest rate in 2013 was 3.3%. Excess Savings participants may elect to receive a lump sum or annual installments upon termination of employment.

The Excess Base Salary and Bonus Deferral component of the Excess Savings Plan allows employees with a base salary in excess of \$170,000 the opportunity to defer up to 100% of their base salary and all or any portion of their annual bonus. Amounts deferred are unsecured, but earn a return equal to the 10-year treasury rate plus 1.50% (adjusted monthly). The average interest rate in 2013 was 3.9%. Excess Base Salary Deferral and Annual Bonus Deferral participants may elect to receive a lump sum or annual installments not to exceed fifteen years upon termination of employment or a specific date.

All named executive officers were eligible and participating in the Excess Savings component of this Plan in 2013. While all named executive officers were eligible, only Messrs. Boynton and Kriesel currently have amounts deferred under the Excess Base Salary and Bonus Deferral component.

Table of Contents

Potential Payments Upon Termination or Change in Control

The following table reflects potential termination or change in control payments to named executive officers if a triggering event were to have occurred on December 31, 2013. All payments are as provided under the Executive Plan discussed in the Compensation Discussion and Analysis.

Name	Scheduled Severance (\$)(1)	Bonus Severance (\$)(2)	Pension / 401(k) Benefit (\$)(3)	Medical / Welfare, Tax and Outplacement Benefits (\$)(4)	Acceleration of Equity Awards (\$)(5)	Other	Excise Tax Reimbursements (\$)(6)
Paul G. Boynton							
Voluntary termination	—	—	—	—	—	—	—
Terminated for cause	—	—	—	—	—	—	—
Retirement	—	—	—	—	—	—	—
Change in Control	—	—	—	—	4,899,829	—	—
Involuntary or voluntary for good reason termination after change in control	2,475,000	3,225,000	855,389	90,554	—	—	—
Jack M. Kriesel							
Voluntary termination	—	—	—	—	—	—	—
Terminated for cause	—	—	—	—	—	—	—
Retirement	—	—	—	—	—	—	—
Change in Control	—	—	—	—	1,873,184	—	—
Involuntary or voluntary for good reason termination after change in control	1,080,000	1,125,000	640,927	71,980	—	—	1,678,624
Michael R. Herman							
Voluntary termination	—	—	—	—	—	—	—
Terminated for cause	—	—	—	—	—	—	—
Retirement	—	—	—	—	—	—	—
Change in Control	—	—	—	—	1,639,105	—	—
Involuntary or voluntary for good reason termination after change in control	1,113,000	1,170,000	419,993	72,104	—	—	—
Charles H. Hood							
Voluntary termination	—	—	—	—	—	—	—
Terminated for cause	—	—	—	—	—	—	—
Retirement	—	—	—	—	—	—	—
Change in Control	—	—	—	—	636,599	—	—
Involuntary or voluntary for good reason termination after change in control	520,000	390,000	46,020	61,516	—	—	—

- (1) Represents the executive's base pay times the applicable tier multiplier under the Executive Plan (3 times for Tier I and 2 times for Tier II).
- (2) Represents the applicable tier multiplier times the greater of: (i) the highest annual bonus received over the three years preceding the termination of employment; (ii) the target bonus for the year in which the change in control occurred; or (iii) the target bonus in the year of termination.

Table of Contents

- (3) Represents the actuarial value of an additional two or three years, based on the applicable tier multiplier, of eligibility service and age under Rayonier's retirement plans and additional years participation in the Savings Plan at the executive's current contribution levels.
- (4) Represents: (i) the present value of the annual Company contribution to health and welfare plans times the applicable tier multiplier; (ii) the value of the executives annual tax and financial planning allowance of \$25,000 for Mr. Boynton, and \$10,000 for Messrs. Kriesel and Herman; and (iii) up to \$30,000 in outplacement services.
- (5) For stock option awards, the value was calculated as the difference between the closing price of Rayonier stock on December 31, 2013 and the option exercise price. Performance share and restricted stock awards were valued using the closing price of Rayonier stock on December 31, 2013.
- (6) Upon a change in control, executives may be subject to excise tax under Section 280G of the Code. The Excise Tax Reimbursement column represents the excise tax as well as any excise and income taxes payable as a result of the excise tax reimbursement. The amounts in the table are based on a 280G excise tax rate of 20 percent, 35 percent federal income tax and 1.45 percent Medicare tax.

The amounts shown in the table above do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment, including accrued salary, vacation pay, regular pension benefits, welfare benefits and 401(k) and nonqualified deferred compensation distributions. As a result, payments under the Severance Pay Plan, described in the "Severance and Change in Control Plans" section of the Compensation Discussion and Analysis, which may be payable upon a termination other than in the context of a change in control, are not included in the table. Amounts that would be distributed pursuant to Rayonier's nonqualified deferred compensation plans are indicated in the Nonqualified Deferred Compensation table. Other than as reflected in the table and footnote (3) above, amounts that would be distributed pursuant to Rayonier's tax-qualified and non-qualified retirement plans are indicated in the Pension Benefits table.

A termination by an executive within two years after a change in control would generally be for "good reason" if it results from: (i) a significant diminution in the executive's position or the assignment to the executive of any duties inconsistent in any respect with his or her position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately before the change in control; (ii) any material reduction in the executive's salary, bonus opportunities, benefits or other compensation; (iii) the relocation of the executive's principal place of business by more than 35 miles from his or her previous principal place of business; or (iv) any termination of the Executive Plan other than by its express terms. Regardless of whether a change in control had occurred, an executive would not be entitled to payments under the Executive Plan if he or she was terminated for cause. A termination of an executive generally would be "for cause" if it was due to: (i) the willful and continued refusal of the executive to substantially perform his or her employment duties following written notification by Rayonier's board of directors; or (ii) engagement by the executive in illegal conduct or gross misconduct that is demonstrably injurious to Rayonier, including an indictment or charge by any prosecuting agency with the commission of a felony.

Rayonier may condition payment of a portion of an executive's severance benefits (generally, up to three times base salary) upon his or her agreement to adhere to confidentiality covenants, as well as to refrain from disparaging Rayonier or its products; competing directly with Rayonier; inducing clients from reducing or terminating their business with Rayonier; or inducing certain employees to terminate employment or service with Rayonier. These covenants would generally remain in effect for the shorter of one year from the executive's termination or two years following a change in control, except that the confidentiality covenants would remain in effect for the longer of two years from the executive's termination or three years following a change in control. By accepting the conditioned payments, an executive will be deemed to have consented to the issuance of a temporary restraining order to maintain the status quo pending the outcome of any equitable proceeding that may be brought by Rayonier to enforce such covenants.

Table of Contents

Unless otherwise indicated, all cash payments would be made by Rayonier in a lump sum, although the timing of some payments and benefits may be delayed for six months after termination in accordance with Code Section 409A, which regulates deferred compensation. Rayonier has established two rabbi trusts related to the Executive Plan. One is designed to defray the legal costs incurred by the executives in enforcing their rights under the Executive Plan were Rayonier not to meet its obligations. Rayonier has transferred \$250,000 per participant to this trust. Were there to be a change in control of Rayonier, Rayonier would transfer to the second trust an amount sufficient to satisfy the cash payments that would be required to be paid in the event of a qualifying termination of executives covered under the Executive Plan.

Treatment of Director Compensation in the Separation

Prior to the effective time of the distribution, SpinCo will establish the SpinCo Outside Directors' Compensation Program (the "SpinCo Director Compensation Program") with substantially the same terms as the Rayonier Outside Directors' Compensation Program (the "Rayonier Director Compensation Program") as of immediately prior to the effective time of the distribution. Each SpinCo non-employee director who served on the Rayonier board of directors immediately prior to the effective time of the distribution and held a deferred cash balance under the Rayonier Director Compensation Program will be credited, as of the effective time of the distribution, with such deferred cash balance under the SpinCo Director Compensation Program and will cease participation in the Rayonier Director Compensation Program.

Director Compensation Following Separation

Following the separation, SpinCo will use a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the SpinCo board of directors. In setting SpinCo board of director compensation, it is expected that the SpinCo board of directors will consider the significant time commitment and the skills and experience level necessary for directors to fulfill their duties. SpinCo's directors will also be subject to minimum share ownership and share retention requirements as discussed in the Compensation Discussion and Analysis in the "Compensation Philosophy and Objectives" section.

Cash Compensation Paid to Non-Management Directors

Non-management director compensation will be set by the SpinCo board of directors at the recommendation of the Nominating Committee of the SpinCo board of directors. Under the SpinCo Outside Directors' Compensation Program, each non-management director will receive the following cash compensation (prorated for partial year service): (i) an annual cash retainer of \$55,000, payable in equal quarterly installments; (ii) an additional annual cash retainer of \$20,000 for the Audit Committee chair, \$15,000 for the Compensation Committee chair, and \$10,000 for the Nominating Committee chair, payable in equal quarterly installments; (iii) meeting fees of: (A) \$2,000 per board meeting attended, (B) \$2,000 per Audit Committee meeting attended, and (C) \$1,500 per committee meeting attended, other than the Audit Committee; (iv) \$2,000 for each trip taken at the request of management to one of SpinCo's facilities for a business purpose other than a board or committee meeting; and (v) \$2,000 for any other business trip taken at the request of management. The fee for a director participating by telephone in a non-telephonic meeting of the board or any committee is half of the otherwise applicable fee.

SpinCo directors will be able to defer up to 100% of their cash compensation under the SpinCo Outside Directors' Compensation Program. Any deferred amounts will be paid to the director in a single lump sum on the later of the date the director becomes 72 or the conclusion of the director's term, or upon termination as a director, if prior to age 72. Any deferred amounts will earn interest at a rate equal to the Prime Rate as reported in *The Wall Street Journal* and will be compounded annually (the "Prime Rate").

Annual Equity Awards

Following the separation, and commencing with SpinCo's 2015 fiscal year with respect to SpinCo directors who served on the Rayonier board of directors immediately prior to the effective time of the distribution, each non-management director will receive a restricted stock award equivalent to \$95,000 based on grant date value

Table of Contents

(prorated for partial year service), vesting on the one year anniversary of the date of grant, subject to the director's continued service through the vesting period. Dividends on restricted stock awards will accrue in a separate account and will be paid upon vesting together with interest equal to the Prime Rate.

Other Fees

Following the separation, the Lead Director will initially receive an annual cash retainer of \$25,000, payable in equal quarterly installments.

Transaction Bonus Agreements

On January 23, 2014, the Rayonier Compensation Committee approved transaction bonus agreements (the "Transaction Bonus Agreements") with each of Messrs. Boynton, Kriesel, Herman and Hood. Assuming all conditions to payment are satisfied, the Transaction Bonus Agreements provide for the lump sum payment of the following bonus amounts in cash: Mr. Boynton, \$1,650,000; Mr. Kriesel, \$580,000; Mr. Herman, \$600,000; and Mr. Hood, \$375,000.

To earn the transaction bonus, the executive must remain continuously employed through an "eligibility period," work diligently and in good faith through such period as determined in the sole discretion of the SpinCo Compensation Committee (or Rayonier Compensation Committee in the event the spin-off is abandoned) and satisfy certain other conditions as specified in the agreement. The "eligibility period" is defined as the period beginning on the effective date of the Transaction Bonus Agreements through the date that is six months after the effective time of the distribution or, if the spin-off is abandoned, through December 31, 2014. The transaction bonus will also be earned if the executive's employment is terminated without cause by the applicable employer before the end of the eligibility period and the executive otherwise satisfies the conditions specified in the Transaction Bonus Agreement.

SpinCo 2014 Equity Incentive Plan

Prior to the effectiveness of the registration statement of which this information statement is a part, SpinCo expects to adopt the SpinCo 2014 Equity Plan (the "SpinCo 2014 Equity Plan"). The SpinCo 2014 Equity Plan will be described in a subsequent amendment to this information statement.

SpinCo Non-Equity Incentive Plan

Prior to the effectiveness of the registration statement of which this information statement is a part, SpinCo expects to adopt the SpinCo Non-Equity Incentive Plan (the "SpinCo Non-Equity Plan"). The SpinCo Non-Equity Plan will be described in a subsequent amendment to this information statement.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**Agreements with Rayonier**

Following the separation and distribution, SpinCo and Rayonier will operate separately, each as an independent public company. SpinCo will enter into a separation and distribution agreement with Rayonier, which is referred to in this information statement as the “separation agreement” or the “separation and distribution agreement.” In connection with the separation, SpinCo will also enter into various other agreements to effect the separation and provide a framework for its relationship with Rayonier after the separation, such as a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property agreement. These agreements will provide for the allocation between SpinCo and Rayonier of Rayonier’s assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after SpinCo’s separation from Rayonier and will govern certain relationships between SpinCo and Rayonier after the separation. The agreements listed above have been filed as exhibits to the registration statement on Form 10 of which this information statement is a part.

The summaries of each of the agreements listed above are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. When used in this section, “distribution date” refers to the date on which Rayonier distributes SpinCo’s common stock to the holders of Rayonier common shares.

Separation Agreement*Transfer of Assets and Assumption of Liabilities*

The separation agreement identifies the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of SpinCo and Rayonier as part of the separation of Rayonier into two companies, and it provides for when and how these transfers, assumptions and assignments will occur. In particular, the separation agreement provides, among other things, that subject to the terms and conditions contained therein:

- Certain assets related to the SpinCo business, which are referred to as the “SpinCo Assets,” will be transferred to SpinCo, including:
 - equity interests in certain Rayonier subsidiaries that hold assets relating to the SpinCo business;
 - manufacturing facilities located in Jesup, Georgia and Fernandina Beach, Florida;
 - research and development facilities located in Jesup, Georgia;
 - contracts (or portions thereof) that relate to the SpinCo business;
 - information, technology, software and intellectual property related to the SpinCo Assets, the SpinCo Liabilities, or the SpinCo business;
 - rights and assets expressly allocated to SpinCo pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation;
 - permits that primarily relate to the SpinCo business; and
 - other assets that are included in the SpinCo pro forma balance sheet, such as the pension assets included in the unaudited pro forma condensed combined financial statements of SpinCo, which appear in the section entitled “Unaudited Pro Forma Condensed Combined Financial Statements.”

Table of Contents

- certain liabilities related to the SpinCo business or the SpinCo Assets, which are referred to as the “SpinCo Liabilities,” will be retained by or transferred to SpinCo, including certain liabilities associated with a dissolving pulp mill in Port Angeles, Washington that was closed in 1997, Southern Wood Piedmont Company and other former manufacturing operations;
- all of the assets and liabilities (including whether accrued, contingent, or otherwise) other than the SpinCo Assets and SpinCo Liabilities (such assets and liabilities, other than the SpinCo Assets and the SpinCo Liabilities, referred to as the Rayonier Assets and Rayonier Liabilities, respectively) will be retained by or transferred to Rayonier.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither SpinCo nor Rayonier will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either SpinCo or Rayonier, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an “as is,” “where is” basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, and that any necessary consents or governmental approval are not obtained or that any requirements of laws, agreements, security interests, or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement provides that, in the event that the transfer or assignment of certain assets and liabilities to SpinCo or Rayonier, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, SpinCo or Rayonier, as applicable, will hold such assets on behalf and for the benefit of the other party and will pay, perform, and discharge such liabilities, for which the other party will reimburse SpinCo or Rayonier, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

Cash Transfers

The separation agreement provides that, in connection with the transfer of assets and assumption of liabilities described above, and prior to the distribution, SpinCo will make two cash transfers to Rayonier totaling \$950 million. SpinCo will first transfer \$[•] to Rayonier in repayment of intercompany indebtedness, to the extent it exists, and as a cash distribution. SpinCo will also transfer an additional \$[•] to Rayonier prior to the distribution as partial consideration for the transfer of SpinCo Assets to SpinCo.

The Distribution

The separation agreement also governs the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, Rayonier will distribute to its shareholders that hold Rayonier common shares as of the record date for the distribution all of the issued and outstanding shares of SpinCo’s common stock on a pro rata basis. Shareholders will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation agreement provides that the distribution is subject to satisfaction (or waiver by Rayonier) of certain conditions. These conditions are described under “The Separation and Distribution—Conditions to the Distribution.” Rayonier has the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Table of Contents

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement provides that SpinCo and its affiliates will release and discharge Rayonier and its affiliates from all liabilities assumed by SpinCo as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to SpinCo's business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement. Rayonier and its affiliates will release and discharge SpinCo and its affiliates from all liabilities retained by Rayonier and its affiliates as part of the separation and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, the separation agreement, the transition services agreement, the tax matters agreement, the employee matters agreement, and certain other agreements, including the intellectual property agreement and the transfer documents in connection with the separation.

Indemnification

In the separation agreement, SpinCo agrees to indemnify, defend and hold harmless Rayonier, each of its affiliates and each of their respective directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the SpinCo Liabilities;
- the failure of SpinCo to pay, perform or otherwise promptly discharge any of the SpinCo Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- except to the extent relating to a Rayonier Liability, any guarantee, indemnification or contribution obligation for the benefit of SpinCo by Rayonier that survives the distribution;
- any breach by SpinCo of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement of material fact in the registration statement of which this information statement forms a part, or in this information statement.

Rayonier agrees to indemnify, defend and hold harmless SpinCo, each of its affiliates and each of its respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the Rayonier Liabilities;
- the failure of Rayonier to pay, perform, or otherwise promptly discharge any of the Rayonier Liabilities, in accordance with their respective terms whether prior to, at, or after the distribution;
- except to the extent relating to a SpinCo Liability, any guarantee, indemnification or contribution obligation for the benefit of Rayonier by SpinCo that survives the distribution;
- any breach by Rayonier of the separation agreement or any of the ancillary agreements; and

Table of Contents

- any untrue statement or alleged untrue statement of a material fact made explicitly in Rayonier's name in the registration statement of which this information statement forms a part, or in this information statement.

The separation agreement also establishes procedures with respect to claims subject to indemnification and related matters.

Intellectual Property

Following the distribution, Rayonier will continue to own the Rayonier name and will license the Rayonier name for use in the SpinCo name pursuant to an intellectual property agreement, which is described below.

Insurance

The separation agreement provides for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and sets forth procedures for the administration of insured claims.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, both SpinCo and Rayonier agree in the separation agreement to use commercially reasonable efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement contains provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between SpinCo and Rayonier related to the separation or distribution and that are unable to be resolved by the transition committee. These provisions contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to executives of SpinCo and Rayonier. If such efforts are not successful, either SpinCo or Rayonier may submit the dispute, controversy or claim to nonbinding mediation or, if such nonbinding mediation is not successful, binding alternative dispute resolution, subject to the provisions of the separation agreement.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, all costs and expenses incurred in connection with the separation and distribution incurred prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation and distribution, will be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation agreement include access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Termination

The separation agreement provides that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole discretion of Rayonier without the

Table of Contents

approval of any person, including SpinCo's or Rayonier's shareholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers, or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation agreement may not be terminated except by an agreement in writing signed by both Rayonier and SpinCo.

Transition Services Agreement

SpinCo and Rayonier will enter into a transition services agreement prior to the distribution pursuant to which Rayonier and its subsidiaries and SpinCo and its subsidiaries will provide, on an interim, transitional basis, various services to each other. The services to be provided include information technology, accounts payable, payroll, and other financial functions and administrative services. The agreed upon charges for such services are generally intended to allow the servicing party to recover all out-of-pocket costs and expenses and a predetermined profit equal to a mark-up of such out-of-pocket expenses.

The transition services agreement will terminate on the expiration of the term of the last service provided under it, which will generally be up to two years following the distribution date. The recipient for a particular service generally can terminate that service prior to the scheduled expiration date, subject to a minimum service period equal to 90 days and a minimum notice period equal to 30 days. Due to interdependencies between services, certain services may be extended or terminated early only if other services are likewise extended or terminated.

Subject to certain exceptions, the liability of Rayonier under the transition services agreement for the services it and its subsidiaries provides will generally be limited to gross negligence, willful misconduct and fraud. The transition services agreement also provides that the provider of a service shall not be liable to the recipient of such service for any indirect, exemplary, incidental, consequential or punitive damages.

Tax Matters Agreement

Prior to the separation, SpinCo and Rayonier will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and assistance and cooperation in respect of tax matters. In general, liabilities for taxes allocable to a tax period (or portion thereof) ending on or before the distribution date that are related to assets and activities of the performance fibers business will be allocable to SpinCo. If such failure of certain of the transactions described in the private letter ruling request and the opinion of counsel to qualify as tax free transaction for U.S. federal income tax purposes is attributable to SpinCo's action or inaction or Rayonier's action or inaction, as the case may be, or any event (or series of events) involving the assets or stock of SpinCo or the assets or stock of Rayonier, as the case may be, the resulting liability will be borne in full by SpinCo or Rayonier, respectively.

SpinCo's obligations under the tax matters agreement are not limited in amount or subject to any cap. Further, even if SpinCo is not responsible for tax liabilities of Rayonier and its subsidiaries under the tax matters agreement, SpinCo nonetheless could be liable under applicable tax law for such liabilities if Rayonier were to fail to pay them. If SpinCo is required to pay any liabilities under the circumstances set forth in the tax matters agreement or pursuant to applicable tax law, the amounts may be significant.

The tax matters agreement will also contain restrictions on SpinCo's ability (and the ability of any member of SpinCo's group) to take actions that could cause the distribution and related transactions to fail to qualify as a tax-free reorganization for U.S. federal income tax purposes, including entering into, approving or allowing any transaction that results in a sale or other disposition of a substantial portion of SpinCo's assets or stock and the liquidation or dissolution of SpinCo and certain of its subsidiaries. These restrictions will apply for the two-year period after the distribution, unless SpinCo obtains a private letter ruling from the IRS or an unqualified opinion of a nationally recognized law firm that such action will not cause the distribution or certain related transactions to fail to qualify as tax-free transactions for U.S. federal income tax purposes and such letter ruling or opinion, as

Table of Contents

the case may be, is acceptable to Rayonier. Notwithstanding receipt of such ruling or opinion, in the event that such action causes the distribution or certain related transactions to fail to qualify as a tax-free transaction for U.S. federal income tax purposes, SpinCo will continue to remain responsible for taxes arising therefrom.

Employee Matters Agreement

SpinCo and Rayonier will enter into an employee matters agreement prior to the separation to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs and other related matters. The employee matters agreement will govern certain compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, Rayonier will be responsible for liabilities associated with employees who will be employed by Rayonier following the separation, former employees whose last employment was with the Rayonier businesses and certain specified current and former corporate employees (collectively, the “Rayonier allocated employees”), and SpinCo will be responsible for liabilities associated with employees who will be employed by SpinCo following the separation, former employees whose last employment was with the SpinCo businesses and certain specified current and former corporate employees (collectively, the SpinCo allocated employees”).

Employee Benefits Generally

SpinCo allocated employees will be eligible to participate in SpinCo benefit plans as of the separation in accordance with the terms and conditions of the SpinCo plans as in effect from time to time. Generally, SpinCo has agreed to establish and maintain (i) welfare benefit arrangements that are substantially similar in the aggregate to those provided by Rayonier to SpinCo allocated employees immediately prior to the separation, through at least December 31, 2014 and (ii) retirement benefit and executive severance arrangements with terms that are substantially the same as the corresponding Rayonier arrangements and that provide benefits that are no less favorable than those provided by Rayonier to eligible SpinCo allocated employees immediately prior to the separation through at least December 31, 2015.

In general, SpinCo will credit each SpinCo allocated employee with his or her service with Rayonier prior to the separation for all purposes under the SpinCo benefit plans to the same extent such service was recognized by Rayonier for similar purposes and so long as such crediting does not result in a duplication of benefits.

Equity Compensation Awards

The employee matters agreement will provide for the conversion of all outstanding awards granted under Rayonier’s equity compensation programs into adjusted awards relating to shares of Rayonier and/or SpinCo common stock. The adjusted awards generally will be subject to the same vesting conditions and other terms that applied to the original Rayonier award immediately before the separation.

Each Rayonier stock option will be converted into an adjusted Rayonier stock option and a SpinCo stock option. The exercise price and number of shares subject to each stock option will be adjusted in order to preserve the aggregate intrinsic value of the original Rayonier stock option as measured immediately before and immediately after the separation, subject to rounding.

Holders of Rayonier restricted stock, including Rayonier non-employee directors, will retain those awards and also will receive restricted stock of SpinCo, in an amount that reflects the distribution to Rayonier stockholders, by applying the distribution ratio to Rayonier restricted stock awards as though they were unrestricted Rayonier common shares.

Performance share awards outstanding as of the distribution date will be treated as follows:

- Performance share awards granted in 2012 (with a 2012-2014 performance period) will continue to be subject to the same performance criteria as applied immediately prior to the separation, except that

Table of Contents

total shareholder return at the end of the performance period will be based on the combined stock prices of Rayonier and SpinCo and any payment earned will be made in shares of Rayonier common stock and shares of SpinCo common stock.

- Performance share awards granted in 2013 (with a 2013-2015 performance period) will be cancelled as of the distribution date and replaced with time-vested restricted stock units of the post-separation employer of each holder (Rayonier or SpinCo, as the case may be) that will vest 24 months after the distribution date, generally subject to the holder's continued employment. The number of time-vested restricted stock units granted will be determined in a manner intended to preserve the intrinsic value of the award immediately before and after the separation, subject to rounding.
- Performance share awards granted in 2014 (with a 2014-2016 performance period) will be cancelled and replaced with performance share awards of the post-separation employer of each holder (Rayonier or SpinCo, as the case may be), and will be subject to the achievement of performance criteria that relate to the post-separation business of the applicable employer during a performance period ending December 31, 2016. The number of shares underlying each such performance share award will be determined in a manner intended to preserve the intrinsic value of the award immediately before and after the separation, subject to rounding.

Any dividend equivalent payments on restricted stock or performance share awards in respect to dividends declared after the separation will be paid by Rayonier to Rayonier allocated employees and Rayonier non-employee directors, and by SpinCo to SpinCo allocated employees and any former Rayonier non-employee directors serving on the SpinCo board of directors as of the separation. For purposes of vesting for all awards, continued employment with or service to Rayonier or SpinCo, as applicable, will be treated as continued employment with or service to both Rayonier and SpinCo.

Intellectual Property Agreement

SpinCo and Rayonier will enter into an intellectual property agreement prior to the distribution, pursuant to which Rayonier will provide SpinCo with a license to (i) use and display certain specified Rayonier trademarks (for example, corporate names, domain names and marks) that incorporate the name Rayonier in a limited field of use relating to SpinCo's business, (ii) use and make improvements on other intellectual property of Rayonier (for example, copyrights and trade secrets, but not any patents) that was used in the SpinCo business prior to the distribution and (iii) use, reproduce, display and prepare derivative works based upon any and all Rayonier software that was used in the SpinCo business prior to the distribution. Under the intellectual property agreement, SpinCo will also provide Rayonier with a license to (i) use and make improvements on certain intellectual property of SpinCo (for example, copyrights and trade secrets, but not any trademarks or patents) that was used in the Rayonier business prior to the distribution and (ii) use, reproduce, display and prepare derivative works based upon any and all SpinCo software that was used in the Rayonier business prior to the distribution. The licenses will be worldwide, fully paid-up and royalty free. Subject to termination, the licenses will also be perpetual and irrevocable.

The intellectual property agreement will provide that, if SpinCo does not use a corporate name incorporating the name Rayonier in active commerce for at least 12 consecutive months, the trademark license will automatically and immediately terminate. A party may terminate the license with respect to any trademark, other intellectual property or software upon an uncured material breach of the other party with respect to such trademark, other intellectual property or software. A licensee under the agreement may also terminate the trademark license, other intellectual property license or software license granted to it upon 30 days' prior written notice to the other party.

The intellectual property agreement will also provide that (i) if Rayonier determines to permanently cease using the name Rayonier and the related marks in active commerce, Rayonier will irrevocably assign such name and marks to SpinCo for aggregate consideration of \$1.00 and (ii) if any licensor of certain intellectual property

Table of Contents

(for example, copyrights and trade secrets, but not any trademarks or patents) determines to permanently cease using such intellectual property and does not intend to transfer such intellectual property to a third party, such licensor will irrevocably assign such intellectual property to the licensee for aggregate consideration of \$1.00 (but only if such licensee is then using such intellectual property in such licensee's business).

Procedures for Approval of Related Person Transactions

SpinCo's board of directors is expected to adopt a written policy designed to minimize potential conflicts of interest in connection with SpinCo transactions with related persons. This policy will define a "Related Person" to include any director, executive officer or person owning more than five percent of SpinCo stock, any of their immediate family members and any entity with which any of the foregoing persons are employed or affiliated. The policy will define a "Related Person Transaction" as a transaction, arrangement or relationship in which SpinCo is a participant, the amount involved exceeds \$120,000 and a Related Person has or will have a direct or indirect material interest.

Related Person Transactions requiring review by the Nominations and Corporate Governance Committee pursuant to this policy will be identified in:

- questionnaires annually distributed to SpinCo's directors and officers;
- certifications submitted annually by SpinCo officers related to their compliance with SpinCo's Standard of Ethics and Code of Corporate Conduct; or
- communications made directly by the related person to the chief financial officer or general counsel.
- In determining whether to approve or ratify a related person transaction, the Nominations and Corporate Governance Committee will consider the following items, among others:
 - the Related Person's relationship to SpinCo and interest in any transaction with SpinCo;
 - the material terms of a transaction with SpinCo, including the type and amount;
 - the benefits to SpinCo of any proposed or actual transaction;
 - the availability of other sources of comparable products and services that are part of a transaction with SpinCo; and
 - if applicable, the impact on a director's independence.

This process will be included in the written charter of the Nominations and Corporate Governance Committee, which charter will be available on the corporate governance section of SpinCo's investor relations web site ([www.\[• \].com](http://www.spinco.com)). This web site will be operational as of [•], 2014.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of material U.S. federal income tax consequences of the contribution by Rayonier of the performance fibers business (and other assets) to SpinCo and the distribution by Rayonier of all of SpinCo's outstanding common stock to its shareholders. This summary is based on the Internal Revenue Code of 1986, as amended ("Code"), U.S. Treasury regulations promulgated thereunder and on judicial and administrative interpretations of the Code and the U.S. Treasury regulations, all as in effect on the date of this information statement, and is subject to changes in these or other governing authorities, any of which may have a retroactive effect.

In 2013, Rayonier filed for a ruling from the IRS to the effect that the pre-separation transactions and the distribution of SpinCo common stock to Rayonier's stockholders will qualify as tax-free transactions under Sections 368(a)(1)(D) and 355 of the Code. The Distribution is conditioned upon (i) the receipt of such private letter ruling from the IRS, and (ii) the receipt of an opinion of outside counsel to Rayonier; each to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants, (i) the separation and the distribution will qualify as a reorganization for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, and (ii) the Distribution will qualify for non-recognition of gain or loss to Rayonier and Rayonier's shareholders pursuant to Section 355 of the Code, except to the extent of cash received in lieu of fractional shares.

This summary assumes that the separation and the distribution will be consummated in accordance with the separation and distribution agreement and as described in this information statement. This summary does not purport to be a complete description of all U.S. federal income tax consequences of the separation and the distribution nor does it address the effects of any state, local or foreign tax laws or U.S. federal tax laws other than those relating to income taxes on the separation and the distribution. The tax treatment of a Rayonier shareholder may vary depending upon that shareholder's particular situation, and certain shareholders (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships that hold common shares in Rayonier, pass-through entities, traders in securities who elect to apply a mark-to-market method of accounting, shareholders who hold their Rayonier common shares as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who received Rayonier common shares upon the exercise of employee stock options or otherwise as compensation, and shareholders who are subject to alternative minimum tax) may be subject to special rules not discussed below. In addition, this summary addresses the U.S. federal income tax consequences to a Rayonier shareholder who, for U.S. federal income tax purposes, is a U.S. person and not to a Rayonier shareholder who is a non-resident alien individual, a foreign corporation, a foreign partnership, or a foreign trust or estate. Finally, this summary does not address the U.S. federal income tax consequences to those Rayonier shareholders who do not hold their Rayonier common shares as capital assets within the meaning of Section 1221 of the Code nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

THIS SUMMARY IS FOR GENERAL INFORMATION PURPOSES ONLY, AND IT IS NOT INTENDED TO BE, AND IT SHOULD NOT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR SHAREHOLDER.

YOU SHOULD CONSULT YOUR OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE DISTRIBUTION, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS, IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.

Rayonier has filed a request for a private letter ruling from the IRS to the effect that, among other things, the separation and the distribution will qualify as a reorganization for U.S. federal income tax purposes under

Table of Contents

Sections 355 and 368(a)(1)(D) of the Code. It is a condition to the distribution that the private letter ruling be issued and not be revoked or modified in any material respect. Such ruling will be based on, among other things, certain assumptions as well as on the accuracy, correctness and completeness of certain representations and statements that Rayonier and SpinCo made to the IRS. Subject to the discussion below regarding Section 355(e) of the Code, neither SpinCo nor Rayonier will recognize any gain or loss upon the separation and the distribution of SpinCo common stock and no amount will be includable in the income of Rayonier or SpinCo as a result of the separation and the distribution other than taxable income or gain possibly arising out of internal reorganizations undertaken in connection with the separation and distribution and with respect to any items required to be taken into account under U.S. Treasury regulations relating to consolidated federal income tax returns;

- a Rayonier shareholder will not recognize any gain or loss and no amount will be includable in income as a result of the receipt of SpinCo common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares of SpinCo common stock (as described below);
- a Rayonier shareholder's aggregate tax basis in such shareholder's Rayonier common shares following the distribution and in SpinCo common stock received in the distribution (including any fractional share interest in SpinCo common stock for which cash is received) will equal such shareholder's tax basis in its Rayonier common shares immediately before the distribution, allocated between the Rayonier common shares and SpinCo common stock (including any fractional share interest in SpinCo common stock for which cash is received) in proportion to their fair market values on the distribution date;
- a Rayonier shareholder's holding period for SpinCo common stock received in the distribution (including any fractional share interest in SpinCo common stock for which cash is received) will include the holding period for that shareholder's Rayonier common shares; and
- a Rayonier shareholder who receives cash in lieu of a fractional share of SpinCo common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the Rayonier shareholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the shareholder's holding period for its Rayonier common shares exceeds one year at the time of the distribution.

U.S. Treasury regulations provide that if a Rayonier shareholder holds different blocks of Rayonier common shares (generally Rayonier common shares purchased or acquired on different dates or at different prices), the aggregate basis for each block of Rayonier common shares purchased or acquired on the same date and at the same price will be allocated, to the greatest extent possible, between the shares of SpinCo common stock received in the distribution in respect of such block of Rayonier common shares and such block of Rayonier common shares, in proportion to their respective fair market values on the distribution date. The holding period of the shares of SpinCo common stock received in the distribution in respect of such block of Rayonier common shares will include the holding period of such block of Rayonier common shares. If a Rayonier shareholder is not able to identify which particular shares of SpinCo common stock are received in the distribution with respect to a particular block of Rayonier common shares, for purposes of applying the rules described above, the stockholder may designate which shares of SpinCo common stock are received in the distribution in respect of a particular block of Rayonier common shares, provided that such designation is consistent with the terms of the distribution. Rayonier shareholders are urged to consult their own tax advisors regarding the application of these rules to their particular circumstances.

U.S. Treasury regulations also require certain Rayonier shareholders who receive SpinCo common stock in the distribution to attach to the shareholder's U.S. federal income tax return for the year in which the stock is received a detailed statement setting forth certain information relating to the tax-free nature of the distribution.

Table of Contents

Even if the distribution otherwise qualifies as tax-free for U.S. federal income tax purposes under Section 355 of the Code, it could be taxable to Rayonier (but not Rayonier's shareholders) under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest by vote or value, in Rayonier or SpinCo. For this purpose, any acquisitions of Rayonier common shares or SpinCo common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Rayonier or SpinCo may be able to rebut such presumption.

Payments of cash to holders of Rayonier common shares in lieu of fractional shares may be subject to information reporting and backup withholding at a rate of 28%, unless a shareholder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional tax. Amounts withheld as backup withholding may be refunded or credited against a shareholder's U.S. federal income tax liability, provided that the required information is timely supplied to the IRS.

In connection with the distribution, SpinCo and Rayonier will enter into a tax matters agreement pursuant to which SpinCo will agree to be responsible for certain tax liabilities and obligations following the distribution. For a description of the tax matters agreement, see "Certain Relationships and Related Person Transactions—Tax Matters Agreement."

The foregoing is a summary of material U.S. federal income tax consequences of the separation and the distribution under current law and particular circumstances. The foregoing does not purport to address all U.S. federal income tax consequences or tax consequences that may arise under the tax laws of other jurisdictions or that may apply to particular categories of shareholders.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Indebtedness in Connection with the Separation

In connection with the separation and distribution, SpinCo anticipates having approximately \$[•] billion of indebtedness upon completion of the distribution. The \$[•] billion of indebtedness is expected to consist of a \$[•] million term loan and \$[•] million of corporate bonds. Prior to the distribution, SpinCo plans to make cash transfers totaling \$950 million to Rayonier as described in “Certain Relationships and Related Person Transactions—The Separation Agreement—Cash Transfers.”

SpinCo also anticipates arranging a revolving credit facility with a borrowing capacity of approximately \$[•] million. The credit facility is expected to contain customary covenants and events of default. Indebtedness under the liquidity facilities will likely bear interest at LIBOR plus an agreed margin. Entering into these liquidity facilities would also result in SpinCo paying customary fees, including administrative agent fees, upfront fees and other fees. The new liquidity facilities will be subject to closing requirements and certain other conditions. Accordingly, no assurance can be given that these liquidity facilities will be executed on the terms described above (including the amount available to be borrowed) or at all.

SpinCo will describe the specific terms and covenants of any notes to be issued, bank debt to be incurred or liquidity facilities to be entered into in an amendment to the registration statement of which this information statement is a part.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the separation, all of the outstanding shares of SpinCo’s common stock will be owned beneficially and of record by Rayonier. Following the distribution, SpinCo expects to have outstanding an aggregate of approximately [•] shares of common stock based upon approximately [•] Rayonier common shares outstanding on [•], 2014, excluding treasury shares and assuming no exercise of Rayonier options, and applying the distribution ratio.

Security Ownership of Certain Beneficial Owners

The following table reports the number of shares of SpinCo common stock beneficially owned, immediately following the completion of the separation calculated as of [•], 2014, based upon the distribution of [•] shares of SpinCo’s common stock for each common share of Rayonier, of each person who is known by SpinCo who will beneficially own more than five percent of SpinCo’s common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class

Share Ownership of Executive Officers and Directors

The following table sets forth information, immediately following the completion of the separation calculated as of [•], 2014, based upon the distribution of [•] shares of SpinCo’s common stock for each common share of Rayonier, regarding (1) each expected director, director nominee and named executive officer of SpinCo and (2) all of SpinCo’s expected directors and executive officers as a group. The address of each director, director nominee and executive officer shown in the table below is c/o SpinCo, Attention: Corporate Secretary, 1301 Riverplace Boulevard, Suite [•] Jacksonville, Florida 32207.

Name of Beneficial Owner	Shares Beneficially Owned	Exercisable Stock Options (1)	Stock Equivalent Units If applicable.
Paul G. Boynton			
C. David Brown, II			
Michael R. Herman			
Jack M. Kriesel			
Charles H. Hood			
All directors and officers as a group ([•] persons)			

(1) Pursuant to SEC regulations, shares receivable through the exercise of employee stock options that are exercisable within 60 days after [•], 2014 are deemed to be beneficially owned as of [•], 2014.

DESCRIPTION OF RAYONIER ADVANCED MATERIALS INC.'S CAPITAL STOCK

SpinCo's certificate of incorporation and bylaws will be amended and restated prior to the separation. The following is a summary of the material terms of SpinCo's capital stock that will be contained in the amended and restated certificate of incorporation and bylaws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the certificate of incorporation or of the bylaws to be in effect at the time of the distribution. The summary is qualified in its entirety by reference to these documents, which you must read for complete information on SpinCo's capital stock as of the time of the distribution. The certificate of incorporation and bylaws to be in effect at the time of the distribution will be included as exhibits to SpinCo's registration statement on Form 10, of which this information statement forms a part. The summaries and descriptions below do not purport to be complete statements of the Delaware General Corporation Law.

General

SpinCo's authorized capital stock consists of [•] shares of common stock, par value \$0.01 per share, and [•] shares of preferred stock, par value \$0.01 per share, all of which shares of preferred stock are undesignated. SpinCo's board of directors may establish the rights and preferences of the preferred stock from time to time. Immediately following the distribution, SpinCo expects that approximately [•] shares of its common stock will be issued and outstanding and that no shares of preferred stock will be issued and outstanding.

Common Stock

Each holder of SpinCo common stock will be entitled to one vote for each share on all matters to be voted upon by the common stockholders, and there will be no cumulative voting rights. Subject to any preferential rights of any outstanding preferred stock, holders of SpinCo common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by its board of directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of SpinCo, holders of its common stock would be entitled to ratable distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any then outstanding preferred stock.

Holders of SpinCo common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. After the distribution, all outstanding shares of SpinCo common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of SpinCo common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that SpinCo may designate and issue in the future.

Preferred Stock

Under the terms of SpinCo's amended and restated certificate of incorporation, its board of directors will be authorized, subject to limitations prescribed by the Delaware General Corporation Law, or the DGCL, and by its certificate of incorporation, to issue up to [•] shares of preferred stock in one or more series without further action by the holders of its common stock. SpinCo's board of directors will have the discretion, subject to limitations prescribed by the DGCL and by SpinCo's certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

Anti-Takeover Effects of Various Provisions of Delaware Law and SpinCo's Certificate of Incorporation and Bylaws

Provisions of the DGCL and SpinCo's certificate of incorporation and bylaws could make it more difficult to acquire SpinCo by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that its board of directors may consider inadequate and to encourage persons seeking to acquire control of SpinCo to first negotiate with SpinCo's board of directors. SpinCo believes that the benefits

Table of Contents

of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure it outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Statute . SpinCo will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15 percent or more of a corporation’s voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by SpinCo’s board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by SpinCo’s stockholders.

Classified Board . SpinCo’s amended and restated certificate of incorporation and bylaws will provide that its board of directors will be divided into three classes. At the time of the separation, SpinCo’s board of directors will be divided into three classes, each comprised of three directors. The three directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which SpinCo expects to hold in 2015. The three directors designated as Class II directors will have terms expiring at the following year’s annual meeting of stockholders, which SpinCo expects to hold in 2016, and the three directors designated as Class III directors will have terms expiring at the following year’s annual meeting of stockholders, which SpinCo expects to hold in 2017. Commencing with the first annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote in the election, with directors not receiving a majority of the votes cast required to tender their resignations for consideration by the board, except that in the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election. Under the classified board provisions, it would take at least two elections of directors for any individual or group to gain control of SpinCo’s board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of SpinCo.

Removal of Directors . SpinCo’s amended and restated bylaws will provide that its stockholders may only remove its directors for cause.

Amendments to Certificate of Incorporation . SpinCo’s amended and restated certificate of incorporation will provide that the affirmative vote of the holders of at least 80 percent of its voting stock then outstanding is required to amend certain provisions relating to the number, term and removal of its directors, the ability of the board to issue preferred stock, the filling of its board vacancies, the calling of special meetings of stockholders, stockholder action by written consent, and director and officer indemnification.

Amendments to Bylaws . SpinCo’s amended and restated bylaws will provide that they may be amended by SpinCo’s board of directors or by the affirmative vote of holders of a majority of SpinCo’s voting stock then outstanding, except that the affirmative vote of holders of at least 80 percent of SpinCo’s voting stock then outstanding is required to amend certain provisions relating to the number, term and removal of SpinCo’s directors, the filling of its board vacancies, the calling of special meetings of stockholders, stockholder action by written consent, and director and officer indemnification.

Table of Contents

Size of Board and Vacancies . SpinCo's amended and restated bylaws will provide that the number of directors on its board of directors will be fixed exclusively by its board of directors. Any vacancies created in its board of directors resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the board of directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on SpinCo's board of directors will be appointed for a term expiring at the next election of the class for which such director has been appointed, and until his or her successor has been elected and qualified.

Special Stockholder Meetings . SpinCo's amended and restated certificate of incorporation will provide that only the chairman of its board of directors or its board of directors pursuant to a resolution adopted by a majority of the entire board of directors may call special meetings of SpinCo stockholders. Stockholders may not call special stockholder meetings.

Stockholder Action by Written Consent . SpinCo's amended and restated certificate of incorporation will expressly eliminate the right of its stockholders to act by written consent. Stockholder action must take place at the annual or a special meeting of SpinCo stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals . SpinCo's amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of its board of directors or a committee of its board of directors.

No Cumulative Voting . The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. SpinCo's amended and restated certificate of incorporation will not provide for cumulative voting.

Undesignated Preferred Stock . The authority that SpinCo's board of directors will possess to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of SpinCo's company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. SpinCo's board of directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock.

Limitations on Liability, Indemnification of Officers and Directors and Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, and SpinCo's amended and restated certificate of incorporation will include such an exculpation provision. SpinCo's amended and restated certificate of incorporation and bylaws will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of SpinCo, or for serving at SpinCo's request as a director or officer or another position at another corporation or enterprise, as the case may be. SpinCo's amended and restated certificate of incorporation and bylaws will also provide that SpinCo must indemnify and advance reasonable expenses to its directors and officers, subject to its receipt of an undertaking from the indemnified party as may be required under the DGCL. SpinCo's amended and restated certificate of incorporation will expressly authorize SpinCo to carry directors' and officers' insurance to protect SpinCo, its directors, officers and certain employees for some liabilities.

The limitation of liability and indemnification provisions that will be in SpinCo's amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against SpinCo's directors and officers, even though such an action, if successful, might otherwise benefit SpinCo and its stockholders. However, these provisions will not limit or eliminate SpinCo's rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a

Table of Contents

director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, SpinCo pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any SpinCo directors, officers or employees for which indemnification is sought.

Exclusive Forum

SpinCo's amended and restated certificate of incorporation will provide that unless the board of directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of SpinCo, any action asserting a claim of breach of a fiduciary duty owed by any director or officer of SpinCo to SpinCo or SpinCo's stockholders, creditors or other constituents, any action asserting a claim against SpinCo or any director or officer of SpinCo arising pursuant to any provision of the DGCL or SpinCo's amended and restated certificate of incorporation or bylaws, or any action asserting a claim against SpinCo or any director or officer of SpinCo governed by the internal affairs doctrine. However, if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in another court sitting in the State of Delaware. Although SpinCo's amended and restated certificate of incorporation will include this exclusive forum provision, it is possible that a court could rule that this provision is inapplicable or unenforceable.

Authorized but Unissued Shares

SpinCo's authorized but unissued shares of common stock and preferred stock will be available for future issuance without your approval. SpinCo may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of SpinCo by means of a proxy contest, tender offer, merger or otherwise.

Listing

SpinCo intends to apply to have its shares of common stock listed on the New York Stock Exchange under the symbol "RYAM."

Sale of Unregistered Securities

On January 16, 2014, SpinCo issued 1,000 shares of its common stock to Rayonier pursuant to Section 4(2) of the Securities Act. SpinCo did not register the issuance of the issued shares under the Securities Act because such issuances did not constitute public offerings.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for SpinCo's common stock will be Computershare Trust Company, N.A.

WHERE YOU CAN FIND MORE INFORMATION

SpinCo Inc. has filed a registration statement on Form 10 with the SEC with respect to the shares of SpinCo common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to SpinCo and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, NE, Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, SpinCo will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

SpinCo intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. SpinCo has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-1
Audited Combined Financial Statements of Rayonier Advanced Materials Inc.	
Combined Statements of Income and Comprehensive Income for the years ended December 31, 2013, 2012 and 2011	F-2
Combined Balance Sheets at December 31, 2013 and 2012	F-3
Combined Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011	F-4
Notes to Combined Financial Statements	F-5
Schedule II - Valuation and Qualifying Accounts (Combined)	F-28

All other financial statement schedules have been omitted because they are not applicable, the required matter is not present, or the required information has been otherwise supplied in the financial statements or the notes thereto.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Rayonier Inc.:

We have audited the accompanying combined balance sheets of Rayonier Advanced Materials Inc., (“SpinCo”) as of December 31, 2013 and 2012, and the related combined statements of income and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These combined financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these combined financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Rayonier Advanced Materials Inc., (“SpinCo”) at December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP
Certified Public Accountants

Jacksonville, Florida
March 31, 2014

RAYONIER ADVANCED MATERIALS INC.
COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Years Ended December 31,
(Thousands of dollars)

	2013	2012	2011
SALES	<u>\$ 1,046,603</u>	<u>\$ 1,095,376</u>	<u>\$ 1,021,416</u>
Costs and Expenses			
Cost of sales	714,038	715,707	697,918
Gross margin	332,565	379,669	323,498
Selling and general expenses	35,778	35,684	33,110
Other operating expense, net	8,164	2,003	7,434
OPERATING INCOME	288,623	341,982	282,954
Interest and miscellaneous income, net	292	507	98
INCOME BEFORE INCOME TAXES	288,915	342,489	283,052
Income tax expense	69,148	100,393	69,234
NET INCOME	219,767	242,096	213,818
OTHER COMPREHENSIVE INCOME (LOSS)			
Gain (loss) from pension and postretirement plans, net of income tax (expense) benefit of (\$14,353), (\$233) and \$10,159	24,971	406	(17,675)
Total other comprehensive income (loss)	\$ 24,971	\$ 406	\$ (17,675)
COMPREHENSIVE INCOME	<u>\$ 244,738</u>	<u>\$ 242,502</u>	<u>\$ 196,143</u>

See Notes to Combined Financial Statements.

RAYONIER ADVANCED MATERIALS INC.
COMBINED BALANCE SHEETS
As of December 31,
(Thousands of dollars)

	Supplemental Unaudited Pro Forma		
	2013	2013	2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ —	\$ —	\$ —
Accounts receivable, less allowance for doubtful accounts of \$140 (for all periods presented)	71,097	71,097	77,476
Inventory	128,706	128,706	116,991
Deferred tax assets	22,532	22,532	3,648
Prepaid and other current assets	23,720	23,720	20,505
Total current assets	<u>246,055</u>	<u>246,055</u>	<u>218,620</u>
PROPERTY, PLANT AND EQUIPMENT			
Land	13,456	13,456	15,130
Buildings	173,554	173,554	127,946
Machinery and equipment	1,749,410	1,749,410	1,375,221
Construction in progress	19,533	19,533	263,317
Total property, plant and equipment, gross	1,955,953	1,955,953	1,781,614
Less—accumulated depreciation	<u>(1,109,665)</u>	<u>(1,109,665)</u>	<u>(1,100,868)</u>
Total property, plant and equipment, net	846,288	846,288	680,746
OTHER ASSETS			
	27,923	27,923	21,235
TOTAL ASSETS	<u>\$ 1,120,266</u>	<u>\$ 1,120,266</u>	<u>\$ 920,601</u>
LIABILITIES AND NET INVESTMENT			
CURRENT LIABILITIES			
Accounts payable	\$ 54,198	\$ 54,198	\$ 65,944
Accrued taxes	1,867	1,867	8,355
Accrued payroll and benefits	10,814	10,814	12,269
Accrued customer incentives	7,728	7,728	8,805
Distribution payable to Rayonier Inc.	950,000	—	—
Other current liabilities	5,239	5,239	346
Total current liabilities	<u>1,029,846</u>	<u>79,846</u>	<u>95,719</u>
PENSION AND OTHER POSTRETIREMENT BENEFITS	21,793	21,793	51,981
DEFERRED INCOME TAXES	49,224	49,224	47,147
OTHER NON-CURRENT LIABILITIES	1,102	1,102	1,050
COMMITMENTS AND CONTINGENCIES (Note 12, 13 and 14)			
NET INVESTMENT			
Retained earnings	1,415,894	1,415,894	1,196,127
Transfers to Parent, net	(1,357,894)	(407,894)	(406,753)
Accumulated other comprehensive loss	<u>(39,699)</u>	<u>(39,699)</u>	<u>(64,670)</u>
TOTAL NET INVESTMENT	18,301	968,301	724,704
TOTAL LIABILITIES AND NET INVESTMENT	<u>\$ 1,120,266</u>	<u>\$ 1,120,266</u>	<u>\$ 920,601</u>

See Notes to Combined Financial Statements.

Table of Contents

RAYONIER ADVANCED MATERIALS INC.
COMBINED STATEMENTS OF CASH FLOWS
For the Years Ended December 31,
(Thousands of dollars)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES			
Net income	\$ 219,767	\$ 242,096	\$ 213,818
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	74,386	60,909	56,128
Stock-based incentive compensation expense	6,230	8,227	7,954
Deferred income taxes	(31,161)	(827)	(2,694)
Amortization of losses from pension and postretirement plans	8,398	7,134	4,976
Loss from sale/disposal of property, plant and equipment	2,390	2,319	7,498
Other	(636)	(1,725)	566
Changes in operating assets and liabilities:			
Receivables	6,380	5,979	(12,030)
Inventories	(11,715)	(12,118)	(6,690)
Accounts payable	(2,763)	(9,019)	9,185
Accrued customer incentives	(1,077)	736	(1,690)
Uncertain tax positions	4,767	—	(16,000)
All other operating activities	(16,928)	1,502	(3,289)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>258,038</u>	<u>305,213</u>	<u>257,732</u>
INVESTING ACTIVITIES			
Capital expenditures	(96,008)	(105,406)	(96,526)
Jesup mill cellulose specialties expansion project	(141,143)	(201,359)	(42,894)
Other	(13,516)	1,513	8,526
CASH USED FOR INVESTING ACTIVITIES	<u>(250,667)</u>	<u>(305,252)</u>	<u>(130,894)</u>
FINANCING ACTIVITIES			
Net payments (to)/from Parent	(7,371)	39	(126,838)
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	<u>(7,371)</u>	<u>39</u>	<u>(126,838)</u>
CASH AND CASH EQUIVALENTS			
Change in cash and cash equivalents	—	—	—
Balance, beginning of year	—	—	—
Balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Non-cash investing activity:			
Capital assets purchased on account	<u>\$ 14,106</u>	<u>\$ 23,090</u>	<u>\$ 19,574</u>

See Notes to Combined Financial Statements.

**RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)**

1. SEPARATION AND BASIS OF PRESENTATION

The Separation

On January 27, 2014, Rayonier Inc. (“Rayonier”) announced that it intended to separate its performance fibers business from its forest resources and real estate businesses. Rayonier announced that it intended to effect the separation through a pro rata distribution of the common stock of a new entity, Rayonier Advanced Materials Inc. (“SpinCo”), which was formed to hold the assets and liabilities associated with the performance fibers business. The separation and distribution is subject to final approval by the Rayonier board of directors.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S generally accepted accounting principles for the purpose of separately presenting the financial position of the Performance Fibers segment of Rayonier and the results of operations, cash flows and changes in equity. Historically, financial statements have not been prepared for the performance fibers business and the accompanying financial statements for SpinCo have been derived from the historical accounting records of Rayonier. The historical operating results and cash flows of SpinCo as presented may not be indicative of what they would have been had SpinCo been a stand-alone entity, nor are they necessarily indicative of what SpinCo’s operating results and cash flows may be in the future.

The statements of operations for SpinCo include allocations of certain costs from Rayonier related to the operations of SpinCo including: medical costs for active salaried and retired employees, worker’s compensation, general liability and property insurance, salaried payroll costs, equity based compensation and a pro-rata share of direct corporate administration expense for accounting, human resource services and information system maintenance. These corporate administrative costs were charged to SpinCo based on employee headcount and payroll costs. The combined statements of income also include expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments. These allocations are based on revenues and specific identification of time and/or activities associated with SpinCo. Management believes the methodologies employed for the allocation of costs were reasonable in relation to the historical reporting of Rayonier, but may not be indicative of costs had SpinCo operated on a stand-alone basis, nor what the costs may be in the future. Actual costs that would have been incurred if SpinCo had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including division of shared services in human resources, payroll, legal, finance, procurement, information technology and infrastructure, among others.

Rayonier uses a centralized approach to the cash management and financing of its operations. SpinCo’s cash is transferred to Rayonier daily and Rayonier funds SpinCo’s operating and investing activities as needed. Accordingly, the cash and cash equivalents held by Rayonier at the corporate level were not allocated to SpinCo for any of the periods presented. SpinCo reflects transfers of cash to and from Rayonier’s cash management system (including cash taxes paid) as a component of “Transfers to Parent, net” on the combined balance sheets. SpinCo has not included any interest expense for intercompany cash advances from Rayonier, since historically Rayonier has not allocated interest expense related to intercompany advances to any of its businesses. In addition, none of Rayonier’s interest income was allocated since excess cash of SpinCo’s operations was assumed to be remitted to Rayonier.

None of Rayonier’s interest expense and short term and long-term debt was allocated to SpinCo, since none of the debt was specific to the performance fibers business. Additionally, Rayonier entities outside of the performance fibers business are the primary obligors of the debt and the cash generated from performance fibers was adequate to fund SpinCo’s operations. Significant changes in the operations or capital structure of SpinCo

**RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)**

could have occurred if it operated as an independent stand-alone company, including a change in capital structure involving the addition of debt and/or equity instruments, which could have had a significant impact on its financial position and results of operations.

The financial statements for SpinCo include a provision for income taxes determined on a separate return basis which takes into account the impact of the Alternative Fuel Mixture Credit (“AFMC”) and subsequent exchanges for the Cellulosic Biofuel Producer Credit (“CBPC”). SpinCo was a subsidiary of Rayonier and, for purposes of U.S. federal and state income taxes, was not directly subject to income taxes but was included in the income tax return of Rayonier TRS Holdings Inc., a wholly-owned subsidiary of Rayonier.

Rayonier assets specifically identified and assigned to SpinCo include all of Rayonier’s performance fiber producing assets and related inventories at its Jesup, Georgia and Fernandina Beach, Florida sites and four chip mills located in Georgia and Virginia. Other assets include customer accounts receivable, inventory, spare part inventory and deferred tax assets. Liabilities specifically identified with SpinCo include accounts payable, property taxes, payroll, customer incentives, deferred tax liabilities related to differences in the book and tax basis of the pulp producing assets and the net liabilities of the Jesup and Fernandina pension and post-retirement plans. The pension and OPEB liabilities were estimated using the same actuarial liability assumptions as those used in the consolidated Rayonier financial statements for active and retired hourly and salaried employees of SpinCo.

Unaudited Supplemental Pro Forma Information . Staff Accounting Bulletin 1.B.3 requires that certain distributions to owners prior to or coincident with a separation be considered as distributions in contemplation of the separation. Prior to the completion of SpinCo’s separation from Rayonier, SpinCo intends to distribute approximately \$950 million to Rayonier. The supplemental pro forma statement of financial position as of December 31, 2013, gives pro forma effect to the assumed distribution as though it had been declared and was payable as of that date.

Events and transactions subsequent to the balance sheet date have been evaluated through March 31, 2014, the date these combined financial statements were issued, for potential recognition or disclosure in the combined financial statements.

2. NATURE OF BUSINESS OPERATIONS

SpinCo is a leading manufacturer of high-value cellulose fibers with two production facilities in Jesup, Georgia and Fernandina Beach, Florida, which have a combined annual capacity of approximately 675,000 metric tons. These fiber products are sold throughout the world to companies that produce a wide variety of products, including cigarette filters, foods, pharmaceuticals, textiles, electronics and various industrial applications. Approximately 58 percent of performance fibers sales are to export customers, primarily in Asia and Europe.

In 2011, SpinCo began a capital project, the Cellulose Specialties Expansion (“CSE”), to convert a fiber line at the Jesup, Georgia mill from absorbent materials to cellulose specialties. The CSE was completed in 2013 at a total cost of \$385 million and added approximately 190,000 metric tons of cellulose specialties capacity, bringing total cellulose specialties capacity to about 675,000 metric tons. In July 2013, SpinCo restarted the converted production line and began the qualification process for the line’s production with its customers. Production of cellulose specialties is expected to gradually increase to capacity by 2017/2018. SpinCo’s primary products consist of the following:

Cellulose specialties —SpinCo is a producer of cellulose specialties, most of which are used in dissolving chemical applications that require a highly purified form of cellulose fiber. SpinCo concentrates on producing the most high-value, technologically-demanding forms of cellulose specialty products, such as cellulose acetate and high purity cellulose ethers, and is a leading supplier of these products.

**RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)**

Commodity viscose —As a result of the start-up of the CSE project, SpinCo began producing commodity viscose at the Jesup mill. Commodity viscose is primarily sold to producers of viscose staple fibers, which are used in the manufacture of textiles for clothing and other fabrics, and in non-woven applications such as baby wipes, cosmetic and personal wipes, industrial wipes and mattress ticking.

Absorbent materials —SpinCo has historically been a producer of fibers for absorbent hygiene products. These fibers are typically referred to as fluff fibers and are used as an absorbent medium in products such as disposable baby diapers, feminine hygiene products, incontinence pads, convalescent bed pads, industrial towels and wipes and non-woven fabrics.

SpinCo operates in one reportable business segment: Performance Fibers. See Note 4 — *Segment and Geographical Information* to the Combined Financial Statements for further discussion.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of SpinCo, in which it has a majority ownership or controlling interest. All intercompany balances and transactions are eliminated.

Net Parent Company Investment

In the Combined Balance Sheets, “Transfers to Parent, net” represents Rayonier’s historical investment in SpinCo and the net effect of transactions with, and allocations from, Rayonier.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. There are risks inherent in estimating and therefore actual results could differ from those estimates.

Inventory

Inventories are valued at the lower of cost or market. The costs of manufactured performance fibers are determined on the first-in, first-out basis. Other products are valued on an average cost basis. Inventory costs include material, labor and manufacturing overhead. Physical counts of inventories are taken at least annually. The need for a provision for estimated losses from obsolete, excess or slow-moving inventories is reviewed periodically.

Property, Plant, Equipment and Depreciation

Property, plant and equipment additions are recorded at cost, including applicable freight, interest, construction and installation costs. Performance fiber mill assets are depreciated using the units-of-production method. The total units of production used to calculate depreciation expense is determined by factoring annual production days, based on normal production conditions, by the economic useful life of the asset involved. SpinCo

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

depreciates its non-production performance fiber assets, including office, lab and transportation equipment, using the straight-line depreciation method over 3 to 25 years. Buildings and land improvements are depreciated using the straight-line method over 15 to 35 years and 5 to 30 years, respectively. Depreciation expense reflected in cost of sales in the Combined Statements of Income and Comprehensive Income was \$73.6 million, \$59.2 million and \$55.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Gains and losses on the retirement of assets are included in operating income. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets that are held and used is measured by net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value exceeds the fair value of the assets, which is based on a discounted cash flow model. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Capitalized Interest

Interest from external borrowings of Rayonier is capitalized on major projects with an expected construction period of one year or longer. Capitalized interest is added to the cost of the underlying basis of the property, plant and equipment and is amortized over the useful life of the assets. Although Rayonier's interest expense on general corporate debt is not allocated to SpinCo in the combined financial statements, the property, plant and equipment balance does include previously capitalized interest of \$14.3 million and \$8.2 million for the years ended December 31, 2013 and 2012 respectively, per Accounting Standards Codification ("ASC") 835-20, *Capitalization of Interest*.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy that prioritizes the inputs used to measure fair value was established as follows:

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

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Revenue Recognition

SpinCo generally recognizes sales when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred, (iii) SpinCo's price to the buyer is fixed and determinable, and (iv) collectibility is reasonably assured. Generally, title passes upon delivery to the agreed upon location. Based on the time required to reach each location, customer orders are generally received in one period with the corresponding revenue recognized in a subsequent period. As such, there could be substantial variation in orders received and revenue recognized from period to period.

**RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)**

Environmental Costs

SpinCo expenses environmental costs related to current operations. Expenditures that meaningfully extend the life or increase the efficiency of operating assets are capitalized.

Employee Benefit Plans

SpinCo has two qualified benefit plans which cover most of its U.S. workforce. Additionally, certain SpinCo employees participate in defined benefit pension and postretirement health and life insurance plans as well as an unfunded excess pension plan sponsored by Rayonier (shared plans), which include participants of other Rayonier subsidiaries. SpinCo accounts for such shared plans as multiemployer benefit plans. Accordingly, SpinCo did not record an asset or liability to recognize the funded status of the shared plans per ASC 715-80, *Multiemployer Plans*. The related pension and postretirement expenses are allocated to SpinCo based primarily on pensionable compensation of active participants.

The determination of expense and funding requirements for SpinCo's two defined benefit pension plans, its participation in Rayonier's salaried and unfunded excess pension plan and its postretirement health care and life insurance plans are largely based on a number of actuarial assumptions. The key assumptions include discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees. See Note 16 — *Employee Benefit Plans* to the Combined Financial Statements for assumptions used to determine benefit obligations, the net periodic benefit cost and health care cost trend rates.

Periodic pension and other postretirement expense is included in "Cost of sales" and "Selling and general expenses" in the Statements of Income and Comprehensive Income. At December 31, 2013 and 2012 the pension plans were in a net liability position (underfunded). The estimated amount to be paid in the next 12 months is recorded in "Accrued payroll and benefits" on the Combined Balance Sheets, with the remainder recorded as a long-term liability in "Pension and other postretirement benefits". Changes in the funded status of SpinCo's plans are recorded through comprehensive income (loss) in the year in which the changes occur. See Note 16 — *Employee Benefit Plans* to the Combined Financial Statements for additional information.

Income Taxes

SpinCo was a subsidiary of Rayonier and, for purposes of U.S. federal and state income taxes, was not directly subject to income taxes but was included in the income tax return of Rayonier TRS Holdings Inc., a wholly-owned subsidiary of Rayonier. SpinCo's provision for income taxes has been determined on a separate return basis based on earnings reported in the accompanying Statements of Operations which takes into account the impact of the Alternative Fuel Mixture Credit ("AFMC") and subsequent exchanges for the Cellulosic Biofuel Producer Credit ("CBPC").

SpinCo uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, operating loss carryforwards and tax credit carryforwards. Deferred tax assets and liabilities are measured pursuant to tax laws using rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. SpinCo records a valuation allowance to reduce the carrying amounts of deferred tax assets if it is more likely than not that such deferred tax assets will not be realized.

Rayonier TRS Holdings Inc.'s income tax returns are subject to audit by U.S. federal and state taxing authorities. In evaluating the tax benefits associated with various tax filing positions, SpinCo records a tax

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

benefit for an uncertain tax position if it is more-likely-than-not to be realized upon ultimate settlement of the issue. SpinCo records a liability for an uncertain tax position that does not meet this criterion. SpinCo adjusts its liabilities for unrecognized tax benefits in the period in which it is determined the issue is settled with the taxing authorities, the statute of limitations expires for the relevant taxing authority to examine the tax position or when new facts or information becomes available. Liabilities for unrecognized tax benefits are included in “Other current liabilities” and “Other non-current liabilities” in SpinCo’s Combined Balance Sheets. See Note 7— *Income Taxes* to the Combined Financial Statements for additional information.

Reclassifications

Certain 2012 and 2011 amounts have been reclassified to conform with the current year presentation. See Note 16 — *Employee Benefit Plans* for information regarding reclassifications.

New or Recently Adopted Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This standard requires reporting, in one place, information about reclassifications out of Accumulated Other Comprehensive Income (“AOCI”) by component. An entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount is reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified to net income in their entirety, an entity is required to cross-reference to other currently required disclosures that provide additional detail about those amounts. The information required by this standard must be presented in one place, either parenthetically on the face of the financial statements by income statement line item or in a note. This standard had an effective date of January 1, 2013; however, SpinCo early adopted this standard and applied the pronouncement retrospectively. See Note 10 — *Accumulated Other Comprehensive Loss* to the Combined Financial Statements.

4. SEGMENT AND GEOGRAPHICAL INFORMATION

SpinCo operates in one reportable business segment: Performance Fibers. The Performance Fibers segment includes two major product lines, cellulose specialties and absorbent materials. All sales originate out of the United States from the Jesup, Georgia mill, the Fernandina Beach, Florida mill and the four chip mills. All assets are located in the United States, except for three foreign sales offices located in London, Tokyo and Shanghai. The foreign sales offices held assets of \$0.6 million and \$0.7 million as of December 31, 2013 and 2012, respectively.

Beginning in the third quarter of 2013 and in conjunction with the completion of the cellulose specialties expansion project, SpinCo’s Jesup mill discontinued producing absorbent material and began producing commodity viscose during the multi-year transition to higher cellulose specialties volume. Commodity viscose is a dissolving wood pulp used primarily in the manufacture of textiles. Commodity viscose/other includes commodity viscose and off-grade.

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

Four external customers in the Performance Fibers segment represented 21 percent (Eastman Chemical Company), 19 percent (Nantong Cellulose Fibers, Co., Ltd.), 14 percent (Celanese Acetate, LLC) and 13 percent (Daicel Corporation) of SpinCo's combined sales in 2013, respectively. Four external customers in the Performance Fibers segment represented 21 percent (Eastman Chemical Company), 17 percent (Nantong Cellulose Fibers, Co., Ltd.), 14 percent (Celanese Acetate, LLC) and 14 percent (Daicel Corporation) of SpinCo's combined sales in 2012, respectively, and three external customers in the Performance Fibers segment represented 21 percent (Eastman Chemical Company), 16 percent (Celanese Acetate, LLC) and 15 percent (Nantong Cellulose Fibers, Co., Ltd.) of SpinCo's combined sales in 2011.

	Sales by Product Line		
	2013	2012	2011
Performance Fibers			
Cellulose specialties	\$ 929,931	\$ 934,622	\$ 824,114
Absorbent materials	72,701	158,688	196,153
Commodity viscose/other (a)	43,971	2,066	1,149
Total Sales	<u>\$ 1,046,603</u>	<u>\$ 1,095,376</u>	<u>\$ 1,021,416</u>

(a) Other includes wood chips, bark and shavings.

	Sales by Destination (a)					
	2013	%	2012	%	2011	%
United States	\$ 437,048	42	\$ 406,948	38	\$ 380,656	38
China	281,407	27	235,987	21	223,192	22
Japan	150,306	14	169,695	15	158,511	15
Europe	79,138	7	181,505	16	172,869	17
Latin America	60,477	6	52,508	5	36,100	3
Other Asia	29,097	3	27,101	3	20,482	2
Canada	971	—	3,735	—	8,594	1
All other	8,159	1	17,897	2	21,012	2
Total Sales	<u>\$ 1,046,603</u>	<u>100</u>	<u>\$ 1,095,376</u>	<u>100</u>	<u>\$ 1,021,416</u>	<u>100</u>

(a) All sales to foreign countries are denominated in U.S. dollars.

5. RELATED PARTY TRANSACTIONS

As discussed in Note 1 — *Separation and Basis of Presentation*, the Combined Statements of Income and Comprehensive Income include expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments, including general corporate expenses related to executive oversight, accounting, treasury, tax, legal, human resources and information technology. Net charges from Rayonier for these services, reflected in selling, general and administrative expenses in the Combined Statements of Income and Comprehensive Income were \$16.6 million, \$17.4 million and \$15.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

The Combined Statements of Income and Comprehensive Income also include allocations of certain costs from Rayonier related to the operations of SpinCo including: medical costs for active salaried and retired employees, worker's compensation, general liability and property insurance, salaried payroll costs, equity based compensation and a pro-rata share of direct corporate administration expense for accounting, human resource

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

services and information system maintenance. Net charges from Rayonier for these costs, reflected in the Combined Statements of Income and Comprehensive Income were \$51.1 million, \$47.0 million and \$42.9 million for the years ended December 31, 2013, 2012 and 2011, respectively.

6. OTHER ASSETS

Included in Other Assets are manufacturing and maintenance supplies not expected to be utilized within the next 12 months, and other deferred expenses including capitalized software costs. Software costs are capitalized and amortized over a period not exceeding five years using the straight-line method. At December 31, 2013 and 2012, capitalized software costs were \$2.0 million and \$3.0 million, respectively.

7. INCOME TAXES

Alternative Fuel Mixture Credit (“AFMC”) and Cellulosic Biofuel Producer Credit (“CBPC”)

The U.S. Internal Revenue Code allowed two credits for taxpayers that produced and used an alternative fuel in the operation of their business through December 31, 2009. The AFMC was a \$0.50 per gallon refundable tax credit (which is not taxable), while the CBPC was a \$1.01 per gallon credit that is nonrefundable, taxable and has limitations based on an entity’s tax liability. SpinCo produces and uses an alternative fuel (“black liquor”) at its Jesup, Georgia and Fernandina Beach, Florida performance fibers mills, which qualified for both credits. Rayonier TRS Holdings Inc. claimed the AFMC on its 2009 income tax return, and accordingly, SpinCo recognized \$205.2 million of income, net of associated expenses, for black liquor produced and used in 2009.

In 2013, 2012 and 2011, management approved exchanges of black liquor gallons previously claimed under the AFMC for the CBPC. The net tax benefit from these exchanges was \$18.8 million, \$12.2 million and \$5.8 million, respectively. As described in Note 1 — *Separation and Basis of Presentation*, Rayonier TRS Holdings Inc. claimed these credits. At the date of separation, any CBPC carryforward will not be available to offset future taxes of SpinCo but will remain with Rayonier TRS Holdings Inc.

Provision for Income Taxes

The provision for/(benefit from) income taxes consisted of the following:

	2013	2012	2011
Current	\$ 100,309	\$ 101,220	\$ 71,928
Deferred	(31,161)	(827)	(2,694)
Total	<u>\$ 69,148</u>	<u>\$ 100,393</u>	<u>\$ 69,234</u>

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

A reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate was as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Domestic manufacturing production deduction	(3.4)	(3.2)	(3.3)
Other	—	1.1	1.0
Effective tax rate before discrete items	31.6%	32.9%	32.7%
AFMC for CBPC exchange	(6.5)	(3.6)	(1.9)
Unrecognized tax benefit adjustment	—	—	(5.7)
Other	(1.2)	—	(0.6)
Income tax rate as reported	<u>23.9%</u>	<u>29.3%</u>	<u>24.5%</u>

Deferred Taxes

Deferred income taxes result from recording revenues and expenses in different periods for financial reporting versus tax reporting. The nature of the temporary differences and the resulting net deferred tax liability for the two years ended December 31, were as follows:

	<u>2013</u>	<u>2012</u>
Gross deferred tax assets:		
Pension, postretirement and other employee benefits	\$ 5,364	\$ 18,679
Tax credit carryforwards	45,429	2,693
Capitalized costs	12,773	—
Total gross deferred tax assets	63,566	21,372
Less: Valuation allowance (a)	(24,588)	(1,201)
Total deferred tax assets after valuation allowance	38,978	20,171
Gross deferred tax liabilities:		
Accelerated depreciation	(63,578)	(62,107)
Other	(2,092)	(1,563)
Total gross deferred tax liabilities	(65,670)	(63,670)
Net deferred tax liability	<u>\$ (26,692)</u>	<u>\$ (43,499)</u>
Current portion of deferred tax asset	\$ 22,532	\$ 3,648
Noncurrent portion of deferred tax liability	(49,224)	(47,147)
Net deferred tax liability	<u>\$ (26,692)</u>	<u>\$ (43,499)</u>

- (a) The increase in the valuation allowance during 2013 was primarily related to Georgia investment tax credits earned on the CSE project, the majority of which are fully reserved.

Table of Contents

RAYONIER ADVANCED MATERIALS INC. NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

Included above are tax credit carryforwards as of December 31, 2013:

<u>Item</u>	<u>Gross Amount</u>	<u>Valuation Allowance</u>	<u>Expiration</u>
State Tax Credits	\$ 26,000	\$ (24,588)	2014 -
Cellulosic Biofuel Producer Credit	19,429	—	2016

Unrecognized Tax Benefits

In accordance with generally accepted accounting principles, SpinCo recognizes the impact of a tax position if a position is “more likely than not” to prevail. A reconciliation of the beginning and ending unrecognized tax benefits for the three years ended December 31 is as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Balance at January 1,	\$ —	\$ —	\$ 16,000
Decreases related to prior year tax positions	—	—	(16,000) (a)
Increases related to prior year tax positions	4,767	—	—
Balance at December 31,	<u>\$ 4,767</u>	<u>\$ —</u>	<u>\$ —</u>

(a) During 2011, Rayonier TRS Holdings Inc. received a final examination report from the IRS regarding its 2009 tax return. As a result, SpinCo reversed the uncertain tax liability recorded in 2009 relating to the taxability of the AFMC and recognized a \$16 million tax benefit in third quarter 2011.

The \$4.8 million unrecognized tax benefit as of December 31, 2013 is related to an increased domestic production deduction on the Rayonier TRS Holdings Inc. amended 2009 tax return due to the inclusion of the CBPC income. The IRS is currently examining the position and a resolution is expected in 2014. As such, it is expected that \$4.8 million of unrecognized tax benefits will be settled in the next 12 months.

The total amount of unrecognized tax benefits that, if recognized, would have affected the effective tax rate at December 31, 2013 is \$4.8 million. SpinCo records interest (and penalties, if applicable) related to unrecognized tax benefits in non-operating expenses. During the years ended December 31, 2013, 2012, and 2011, SpinCo did not record any interest or penalties.

Tax Statutes

The following table provides detail of Rayonier TRS Holdings Inc.’s tax years that remain open to examination by the IRS and other significant taxing jurisdictions:

<u>Taxing Jurisdiction</u>	<u>Open Tax Years</u>
U.S. Internal Revenue Service	2008 – 2013
State of Florida	2005 – 2006, 2008 – 2013
State of Georgia	2009 – 2013

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

8. INVENTORY

As of December 31, 2013 and 2012, SpinCo's inventory included the following:

	<u>2013</u>	<u>2012</u>
Finished goods	\$ 105,398	\$ 96,005
Work in progress	3,555	2,718
Raw materials	17,420	15,919
Manufacturing and maintenance supplies	2,333	2,349
Total inventory	<u>\$ 128,706</u>	<u>\$ 116,991</u>

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

9. NET INVESTMENT

An analysis of the changes in Net Investment for each of the three years ended December 31, 2013 is shown below.

	Retained Earnings	Transfers (to)/from Parent, net (a)	Accumulated Other Comprehensive Income/(Loss)	Net Investment
Balance, December 31, 2010	\$ 740,213	\$ (296,135)	\$ (47,401)	\$ 396,677
Net income	213,818	—	—	213,818
Allocation of costs from parent (b)	—	(58,139)	—	(58,139)
Cash receipts received by parent on SpinCo's behalf	—	1,030,930	—	1,030,930
Cash disbursements made by parent on SpinCo's behalf	—	(1,091,675)	—	(1,091,675)
Net loss from pension and postretirement plans	—	—	(17,675)	(17,675)
Balance, December 31, 2011	\$ 954,031	\$ (415,019)	\$ (65,076)	\$ 473,936
Net income	242,096	—	—	242,096
Allocation of costs from parent (b)	—	(64,382)	—	(64,382)
Cash receipts received by parent on SpinCo's behalf	—	1,122,697	—	1,122,697
Cash disbursements made by parent on SpinCo's behalf	—	(1,050,049)	—	(1,050,049)
Net gain from pension and postretirement plans	—	—	406	406
Balance, December 31, 2012	\$1,196,127	\$ (406,753)	\$ (64,670)	\$ 724,704
Net income	219,767	—	—	219,767
Allocation of costs from parent (b)	—	(67,781)	—	(67,781)
Cash receipts received by parent on SpinCo's behalf	—	1,073,275	—	1,073,275
Cash disbursements made by parent on SpinCo's behalf	—	(1,006,635)	—	(1,006,635)
Net gain from pension and postretirement plans	—	—	24,971	24,971
Balance, December 31, 2013	<u>\$1,415,894</u>	<u>\$ (407,894)</u>	<u>\$ (39,699)</u>	<u>\$ 968,301</u>

- (a) The average balance of Transfers to Parent, net amounted to \$407 million, \$411 million and \$356 million during 2013, 2012 and 2011, respectively.
- (b) Included in the costs allocated to SpinCo from the parent are expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments. See Note 5— *Related Party Transactions* to the Combined Financial Statements.

The following is a reconciliation of the amounts presented as “Transfers (to)/from Parent, net” in the above table and the amounts presented as “Net payments (to)/from parent” on the Combined Statements of Cash Flows.

	2013	2012	2011
Allocation of costs from parent	\$ (67,781)	\$ (64,382)	\$ (58,139)
Cash receipts received by parent on SpinCo's behalf	1,073,275	1,122,697	1,030,930
Cash disbursements made by parent on SpinCo's behalf	(1,006,635)	(1,050,049)	(1,091,675)
Non-cash adjustments:			
Stock-based compensation	(6,230)	(8,227)	(7,954)
Net payments (to)/from parent per the Combined Statements of Cash Flows	<u>\$ (7,371)</u>	<u>\$ 39</u>	<u>\$ (126,838)</u>

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated Other Comprehensive Loss was comprised of the following:

	Unrecognized components of employee benefit plans, net of tax
Balance as of December 31, 2011	\$ (65,076)
Other comprehensive loss before reclassifications	(4,125)
Amounts reclassified from accumulated other comprehensive loss (a)	4,531
Net other comprehensive income	406
Balance as of December 31, 2012	\$ (64,670)
Other comprehensive loss before reclassifications	19,702
Amounts reclassified from accumulated other comprehensive loss (a)	5,269
Net other comprehensive income	24,971
Balance as of December 31, 2013	\$ (39,699)

- (a) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 16—*Employee Benefit Plans* to the Combined Financial Statements for additional information.

11. OTHER OPERATING EXPENSE, NET

The following table provides the composition of Other operating expense for the three years ended December 31:

	2013	2012	2011
Loss on sale or disposal of property plant and equipment (a)	\$ 2,390	\$ 2,319	\$ 7,498
Legal settlement	2,825	—	—
Transaction-related costs (b)	3,208	—	—
Miscellaneous income	(259)	(316)	(64)
Total	\$ 8,164	\$ 2,003	\$ 7,434

- (a) 2011 included a \$5.5 million write-off related to process equipment changes needed for the cellulose specialties expansion project.
- (b) 2013 included certain transaction costs in connection with the planned separation, such as accounting, tax, legal, and investment banking fees.

12. CONTINGENCIES

SpinCo is engaged in various legal actions and has been named as a defendant in various other lawsuits and claims arising in the normal course of business. While SpinCo has procured reasonable and customary insurance covering risks normally occurring in connection with its businesses, it has in certain cases retained some risk through the operation of self-insurance, primarily in the areas of workers' compensation, property insurance and general liability. These other lawsuits and claims, either individually or in the aggregate, are not expected to have a material adverse effect on SpinCo's financial position, results of operations, or cash flow.

**RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)**

13. GUARANTEES

At December 31, 2013, SpinCo was liable for certain contingent obligations under various contractual arrangements. The fair value of these obligations is de minimus.

14. COMMITMENTS

SpinCo leases certain buildings, machinery and equipment under various operating leases. Total rental expense for operating leases amounted to \$1.7 million, \$1.6 million and \$1.1 million in 2013, 2012 and 2011, respectively.

At December 31, 2013, the future minimum payments under non-cancellable operating leases were as follows:

	Operating Leases (a)	Purchase Obligations (b)
2014	\$ 1,241	\$ 12,827
2015	711	11,590
2016	1,786	11,668
2017	2,415	11,845
2018	2,156	2,081
Thereafter	15,227	—
	<u>\$ 23,536</u>	<u>\$ 50,011</u>

- (a) Operating leases include leases on buildings, machinery and equipment under various operating leases and a Jesup mill natural gas transportation lease.
- (b) On March 1, 2013, Rayonier completed the sale of its Wood Products business (consisting of three lumber mills in Baxley, Swainsboro and Eatonton, Georgia) to International Forest Products Limited (“Interfor”), an unrelated lumber company with operations in the United States and Canada. Interfor is listed on the Toronto Stock Exchange under the symbol “IFP.” Pursuant to the purchase and sale agreement, Rayonier contracted with Interfor to purchase wood chips produced at the lumber mills for use at SpinCo’s Jesup mill. SpinCo will purchase 100 percent of the Baxley mill chips for five years and purchased a minimum of 25 percent of the Swainsboro mill chips in 2013. The purchase price of these chips will be based on the average price paid by SpinCo to unrelated third parties.

15. INCENTIVE STOCK PLANS

The Rayonier Incentive Stock Plan (“the Stock Plan”) provides for up to 15.8 million shares to be granted for incentive stock options, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and restricted stock units, subject to certain limitations. Under the Stock Plan, shares available for issuance are reduced by 1 share for each option or right granted and by 2.27 shares for each performance share, restricted share or restricted stock unit granted. Rayonier issues new shares of stock upon the exercise of stock options, the granting of restricted stock, and the vesting of performance shares. At December 31, 2013, a total of 6.4 million shares were available for future grants under the Stock Plan.

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

Until completion of the separation of SpinCo from Rayonier, SpinCo employees will continue to participate in the Rayonier share-based compensation plans. Total share-based compensation expense allocated to SpinCo (see Note 1— *Separation and Basis of Presentation* to the Combined Financial Statements) for the years ended December 31, was as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Selling and general expenses	\$ 5,006	\$ 7,561	\$ 7,150
Cost of sales	1,224	666	804
Total share-based compensation expense	<u>\$ 6,230</u>	<u>\$ 8,227</u>	<u>\$ 7,954</u>

Rayonier's employee stock option compensation program generally provides accelerated vesting (i.e., a waiver of the remaining period of service required to earn an award) for awards held by employees at the time of their retirement. Share-based compensation expense for awards is recognized over the shorter of: (1) the service period (i.e., the stated period of time required to earn the award); or (2) the period beginning at the start of the service period and ending when an employee first becomes eligible for retirement.

Some of Rayonier's share-based awards vest ratably (i.e., portions of the award vest at different times) while some of the awards cliff vest (i.e., all of the award vests at the same time). For both types of awards, SpinCo recognizes expense on a straight-line basis over the service period for the entire award.

Basis of Presentation —The following sections on Rayonier's Restricted Stock, Performance Share Units and Non-Qualified Employee Stock Options disclose the activity of these awards granted to direct employees of SpinCo. Awards to indirect employees of SpinCo (e.g., awards to Rayonier's corporate staff that provide services to SpinCo) are excluded from the following disclosures; however, the expense for those awards is included in expense allocated to SpinCo for certain corporate functions historically performed by Rayonier. See Note 1— *Separation and Basis of Presentation* to the Combined Financial Statements.

Fair Value Calculations by Award

Restricted Stock

Restricted stock granted under the Stock Plan generally vests upon completion of a one to three year period. The fair value of each share granted is equal to the share price of Rayonier's stock on the date of grant. As of December 31, 2013, there was \$0.4 million of unrecognized compensation cost related to SpinCo's outstanding restricted stock. This cost is expected to be recognized over a weighted average period of 1.9 years.

The following table summarizes the activity of Rayonier's restricted shares granted to employees of SpinCo for the three years ended December 31:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Restricted shares granted	10,200	600	5,625
Weighted average price of restricted shares granted	\$ 56.00	\$ 44.34	\$ 44.45
<i>(Amounts in millions)</i>			
Intrinsic value of restricted stock outstanding (a)	\$ 0.7	\$ 0.3	\$ 0.3
Fair value of restricted stock vested	\$ —	\$ —	\$ 1.2
Cash used to pay the minimum withholding tax requirements in lieu of receiving common shares	\$ —	\$ —	\$ 0.4

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

(a) Intrinsic value of restricted stock outstanding is based on the market price of Rayonier's stock at December 31, 2013, 2012 and 2011.

The following table summarizes the 2013 activity of Rayonier restricted shares granted to employees of SpinCo:

	Number of Shares	Weighted Average Grant Date Fair Value (per common share)
Non-vested restricted shares at December 31, 2012	6,225	\$ 44.44
Granted	10,200	56.00
Vested	(600)	44.34
Non-vested restricted shares at December 31, 2013	15,825	51.89

Performance Share Units

Rayonier's performance share units generally vest upon completion of a three-year period. The number of shares, if any, that are ultimately awarded is contingent upon Rayonier's total shareholder return versus selected peer group companies. The performance share payout is based on a market condition and as such, the awards are valued using a Monte Carlo simulation model. The model generates the fair value of the award at the grant date, which is then amortized over the vesting period.

The Stock Plan allows for the cash settlement of the minimum required withholding tax on performance share unit awards. As of December 31, 2013, there was \$1.6 million of unrecognized compensation cost related to SpinCo's performance share unit awards. This cost is expected to be recognized over a weighted average period of 1.7 years.

The following table summarizes the activity of Rayonier's performance share units granted to employees of SpinCo for the three years ended December 31:

	2013	2012	2011
Rayonier common shares reserved for performance shares	52,900	57,000	61,980
Weighted average fair value of performance share units granted	\$ 58.99	\$ 56.36	\$ 51.71
<i>(Amounts in millions)</i>			
Intrinsic value of outstanding performance share units (a)	\$ 3.6	\$ 4.8	\$ 3.9
Fair value of performance shares vested	\$ 1.0	\$ 2.5	\$ 0.5
Cash used to pay the minimum withholding tax requirements in lieu of receiving common shares	\$ 1.2	\$ 0.4	\$ 0.3

(a) Intrinsic value of outstanding performance share units is based on the market price of Rayonier's stock at December 31, 2013, 2012 and 2011.

Table of Contents

RAYONIER ADVANCED MATERIALS INC. NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

The following table summarizes the 2013 activity of Rayonier performance shares granted to employees of SpinCo:

	Number of Units	Weighted Average Grant Date Fair Value (per common share)
Outstanding performance share units at December 31, 2012	92,085	\$ 48.72
Granted	26,450	58.99
Units distributed	(32,595)	39.19
Cancelled	—	—
Outstanding performance share units at December 31, 2013	85,940	55.49

Expected volatility was estimated using daily returns on Rayonier's common stock for the three-year period ending on the grant date. The risk-free rate was based on the 3-year U.S. treasury rate on the date of the award. The dividend yield was not used to calculate fair value as all awards granted after January 1, 2010 receive dividend equivalents. The following chart provides a tabular overview of the assumptions used in calculating the fair value of the awards granted for the three years ended December 31, 2013:

	2013	2012	2011
Expected volatility	23.2%	36.9%	51.3%
Risk-free rate	0.4%	0.4%	1.0%

Non-Qualified Employee Stock Options

The exercise price of each non-qualified stock option granted under both the 1994 Plan and the Stock Plan are equal to the closing market price of Rayonier's stock on the grant date. Under the 1994 Plan, the maximum term is 10 years and two days from the grant date while under the Stock Plan, the maximum term is 10 years from the grant date. Awards vest ratably over three years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The expected volatility is based on historical volatility for each grant and is calculated using the historical change in the daily market price of Rayonier's common stock over the expected life of the award. The expected life is based on prior exercise behavior. SpinCo has elected to value each grant in total and recognize the expense for stock options on a straight-line basis over three years.

The following chart provides a tabular overview of the weighted average assumptions and related fair value calculations of options granted for the three years ended December 31:

	2013	2012	2011
Expected volatility	39.0%	39.3%	38.2%
Dividend yield	3.4%	3.6%	3.9%
Risk-free rate	1.0%	1.3%	2.6%
Expected life (in years)	6.3	6.4	6.5
Fair value per share of options granted	\$14.00	\$11.85	\$9.99
Fair value of options granted (in millions)	0.7	0.7	0.6

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

The following table summarizes the 2013 activity of Rayonier stock options granted to employees of SpinCo:

	Number of Shares	Weighted Average Exercise Price (per common share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Options outstanding at December 31, 2012	353,574	\$ 30.49	6.0	\$ 7.5
Granted	52,340	52.63	—	—
Exercised	(53,021)	27.64	—	—
Cancelled	(2,615)	46.64	—	—
Options outstanding at December 31, 2013	350,278	\$ 34.00	5.7	\$ 3.5
Options vested and expected to vest	350,096	\$ 33.99	5.7	\$ 3.5
Options exercisable at December 31, 2013	284,125	\$ 31.01	5.2	\$ 3.4

A summary of additional information pertaining to Rayonier stock options granted to employees of SpinCo is presented below:

	2013	2012	2011
<i>(Amounts in millions)</i>			
Intrinsic value of options exercised (a)	\$ 0.8	\$ 3.6	\$ 2.5
Fair value of options vested	\$ 0.6	\$ 0.6	\$ 0.5

(a) Intrinsic value of stock options exercised is based on the market price of Rayonier's stock at December 31, 2013, 2012 and 2011.

As of December 31, 2013, there was 0.3 million of unrecognized compensation costs related to SpinCo's stock options. This cost is expected to be recognized over a weighted period of 1.0 year.

16. EMPLOYEE BENEFIT PLANS

SpinCo has two qualified non-contributory defined benefit pension plans covering a significant majority of its employees. Rayonier closed enrollment in these pension plans to Fernandina hourly employees hired after April 30, 2006 and to Jesup hourly employees hired after March 4, 2009. Employee benefit plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

During 2013, SpinCo amended its postretirement medical plan for active and retired hourly employees at the Jesup mill by placing a limit on SpinCo's contributions toward retiree medical coverage. The change was accounted for as a negative plan amendment, which resulted in a reduction to the retiree medical liability. The net impact of the reduction was an unrecognized gain in other comprehensive income of \$3.4 million which will be amortized over 13.9 years, the average remaining service period of participants. As a result of the plan change, a gain of \$0.1 million was included in SpinCo's net periodic benefit cost in 2013.

Table of Contents

RAYONIER ADVANCED MATERIALS INC. NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

The following tables set forth the change in the projected benefit obligation and plan assets and reconcile the funded status and the amounts recognized in the Combined Balance Sheets for the pension and postretirement benefit plans for the two years ended December 31:

	Pension		Postretirement	
	2013	2012	2013	2012
Change in Projected Benefit Obligation				
Projected benefit obligation at beginning of year	\$ 189,869	\$ 175,605	\$ 22,001	\$ 20,177
Service cost	2,790	2,651	941	823
Interest cost	6,900	7,260	741	757
Actuarial (gain) loss	(17,708)	12,670	(2,244)	1,262
Plan amendments	—	—	(3,372)	—
Employee contributions	—	—	872	1,009
Benefits paid	(8,774)	(8,317)	(1,761)	(2,027)
Projected benefit obligation at end of year	<u>\$ 173,077</u>	<u>\$ 189,869</u>	<u>\$ 17,178</u>	<u>\$ 22,001</u>
Change in Plan Assets				
Fair value of plan assets at beginning of year	\$ 158,773	\$ 146,994	\$ —	\$ —
Actual return on plan assets	20,882	20,681	—	—
Employer contributions	—	—	889	1,018
Employee contributions	—	—	872	1,009
Benefits paid	(8,774)	(8,317)	(1,761)	(2,027)
Other expense	(663)	(585)	—	—
Fair value of plan assets at end of year	<u>\$ 170,218</u>	<u>\$ 158,773</u>	<u>\$ —</u>	<u>\$ —</u>
Funded Status at End of Year:				
Net accrued benefit cost	<u>\$ (2,859)</u>	<u>\$ (31,096)</u>	<u>\$ (17,178)</u>	<u>\$ (22,001)</u>
Amounts recognized in the Combined Balance Sheets consist of:				
Noncurrent assets	\$ 2,711	\$ —	\$ —	\$ —
Current liabilities	—	—	(954)	(1,116)
Noncurrent liabilities	(5,570)	(31,096)	(16,224)	(20,885)
Net amount recognized	<u>\$ (2,859)</u>	<u>\$ (31,096)</u>	<u>\$ (17,178)</u>	<u>\$ (22,001)</u>

Net gains or losses and prior service costs or credits recognized in other comprehensive income for the three years ended December 31 are as follows:

	Pension			Postretirement		
	2013	2012	2011	2013	2012	2011
Net gains (losses)	\$ 25,411	\$ (5,234)	\$ (29,757)	\$ 2,244	\$ (1,262)	\$ (3,683)
Negative plan amendment	—	—	—	3,372	—	—
Prior service benefit	—	—	—	—	—	631

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

Net gains or losses and prior service costs or credits reclassified from other comprehensive income and recognized as a component of pension and postretirement expense for the three years ended December 31 are as follows:

	Pension			Postretirement		
	2013	2012	2011	2013	2012	2011
Amortization of losses	\$ 6,494	\$ 5,326	\$ 3,229	\$ 549	\$ 491	\$ 383
Amortization of prior service cost	1,292	1,292	1,339	66	80 (a)	80 (a)
Amortization of negative plan amendment	—	—	—	(105)	(55) (a)	(55) (a)

(a) Includes a reclassification to adjust for the effect of a negative plan amendment.

Net losses and prior service costs or credits that have not yet been included in pension and postretirement expense for the two years ended December 31, which have been recognized as a component of AOCI are as follows:

	Pension		Postretirement	
	2013	2012	2013	2012
Prior service cost	\$ (5,707)	\$ (6,999)	\$ (262)	\$ (328) (a)
Net losses	(52,751)	(84,657)	(7,585)	(10,379)
Negative plan amendment	—	—	3,787	521 (a)
Deferred income tax benefit	21,337	33,455	1,482	3,717
AOCI	\$ (37,121)	\$ (58,201)	\$ (2,578)	\$ (6,469)

(a) Includes a reclassification to adjust for the effect of a negative plan amendment.

For pension and postretirement plans with accumulated benefit obligations in excess of plan assets, the following table sets forth the projected and accumulated benefit obligations and the fair value of plan assets for the two years ended December 31:

	2013	2012
Projected benefit obligation (a)	\$ 129,076	\$ 189,869
Accumulated benefit obligation	129,076	189,869
Fair value of plan assets	123,506	158,773

(a) Per the Jesup and Fernandina plans, the projected benefit obligation is not calculated based on future compensation levels. Accordingly, the projected benefit obligation equals the accumulated benefit obligation for these plans.

Table of Contents

RAYONIER ADVANCED MATERIALS INC. NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

The following tables set forth the components of net pension and postretirement benefit cost that have been recognized during the three years ended December 31:

	Pension			Postretirement		
	2013	2012	2011	2013	2012	2011
Components of Net Periodic Benefit Cost						
Service cost	\$ 2,790	\$ 2,651	\$ 2,296	\$ 941	\$ 823	\$ 604
Interest cost	6,900	7,260	7,838	741	757	783
Expected return on plan assets	(12,515)	(12,660)	(12,882)	—	—	—
Amortization of prior service cost	1,292	1,292	1,339	66	80 (a)	80 (a)
Amortization of losses	6,494	5,326	3,229	549	491	383
Amortization of negative plan amendment	—	—	—	(105)	(55) (a)	(55) (a)
Net periodic benefit cost (b)	<u>\$ 4,961</u>	<u>\$ 3,869</u>	<u>\$ 1,820</u>	<u>\$ 2,192</u>	<u>\$ 2,096</u>	<u>\$ 1,795</u>

(a) Includes a reclassification to adjust for the effect of a negative plan amendment.

(b) The net periodic benefit costs for Jesup and Fernandina's pension and postretirement plans are recorded in cost of goods sold in the Combined Statements of Income and Comprehensive Income.

The estimated pre-tax amounts that will be amortized from AOCI into net periodic benefit cost in 2014 are as follows:

	Pension	Postretirement
Amortization of loss	\$ 3,943	\$ 490
Amortization of prior service cost	1,167	17
Amortization of negative plan amendment	—	(535)
Total amortization of AOCI loss	<u>\$ 5,110</u>	<u>\$ (28)</u>

The following table sets forth the principal assumptions inherent in the determination of benefit obligations and net periodic benefit cost of the pension and postretirement benefit plans as of December 31:

	Pension			Postretirement		
	2013	2012	2011	2013	2012	2011
Assumptions used to determine benefit obligations at December 31:						
Discount rate	4.60%	3.70%	4.20%	4.60%	3.60%	4.10%
Assumptions used to determine net periodic benefit cost for years ended December 31:						
Discount rate	3.70%	4.20%	5.25%	3.60%	4.10%	5.10%
Expected long-term return on plan assets	8.50%	8.50%	8.50%	n/a	n/a	n/a

At December 31, 2013, the pension plans' discount rate was 4.6 percent, which closely approximates interest rates on high-quality, long-term obligations. Effective December 31, 2013, the expected return on plan assets remained at 8.5 percent, which is based on historical and expected long-term rates of return on broad equity and

Table of Contents

RAYONIER ADVANCED MATERIALS INC. NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

bond indices and consideration of the actual annualized rate of return. SpinCo, with the assistance of external consultants, utilizes this information in developing assumptions for returns, and risks and correlation of asset classes, which are then used to establish the asset allocation ranges.

The following table sets forth the assumed health care cost trend rates at December 31:

	Postretirement	
	2013	2012
Health care cost trend rate assumed for next year	7.00%	7.50%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2017	2017

Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement benefit plans. The following table shows the effect of a one percentage point change in assumed health care cost trends:

Effect on:	1 Percent	
	Increase	Decrease
Total of service and interest cost components	\$ 1,896	\$ (1,506)
Accumulated postretirement benefit obligation	18,262	(16,254)

Investment of Plan Assets

SpinCo's pension plans' asset allocation at December 31, 2013 and 2012, and target allocation ranges by asset category are as follows:

Asset Category	Percentage of Plan Assets		Target Allocation Range
	2013	2012	
Domestic equity securities	42%	41%	40-45%
International equity securities	26%	25%	20-30%
Domestic fixed income securities	25%	26%	25-30%
International fixed income securities	4%	5%	4-6%
Real estate fund	3%	3%	2-4%
Total	100%	100%	

Rayonier's Pension and Savings Plan Committee and the Audit Committee of the board of directors oversee the pension plans' investment program which is designed to maximize returns and provide sufficient liquidity to meet plan obligations while maintaining acceptable risk levels. The investment approach emphasizes diversification by allocating the plans' assets among asset categories and selecting investment managers whose various investment methodologies will be minimally correlative with each other. Investments within the equity categories may include large capitalization, small capitalization and emerging market securities, while the international fixed income portfolio may include emerging markets debt. Pension assets did not include a direct investment in Rayonier common shares at December 31, 2013 or 2012.

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy (see Note 3— *Summary of Significant Accounting Policies* to the Combined Financial Statements for definition), the assets of the plans as of December 31, 2013 and 2012.

Asset Category	Fair Value at December 31, 2013			Fair Value at December 31, 2012		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Domestic equity securities	\$ 14,581	\$ 54,984	\$ 69,565	\$ 25,077	\$ 37,751	\$ 62,828
International equity securities	27,722	15,603	43,325	25,625	13,452	39,077
Domestic fixed income securities	—	42,421	42,421	—	40,124	40,124
International fixed income securities	7,533	—	7,533	7,795	—	7,795
Real estate fund	4,817	—	4,817	5,054	—	5,054
Short-term investments	437	2,120	2,557	14	3,881	3,895
Total	\$ 55,090	\$ 115,128	\$ 170,218	\$ 63,565	\$ 95,208	\$ 158,773

The valuation methodology used for measuring the fair value of these asset categories was as follows:

Level 1 — Net asset value in an observable market.

Level 2 — Assets classified as level two are held in collective trust funds. The net asset value of a collective trust is calculated by determining the fair value of the fund's underlying assets, deducting its liabilities, and dividing by the units outstanding as of the valuation date. These funds are not publicly traded; however, the unit price calculation is based on observable market inputs of the funds' underlying assets.

There have been no changes in the methodology used during the years ended December 31, 2013 and 2012.

Cash Flows

Expected benefit payments for the next ten years are as follows:

	Pension Benefits	Postretirement Benefits
2014	\$ 9,599	\$ 954
2015	10,005	1,042
2016	10,503	1,122
2017	10,929	1,132
2018	11,268	1,242
2019 - 2023	59,545	5,636

Shared Pension and Postretirement Plans

Certain SpinCo employees participate in defined benefit pension, excess pension and postretirement health and life insurance plans sponsored by Rayonier, which include participants of other Rayonier subsidiaries. SpinCo recorded expense of \$9.8 million, \$9.1 million, and \$5.8 million for 2013, 2012, and 2011, respectively, for its allocation of costs related to these plans. As of December 31, 2013 and 2012, there were no required contributions outstanding.

RAYONIER ADVANCED MATERIALS INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

Defined Contribution Plans

SpinCo provides defined contribution plans to all of its hourly and salaried employees. SpinCo contributions charged to expense for these plans were \$2.1 million, \$2.0 million and \$1.8 million for the years ended December 31, 2013, 2012 and 2011, respectively. Rayonier Hourly and Salaried Defined Contribution Plans include Rayonier common shares with a fair market value of \$73.2 million and \$89.4 million at December 31, 2013 and 2012, respectively.

As discussed above, all pension plans are currently closed to new employees. Employees not eligible for the pension plans are immediately eligible to participate in Rayonier's 401(k) plan and receive an enhanced contribution. SpinCo's expense related to this plan enhancement for the years ended December 31, 2013, 2012, and 2011 were \$0.9 million, \$0.8 million and \$0.6 million, respectively.

17. QUARTERLY RESULTS FOR 2013 and 2012 (Unaudited)

	Quarter Ended				Total Year
	March 31	June 30	Sept. 30	Dec. 31	
2013					
Sales	\$ 285,165	\$ 254,189	\$ 225,523	\$ 281,726	\$ 1,046,603
Gross Margin	97,308	84,351	67,376	83,530	332,565
Operating Income	87,357	71,709	59,313	70,244	288,623
Net Income	67,501	55,410	46,057	50,799	219,767
2012					
Sales	\$ 252,139	\$ 253,651	\$ 288,632	\$ 300,954	\$ 1,095,376
Gross Margin	86,067	89,366	105,883	98,353	379,669
Operating Income	74,895	80,280	97,582	89,225	341,982
Net Income	50,684	62,344	68,741	60,327	242,096

RAYONIER ADVANCED MATERIALS INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS (COMBINED)
Years Ended December 31, 2013, 2012, and 2011
(In Thousands)

Description	Balance at Beginning of Year	Charged to Cost and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts:				
Year ended December 31, 2013	\$ 140	\$ —	\$ —	\$ 140
Year ended December 31, 2012	\$ 140	\$ —	\$ —	\$ 140
Year ended December 31, 2011	\$ 140	\$ —	\$ —	\$ 140
Deferred tax asset valuation allowance:				
Year ended December 31, 2013	\$ 1,201	\$ 23,387 (a)	\$ —	\$ 24,588
Year ended December 31, 2012	\$ 945	\$ 256	\$ —	\$ 1,201
Year ended December 31, 2011	\$ 5,650	\$ —	\$ (4,705)	\$ 945

(a) The increase in the valuation allowance during 2013 was primarily related to Georgia investment tax credits earned on the CSE project.