

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

Form 10

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

RAYONIER HOLDING COMPANY

(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 HOLDING COMPANY
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 Holding Company,” 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 section of the information statement entitled “Compensation Discussion and Analysis.” That section is 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 Holding Company’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 Holding Company’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 Holding Company’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 Holding Company’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 Holding Company.**
3.1	Form of Amended and Restated Certificate of Incorporation of Rayonier Holding Company.**
3.2	Form of Amended and Restated Bylaws of Rayonier Holding Company.**
10.1	Form of Transition Services Agreement by and between Rayonier Inc. and Rayonier Holding Company.**
10.2	Form of Tax Matters Agreement by and between Rayonier Inc. and Rayonier Holding Company.**
10.3	Form of Employee Matters Agreement by and between Rayonier Inc. Rayonier Holding Company.*
10.4	Form of Intellectual Property Agreement by and between Rayonier Inc. and Rayonier Holding Company.*
10.5	Form of Indemnification Agreement between Rayonier Holding Company and individual directors.*
10.6	Form of Indemnification Agreement between Rayonier Holding Company and individual officers.*
21.1	List of subsidiaries.*
99.1	Information Statement of Rayonier Holding Company, preliminary and subject to completion, dated January 29, 2014.**

* To be filed by amendment.

** Filed herewith.

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 HOLDING COMPANY

By: /s/ PAUL G. BOYNTON

Name: Paul G. Boynton

Title: Chairman, President and Chief Executive Officer

Date: January 29, 2014

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

RAYONIER INC.

AND

RAYONIER HOLDING COMPANY

DATED AS OF [•], 2014

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	2
ARTICLE II THE SEPARATION	12
2.1 Transfer of Assets and Assumption of Liabilities	12
2.2 SpinCo Assets; Rayonier Assets	15
2.3 SpinCo Liabilities; Rayonier Liabilities	16
2.4 Approvals and Notifications	18
2.5 Novation of Liabilities	21
2.6 Release of Guarantees	22
2.7 Termination of Agreements	23
2.8 Treatment of Shared Contracts	24
2.9 Bank Accounts; Cash Balances	25
2.10 Ancillary Agreements	26
2.11 Disclaimer of Representations and Warranties	26
2.12 SpinCo Financing Arrangements; Cash Transfers	26
2.13 Financial Information Certifications	27
2.14 Transition Committee	27
ARTICLE III THE DISTRIBUTION	28
3.1 Sole and Absolute Discretion; Cooperation	28
3.2 Actions Prior to the Distribution	28
3.3 Conditions to the Distribution	29
3.4 The Distribution	31
ARTICLE IV MUTUAL RELEASES; INDEMNIFICATION	32
4.1 Release of Pre-Distribution Claims	32
4.2 Indemnification by SpinCo	34
4.3 Indemnification by Rayonier	35
4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts	36
4.5 Procedures for Indemnification of Third-Party Claims	36
4.6 Additional Matters	39
4.7 Right of Contribution	40
4.8 Covenant Not to Sue	40
4.9 Remedies Cumulative	41
4.10 Survival of Indemnities	41
ARTICLE V CERTAIN OTHER MATTERS	41
5.1 Insurance Matters	41
5.2 Late Payments	43
5.3 Treatment of Payments for Tax Purposes	44
5.4 Inducement	44
5.5 Post-Effective Time Conduct	44

ARTICLE VI EXCHANGE OF INFORMATION; CONFIDENTIALITY	44
6.1 Agreement for Exchange of Information	44
6.2 Ownership of Information	45
6.3 Compensation for Providing Information	45
6.4 Record Retention	45
6.5 Limitations of Liability	46
6.6 Other Agreements Providing for Exchange of Information	46
6.7 Production of Witnesses; Records; Cooperation	46
6.8 Privileged Matters	47
6.9 Confidentiality	49
6.10 Protective Arrangements	50
ARTICLE VII DISPUTE RESOLUTION	51
7.1 Good-Faith Negotiation	51
7.2 Mediation	51
7.3 Arbitration	52
7.4 Litigation and Unilateral Commencement of Arbitration	53
7.5 Conduct During Dispute Resolution Process	53
ARTICLE VIII FURTHER ASSURANCES AND ADDITIONAL COVENANTS	53
8.1 Further Assurances	53
8.2 Wayne County Loan Agreement	54
ARTICLE IX TERMINATION	55
9.1 Termination	55
9.2 Effect of Termination	55
ARTICLE X MISCELLANEOUS	55
10.1 Counterparts; Entire Agreement; Corporate Power	55
10.2 Governing Law	56
10.3 Assignability	56
10.4 Third-Party Beneficiaries	57
10.5 Notices	57
10.6 Severability	58
10.7 Force Majeure	58
10.8 No Set-Off	58
10.9 Publicity	59
10.10 Expenses	59
10.11 Headings	59
10.12 Survival of Covenants	59
10.13 Waivers of Default	59
10.14 Specific Performance	59
10.15 Amendments	60
10.16 Interpretation	60
10.17 Limitations of Liability	60
10.18 Performance	60
10.19 Mutual Drafting	61

SCHEDULES

Schedule 1.2	SpinCo Discontinued or Divested Businesses
Schedule 1.3	SpinCo Contracts
Schedule 1.4	SpinCo Intellectual Property
Schedule 1.5	Transferred Entities
Schedule 2.1(a)	Plan of Reorganization
Schedule 2.2(a)(viii)	SpinCo Assets
Schedule 2.2(b)(ii)	Rayonier Intellectual Property
Schedule 2.2(b)(iv)	Rayonier Assets
Schedule 2.3(a)	SpinCo Liabilities
Schedule 2.3(b)	Rayonier Liabilities
Schedule 2.5(a)	Novation of SpinCo Liabilities
Schedule 2.7(b)(ii)	Intercompany Agreements
Schedule 4.3(e)	Specified Rayonier Information
Schedule 5.1(b)	Insurance Policies
Schedule 10.10	Allocation of Certain Costs and Expenses

EXHIBITS

Exhibit A	Amended and Restated Certificate of Incorporation of Rayonier Holding Company
Exhibit B	Amended and Restated Bylaws of Rayonier Holding Company

SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [•], 2014 (this “Agreement”), is by and between Rayonier Inc., a North Carolina corporation (“Rayonier”), and Rayonier Holding Company, a Delaware corporation (“SpinCo”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

RECITALS

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, SpinCo has been incorporated solely for these purposes and has not engaged in activities except in preparation for the Separation and the Distribution;

WHEREAS, for U.S. federal income tax purposes, the contribution by Rayonier of the SpinCo Assets and the SpinCo Liabilities to SpinCo (the “Contribution”) and the Distribution, taken together, are intended to qualify as a transaction that is tax-free under Section 355 and 368(a)(1)(D) of the Code;

WHEREAS, Rayonier has received a private letter ruling from IRS substantially to the effect that, among other things, the Contribution and the Distribution, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Section 355 and 368(a)(1)(D) of the Code (the “IRS Ruling”);

WHEREAS, SpinCo and Rayonier have prepared, and SpinCo has filed with the SEC, the Form 10, which includes the Information Statement, and which sets forth disclosure concerning SpinCo, the Separation and the Distribution; and

WHEREAS, each of Rayonier and SpinCo has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of Rayonier, SpinCo and the members of their respective Groups following the Distribution.

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

For the purpose of this Agreement, the following terms shall have the following meanings:

“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” shall mean, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, “control” (including with correlative meanings, “controlled by” and “under common control with”), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement and the Ancillary Agreements, (a) no member of the SpinCo Group shall be deemed to be an Affiliate of any member of the Rayonier Group and (b) no member of the Rayonier Group shall be deemed to be an Affiliate of any member of the SpinCo Group.

“Agent” shall mean the trust company or bank duly appointed by Rayonier to act as distribution agent, transfer agent and registrar for the SpinCo Shares in connection with the Distribution.

“Agreement” shall have the meaning set forth in the Preamble.

“Ancillary Agreement” shall mean all agreements (other than this Agreement) entered into by the Parties or the members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distribution, or the other transactions contemplated by this Agreement, including the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Intellectual Property Agreement, the Sublease Agreement and the Transfer Documents.

“Approvals or Notifications” shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any third Person, including any Governmental Authority.

“Arbitration Request” shall have the meaning set forth in Section 7.3(a).

“Assets” shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third Persons or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial

statements of such Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

“Cash Transfers” shall have the meaning set forth in Section 2.12.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Contribution” shall have the meaning set forth in the Recitals.

“CPR” shall have the meaning set forth in Section 7.2.

“Delayed Rayonier Asset” shall have the meaning set forth in Section 2.4(h).

“Delayed Rayonier Liability” shall have the meaning set forth in Section 2.4(h).

“Delayed SpinCo Asset” shall have the meaning set forth in Section 2.4(b).

“Delayed SpinCo Liability” shall have the meaning set forth in Section.

“Disclosure Document” shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of its Group, and also includes any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the SpinCo Group or primarily relates to the transactions contemplated hereby.

“Dispute” shall have the meaning set forth in Section 7.1.

“Distribution” shall have 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.

“Distribution Ratio” shall mean a number equal to [•].

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

“Employee Matters Agreement” shall mean the Employee Matters Agreement to be entered into by and between Rayonier and SpinCo or the members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Environmental Law” shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

“Environmental Liabilities” shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“First Cash Transfer” shall have the meaning set forth in Section 2.12(a).

“First SpinCo Borrowing” shall have the meaning set forth in Section 2.12(a).

“Force Majeure” shall mean, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party’s response thereto shall not be deemed an event of Force Majeure .

“Form 10” shall mean the registration statement on Form 10 filed by SpinCo with the SEC to effect the registration of SpinCo Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

“Governmental Approvals” shall mean any Approvals or Notifications to be made to, or obtained from, any Governmental Authority.

“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.

“Hazardous Materials” shall mean any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in Liability under, or that

is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

“Indemnifying Party” shall have the meaning set forth in Section 4.4(a).

“Indemnitee” shall have the meaning set forth in Section 4.4(a).

“Indemnity Payment” shall have the meaning set forth in Section 4.4(a).

“Information” shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data; provided that “Information” shall not include Registrable IP.

“Information Statement” shall mean the information statement to be sent to the holders of Rayonier Shares in connection with the Distribution, as such information statement may be amended or supplemented from time to time prior to the Distribution.

“Initial Notice” shall have the meaning set forth in Section 7.1.

“Insurance Proceeds” shall mean those monies:

- (a) received by an insured from an insurance carrier; or
- (b) paid by an insurance carrier on behalf of the insured;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof; provided, however, with respect to a captive insurance arrangement, Insurance Proceeds shall only include amounts received by the captive insurer in respect of any reinsurance arrangement.

“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, registrations and related rights, (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.

“Intellectual Property Agreement” shall mean the Intellectual Property Agreement to be entered into by and between Rayonier and SpinCo or any members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“IRS” shall mean the U.S. Internal Revenue Service.

“IRS Ruling” shall have the meaning set forth in the Recitals.

“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.

“Linked” shall have the meaning set forth in Section 2.9(a).

“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.

“Mediation Request” shall have the meaning set forth in Section 7.2.

“NYSE” shall mean the New York Stock Exchange.

“Other IP” shall mean all Intellectual Property, other than Registrable IP, that is owned by either Party or any member of its Group as of the Effective Time.

“Parties” shall mean the parties to this Agreement.

“Permits” means permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

“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.

“Plan of Reorganization” shall have the meaning set forth in Section 2.1(a).

“Prime Rate” means the rate that Bloomberg displays as “Prime Rate by Country United States” at www.bloomberg.com/markets/rates-bonds/key-rates/ or on a Bloomberg terminal at PRIMBB Index.

“Privileged Information” means any information, in written, oral, electronic or other tangible or intangible forms, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or any member of its Group would be entitled to assert or have asserted a privilege, including the attorney-client and attorney work product privileges.

“Procedure” shall have the meaning set forth in Section 7.2.

“Project” shall have the meaning set forth in Section 8.2.

“Rayonier” shall have the meaning set forth in the Preamble.

“Rayonier Accounts” shall have the meaning set forth in Section 2.9(a).

“Rayonier Assets” shall have the meaning set forth in Section 2.2(b).

“Rayonier Board” shall have the meaning set forth in the Recitals.

“Rayonier Business” shall mean all businesses, operations and activities (whether or not such businesses, operations or activities are or have been terminated, divested or discontinued) conducted at any time prior to the Effective Time by either Party or any member of its Group, other than the SpinCo Business.

“Rayonier Group” shall mean Rayonier and each Person that is a Subsidiary of Rayonier (other than SpinCo and any other member of the SpinCo Group).

“Rayonier Indemnitees” shall have the meaning set forth in Section 4.2.

“Rayonier Liabilities” shall have the meaning set forth in Section 2.3(b).

“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 Shares” shall mean the common shares of Rayonier.

“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.

“Record Holders” shall mean the holders of record of Rayonier Shares as of the Record Date.

“Registrable IP” shall mean all patents, patent applications, statutory invention registrations, registered trademarks, registered service marks, registered Internet domain names and copyright registrations.

“Release” shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including, ambient air, surface water, groundwater and surface or subsurface strata).

“Representatives” shall mean, with respect to any Person, any of such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Second Cash Transfer” shall have the meaning set forth in Section 2.12(a).

“Second SpinCo Borrowing” shall have the meaning set forth in Section 2.12(a).

“Security Interest” shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

“Separation” shall have the meaning set forth in the Recitals.

“Shared Contract” shall have the meaning set forth in Section 2.8(a).

“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.

“Sublease Agreement” shall mean the Sublease Agreement to be entered into by and between Rayonier and SpinCo or the members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“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.

“SpinCo” shall have the meaning set forth in the Preamble.

“SpinCo Accounts” shall have the meaning set forth in Section 2.9(a).

“SpinCo Assets” shall have the meaning set forth in Section 2.2(a).

“SpinCo Balance Sheet” shall mean the pro forma combined balance sheet of the SpinCo Business, including any notes and subledgers thereto, as of [•], 2014, as presented in the Information Statement mailed to the Record Holders.

“SpinCo Business” shall mean (a) the business, operations and activities of the Performance Fibers segment of Rayonier conducted at any time prior to the Effective Time by either Party or any of their current or former Subsidiaries and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the business, operations or activities described in clause (a) as then conducted, including those set forth on Schedule 1.2.

“SpinCo Bylaws” shall mean the Amended and Restated Bylaws of SpinCo, substantially in the form of Exhibit B.

“SpinCo Certificate of Incorporation” shall mean the Amended and Restated Certificate of Incorporation of SpinCo, substantially in the form of Exhibit A.

“SpinCo Contracts” shall mean the following contracts and agreements to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, whether or not in writing: provided that SpinCo Contracts shall not include (x) any contract or agreement that is contemplated to be retained by

Rayonier or any member of the Rayonier Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement or (y) any contract or agreement that would constitute SpinCo Software or SpinCo Technology:

(a) any vendor contracts or agreements with a Third Party pursuant to which such Third Party provides information technology, human resources or financial services to either Party or any member of its Group primarily used or primarily held for use in the SpinCo Business as of the Effective Time;

(b) other than any vendor contracts or agreements with a Third Party pursuant to which such Third Party provides information technology, human resources or financial services to either Party or any member of its Group (which contracts and agreements are addressed in clause (a) above to the extent that they shall constitute a SpinCo Contract), (i) any customer, distribution, supply or vendor contract or agreement entered into prior to the Effective Time exclusively related to the SpinCo Business and (ii) with respect to any customer, distribution, supply or vendor contract or agreement entered into prior to the Effective Time that relates to the SpinCo Business but is not exclusively related to the SpinCo Business, that portion of any such customer, distribution, supply or vendor contract or agreement that relates to the SpinCo Business;

(c) other than any vendor contracts or agreements with a Third Party pursuant to which such Third Party provides information technology, human resources or financial services to either Party or any member of its Group (which contracts and agreements are addressed in clause (a) above to the extent that they shall constitute a SpinCo Contract), (i) any license entered into prior to the Effective Time exclusively related to the SpinCo Business and (ii) with respect to any license agreement entered into prior to the Effective Time that relates to the SpinCo Business but is not exclusively related to the SpinCo Business, that portion of any such license agreement that relates to the SpinCo Business;

(d) any guarantee, indemnity, representation, covenant, warranty or other Liability of either Party or any member of its Group in respect of any other SpinCo Contract, any SpinCo Liability or the SpinCo Business;

(e) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with any SpinCo Group Employee or consultants of the SpinCo Group that are in effect as of the Effective Time;

(f) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to SpinCo or any member of the SpinCo Group;

(g) any interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements related exclusively to the SpinCo Business or entered into by or on behalf of any division, business unit or member of the SpinCo Group; and

(h) any contracts, agreements or settlements listed on Schedule 1.3, including the right to recover any amounts under such contracts, agreements or settlements.

“SpinCo Designees” shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by SpinCo that will be members of the SpinCo Group as of immediately prior to the Effective Time.

“SpinCo Financing Arrangements” shall have the meaning set forth in Section 2.12(a).

“SpinCo Group” shall mean (a) prior to the Effective Time, SpinCo and each Person that will be a Subsidiary of SpinCo as of immediately after the Effective Time, including the Transferred Entities, even if, prior to the Effective Time, such Person is not a Subsidiary of SpinCo; and (b) on and after the Effective Time, SpinCo and each Person that is a Subsidiary of SpinCo.

“SpinCo Indemnitees” shall have the meaning set forth in Section 4.3.

“SpinCo Intellectual Property” shall mean (a) the Registrable IP set forth on Schedule 1.4 and (b) all Other IP owned by, licensed by or to, or sublicensed by or to either Party or any member of its Group as of the Effective Time primarily used or primarily held for use in the SpinCo Business, including any Other IP set forth on Schedule 1.4.

“SpinCo Liabilities” shall have the meaning set forth in Section 2.3(a).

“SpinCo Permits” shall mean all Permits owned or licensed by either Party or member of its Group primarily used or primarily held for use in the SpinCo Business 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 all Software owned or licensed by either Party or member of its Group primarily used or primarily held for use in the SpinCo Business as of the Effective Time.

“SpinCo Technology” shall mean all Technology owned or licensed by either Party or any member of its Group primarily used or primarily held for use in the SpinCo Business as of the Effective Time.

“Tangible Information” means information that is contained in written, electronic or other tangible forms.

“Tax Matters Agreement” shall mean the Tax Matters Agreement to be entered into by and between Rayonier and SpinCo or any members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Tax Return” shall have the meaning set forth in the Tax Matters Agreement.

“Tax” shall have the meaning set forth in the Tax Matters Agreement.

“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.

“Third Party” means any Person other than the Parties or any members of their respective Groups.

“Third-Party Claim” shall have the meaning set forth in Section 4.5(a).

“Transfer Documents” shall have the meaning set forth in Section 2.1(b).

“Transferred Entities” shall mean the entities set forth on Schedule 1.5.

“Transition Committee” shall have the meaning set forth in Section 2.14.

“Transition Services Agreement” shall mean the Transition Services Agreement to be entered into by and between Rayonier and SpinCo or any members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

“Unreleased SpinCo Liability” shall have the meaning set forth in Section 2.5(a)(ii).

“Unreleased Rayonier Liability” shall have the meaning set forth in Section 2.5(b)(ii).

“Wayne County Bonds” shall mean the \$15,000,000 principal amount of Wayne County Tax Exempt Solid Waste Disposal Revenue Bonds, Series 2000, floating interest rate, of Rayonier, due May 1, 2020.

“Wayne County Loan Agreement” shall mean the Loan Agreement, dated as of May 1, 2000, between Wayne County Industrial Development Authority and Rayonier.

ARTICLE II THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Effective Time, but in any case, prior to the Distribution, in accordance with the plan and structure set forth on Schedule 2.1(a) (the “Plan of Reorganization”):

(i) *Transfer and Assignment of SpinCo Assets* . Rayonier shall, and shall cause the applicable members of its Group to, contribute, assign, transfer, convey and deliver to SpinCo, or the applicable SpinCo Designees, and SpinCo or such SpinCo Designees shall accept from Rayonier and the applicable members of the Rayonier Group, all of Rayonier's and such Rayonier Group member's respective direct or indirect right, title and interest in and to all of the SpinCo Assets (it being understood that if any SpinCo Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such SpinCo Asset may be assigned, transferred, conveyed and delivered to SpinCo as a result of the transfer of all of the equity interests in such Transferred Entity from Rayonier or the applicable members of the Rayonier Group to SpinCo or the applicable SpinCo Designee);

(ii) *Acceptance and Assumption of SpinCo Liabilities* . SpinCo and the applicable SpinCo Designees shall accept, assume and agree faithfully to perform, discharge and fulfill all the SpinCo Liabilities in accordance with their respective terms. SpinCo and such SpinCo Designees shall be responsible for all SpinCo Liabilities, regardless of when or where such SpinCo 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 SpinCo Liabilities are asserted or determined (including any SpinCo Liabilities arising out of claims made by Rayonier's or SpinCo's respective directors, officers, 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, agents, Subsidiaries or Affiliates;

(iii) *Transfer and Assignment of Rayonier Assets* . Rayonier and SpinCo shall cause SpinCo and the SpinCo Designees to contribute, assign, transfer, convey and deliver to Rayonier or certain members of the Rayonier Group designated by Rayonier, and Rayonier or such other members of the Rayonier Group shall accept from SpinCo and the SpinCo Designees, all of SpinCo's and such SpinCo Designees' respective direct or indirect right, title and interest in and to all Rayonier Assets held by SpinCo or a SpinCo Designee; and

(iv) *Acceptance and Assumption of Rayonier Liabilities* . Rayonier and certain of members of the Rayonier Group designated by Rayonier shall accept and assume and agree faithfully to perform, discharge and fulfill all of the Rayonier Liabilities held by SpinCo or any SpinCo Designee and Rayonier and the applicable members of the Rayonier Group shall be responsible for all Rayonier Liabilities in accordance with their respective terms, regardless of when or where such Rayonier Liabilities arose or arise, whether the facts on which they are based occurred prior to or subsequent to the Effective Time, where or against whom such Rayonier Liabilities are asserted or determined (including any such Rayonier Liabilities arising out of claims made by Rayonier's or SpinCo's respective directors, officers, 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, agents, Subsidiaries or Affiliates.

(b) *Transfer Documents* . In furtherance of the contribution, assignment, transfer, conveyance and delivery of the Assets and the assumption of the Liabilities in accordance with Section 2.1(a), (i) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the other Party and the applicable members of its Group in accordance with Section 2.1(a), and (ii) each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party the applicable members of its Group in accordance with Section 2.1(a) . All of the foregoing documents contemplated by this Section 2.1(b) shall be referred to collectively herein as the "Transfer Documents ."

(c) *Misallocations* . In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party (or any member of such Party's respective Group) shall receive or otherwise possess any Asset that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset to the Party so entitled thereto (or to any member of such Party's Group), and such Party (or member of such Party's Group) shall accept such Asset. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party hereto (or any member of such Party's respective Group) shall receive or otherwise assume any Liability that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Liability to the Party responsible therefor (or to any member of such Party's Group), and such Party (or member of such Party's Group) shall accept, assume and agree to faithfully perform such Liability.

(d) *Waiver of Bulk-Sale and Bulk-Transfer Laws* . SpinCo hereby waives compliance by each and every member of the Rayonier Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the SpinCo Assets to any member of the SpinCo Group. Rayonier hereby waives compliance by each and every member of the SpinCo Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Rayonier Assets to any member of the Rayonier Group.

2.2 SpinCo Assets: Rayonier Assets.

(a) *SpinCo Assets* . For purposes of this Agreement, “ SpinCo Assets ” shall mean:

(i) all issued and outstanding capital stock or other equity interests of the Transferred Entities that are owned by either Party or any members of its Group as of the Effective Time;

(ii) all Assets of either Party or any of members of its Group included or reflected as assets of the SpinCo Group on the SpinCo Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the SpinCo Balance Sheet; provided that the amounts set forth on the SpinCo Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of SpinCo Assets pursuant to this clause (ii);

(iii) all Assets of either Party or any of the members of its Group as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of SpinCo or members of the SpinCo Group on a pro forma combined balance sheet of the SpinCo Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the SpinCo Balance Sheet), it being understood that (x) the SpinCo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of SpinCo Assets pursuant to this subclause (iii); and (y) the amounts set forth on the SpinCo Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of SpinCo Assets pursuant to this subclause (iii);

(iv) all Assets of either Party or any of the members of its Group as of the Effective Time that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to SpinCo or any other member of the SpinCo Group;

(v) all SpinCo Contracts as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(vi) all SpinCo Intellectual Property, SpinCo Software and SpinCo Technology as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time, and any license of Intellectual Property of Rayonier or any member of the Rayonier Group to SpinCo or any member of the SpinCo Group pursuant to the terms of the Intellectual Property Agreement;

(vii) all SpinCo Permits as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(viii) all Assets of either Party or any of the members of its Group as of the Effective Time that are exclusively related to the SpinCo Business;

(ix) all rights, interests and claims of either Party or any of the members of its Group as of the Effective Time with respect to Information that is exclusively related to the SpinCo Assets, the SpinCo Liabilities, the SpinCo Business or the Transferred Entities and, subject to the provisions of the applicable Ancillary Agreements, a non-exclusive right to all Information that is related to, but not exclusively related to, the SpinCo Assets, the SpinCo Liabilities, the SpinCo Business or the Transferred Entities; and

(x) any and all Assets set forth on Schedule 2.2(a)(x).

Notwithstanding the foregoing, the SpinCo Assets shall not in any event include any Asset referred to in clauses (i) through (iv) of Section 2.2(b).

(b) *Rayonier Assets* . For the purposes of this Agreement, “Rayonier Assets” shall mean all Assets of the either Party or the members of its Group as of the Effective Time, other than the SpinCo Assets, it being understood that the Rayonier Assets shall include:

(i) all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Rayonier or any other member of the Rayonier Group;

(ii) all Contracts of either Party or any of the members of its Group as of the Effective Time (other than the SpinCo Contracts);

(iii) all Intellectual Property of either Party or any of the members of its Group as of the Effective Time (other than the SpinCo Intellectual Property and other than any license of Intellectual Property of Rayonier or any member of the Rayonier Group to SpinCo or any member of the SpinCo Group pursuant to the terms of the Intellectual Property Agreement), including the Rayonier Name and Rayonier Marks and the Intellectual Property set forth on Schedule 2.2(b)(iii);

(iv) all Permits of either Party or any of the members of its Group as of the Effective Time (other than the SpinCo Permits);
and

(v) any and all Assets set forth on Schedule 2.2(b)(v).

2.3 SpinCo Liabilities; Rayonier Liabilities .

(a) *SpinCo Liabilities* . For the purposes of this Agreement, “SpinCo Liabilities” shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities included or reflected as liabilities or obligations of SpinCo or the members of the SpinCo Group on the SpinCo Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the SpinCo Balance Sheet;

provided that the amounts set forth on the SpinCo Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of SpinCo Liabilities pursuant to this subclause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of SpinCo or the members of the SpinCo Group on a pro forma combined balance sheet of the SpinCo Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the SpinCo Balance Sheet), it being understood that (x) the SpinCo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of SpinCo Liabilities pursuant to this subclause (ii); and (y) the amounts set forth on the SpinCo Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of SpinCo Liabilities pursuant to this subclause (ii);

(iii) all Liabilities, including any Environmental Liabilities, relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the SpinCo Business or a SpinCo Asset;

(iv) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by SpinCo or any other member of the SpinCo Group, and all agreements, obligations and Liabilities of any member of the SpinCo Group under this Agreement or any of the Ancillary Agreements;

(v) all Liabilities relating to, arising out of or resulting from the SpinCo Contracts, the SpinCo Intellectual Property, the SpinCo Software, the SpinCo Technology, the SpinCo Permits or SpinCo Financing Arrangements;

(vi) any and all Liabilities set forth on Schedule 2.3(a);

(vii) all Liabilities arising out of claims made against any member of the Rayonier Group or the SpinCo Group to the extent relating to, arising out of or resulting from the SpinCo Business or the SpinCo Assets or the other business, operations, activities or Liabilities referred to in clauses (i) through (vi) above;

provided that, notwithstanding the foregoing, the Parties agree that the Liabilities set forth on Schedule 2.3(b) shall not be SpinCo Liabilities but instead shall be Rayonier Liabilities.

(b) *Rayonier Liabilities* . For the purposes of this Agreement, “ Rayonier Liabilities ” shall mean (i) all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of any member of the Rayonier Group and, prior to the Effective Time, any member of the SpinCo Group, in each case that are not SpinCo Liabilities, including any and all Liabilities set forth on Schedule 2.3(b) ; and (ii) all Liabilities arising out of claims made against any member of the Rayonier Group or the SpinCo Group to the extent relating to, arising out of or resulting from the Rayonier Business or the Rayonier Assets.

2.4 Approvals and Notifications .

(a) *Approvals and Notifications for SpinCo Assets* . To the extent that the transfer or assignment of any SpinCo Asset, the assumption of any SpinCo Liability, the Separation, or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided , however , that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Rayonier and SpinCo, neither Rayonier nor SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) *Delayed SpinCo Transfers* . If and to the extent that the valid, complete and perfected transfer or assignment to the SpinCo Group of any SpinCo Asset or assumption by the SpinCo Group of any SpinCo Liability would be a violation of applicable Law or require any Approvals or Notifications in connection with the Separation or the Distribution that has not been obtained or made by the Effective Time then, unless the Parties mutually shall otherwise determine, the transfer or assignment to the SpinCo Group of such SpinCo Assets or the assumption by the SpinCo Group of such SpinCo Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such SpinCo Assets or SpinCo Liabilities shall continue to constitute SpinCo Assets and SpinCo Liabilities for all other purposes of this Agreement.

(c) *Treatment of Delayed SpinCo Assets and Delayed SpinCo Liabilities* . If any transfer or assignment of any SpinCo Asset or any assumption of any SpinCo Liability intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Effective Time, whether as a result of the provisions of Section 2.4(b) or for any other reason (any such SpinCo Asset, a “ Delayed SpinCo Asset ” and any such SpinCo Liability, a “ Delayed SpinCo Liability ”), then, insofar as reasonably possible and subject to applicable Law, the member of the Rayonier Group retaining such Delayed SpinCo Asset or such Delayed SpinCo Liability, as the case may be, shall thereafter hold such Delayed SpinCo Asset or Delayed SpinCo Liability, as the case may be, for the use and benefit of the member of the SpinCo Group entitled thereto (at the expense of the member of the SpinCo Group entitled

thereto). In addition, the member of the Rayonier Group retaining such Delayed SpinCo Asset or such Delayed SpinCo Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed SpinCo Asset or Delayed SpinCo Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the SpinCo Group to whom such Delayed SpinCo Asset is to be transferred or assigned, or which will assume such Delayed SpinCo Liability, as the case may be, in order to place such member of the SpinCo Group in a substantially similar position as if such Delayed SpinCo Asset or Delayed SpinCo Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed SpinCo Asset or Delayed SpinCo Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed SpinCo Asset or Delayed SpinCo Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the SpinCo Group.

(d) *Transfer of Delayed SpinCo Assets and Delayed SpinCo Liabilities* . If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed SpinCo Asset or the deferral of assumption of any Delayed SpinCo Liability pursuant to Section 2.4(b), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Delayed SpinCo Asset or the assumption of any Delayed SpinCo Liability have been removed, the transfer or assignment of the applicable Delayed SpinCo Asset or the assumption of the applicable Delayed SpinCo Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) *Costs for Delayed SpinCo Assets and Delayed SpinCo Liabilities* . Any member of the Rayonier Group retaining a Delayed SpinCo Asset or Delayed SpinCo Liability due to the deferral of the transfer or assignment of such Delayed SpinCo Asset or the deferral of the assumption of such Delayed SpinCo Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by SpinCo or the member of the SpinCo Group entitled to the Delayed SpinCo Asset or Delayed SpinCo Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by SpinCo or the member of the SpinCo Group entitled to such Delayed SpinCo Asset or Delayed SpinCo Liability.

(f) *Approvals and Notifications for Rayonier Assets* . To the extent that the transfer or assignment of any Rayonier Asset or the assumption of any Rayonier Liability requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Rayonier and SpinCo, neither Rayonier nor SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(g) *Delayed Rayonier Transfers* . If and to the extent that the valid, complete and perfected transfer or assignment to the Rayonier Group of any Rayonier Asset or assumption

by the Rayonier Group of any Rayonier Liability would be a violation of applicable Law or require any Approval or Notification that has not been obtained or made by the Effective Time then, unless the Parties mutually shall otherwise determine, the transfer or assignment to the Rayonier Group of such Rayonier Assets or the assumption by the Rayonier Group of such Rayonier Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approval or Notification has been obtained or made. Notwithstanding the foregoing, any such Rayonier Assets or Rayonier Liabilities shall continue to constitute Rayonier Assets and Rayonier Liabilities for all other purposes of this Agreement.

(h) *Treatment of Delayed Rayonier Assets and Delayed Rayonier Liabilities* . If any transfer or assignment of any Rayonier Asset or any assumption of any Rayonier Liability intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Effective Time whether as a result of the provisions of this Section 2.4(h) or for any other reason (any such Rayonier Asset, a “Delayed Rayonier Asset” and any such Rayonier Liability, a “Delayed Rayonier Liability”), then, insofar as reasonably possible, the member of the SpinCo Group retaining such Delayed Rayonier Asset or such Delayed Rayonier Liability, as the case may be, shall thereafter hold such Delayed Rayonier Asset or Delayed Rayonier Liability, as the case may be, for the use and benefit of the member of the Rayonier Group entitled thereto (at the expense of the member of the Rayonier Group entitled thereto). In addition, the member of the SpinCo Group retaining such Delayed Rayonier Asset or such Delayed Rayonier Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Rayonier Asset or Delayed Rayonier Liability in the ordinary course of business in accordance with past practice. Such member of the SpinCo Group shall also take such other actions as may be reasonably requested by the member of the Rayonier Group to which such Delayed Rayonier Asset is to be transferred or assigned, or which will assume such Delayed Rayonier Liability, as the case may be, in order to place such member of the Rayonier Group in a substantially similar position as if such Delayed Rayonier Asset or Delayed Rayonier Liability had been transferred, assigned or assumed and so that all the benefits and burdens relating to such Delayed Rayonier Asset or Delayed Rayonier Liability, and all costs and expenses related thereto, shall inure from and after the Effective Time to the Rayonier Group.

(i) *Transfer of Delayed Rayonier Assets and Delayed Rayonier Liabilities* . If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Delayed Rayonier Asset or the deferral of assumption of any Delayed Rayonier Liability, are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Delayed Rayonier Asset or the assumption of any Delayed Rayonier Liability have been removed, the transfer or assignment of the applicable Delayed Rayonier Asset or the assumption of the applicable Delayed Rayonier Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(j) *Costs for Delayed Rayonier Assets and Delayed Rayonier Liabilities* . Any member of the SpinCo Group retaining an Delayed Rayonier Asset or Delayed Rayonier Liability due to the deferral of the transfer or assignment of such Delayed Rayonier Asset or the deferral of the assumption of such Delayed Rayonier Liability, as the case may be, shall not be

obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Rayonier or the member of the Rayonier Group entitled to the Delayed Rayonier Asset or Delayed Rayonier Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Rayonier or the member of the Rayonier Group entitled to such Delayed Rayonier Asset or Delayed Rayonier Liability.

2.5 Novation of Liabilities.

(a) *Novation of SpinCo Liabilities.*

(i) Except as set forth in Schedule 2.5(a), each of Rayonier and SpinCo, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all SpinCo Liabilities and obtain in writing the unconditional release of each member of the Rayonier Group that is a party to any such arrangements, so that, in any such case, the members of the SpinCo Group shall be solely responsible for such SpinCo Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Rayonier nor SpinCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Rayonier or SpinCo is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Rayonier Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an “Unreleased SpinCo Liability”), SpinCo shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Rayonier Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Rayonier Group that constitute Unreleased SpinCo Liabilities from and after the Effective Time and (ii) use its commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the Rayonier Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased SpinCo Liabilities shall otherwise become assignable or able to be novated, Rayonier shall promptly assign, or cause to be assigned, and SpinCo or the applicable SpinCo Group member shall assume, such Unreleased SpinCo Liabilities without exchange of further consideration.

(b) *Novation of Rayonier Liabilities.*

(i) Each of Rayonier and SpinCo, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all Rayonier Liabilities and obtain in writing the unconditional release of

each member of the SpinCo Group that is a party to any such arrangements, so that, in any such case, the members of the Rayonier Group shall be solely responsible for such Rayonier Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Rayonier nor SpinCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Rayonier or SpinCo is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the SpinCo Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an “Unreleased Rayonier Liability”), Rayonier shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the SpinCo Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the SpinCo Group that constitute Unreleased Rayonier Liabilities from and after the Effective Time and (ii) use its commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the SpinCo Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Rayonier Liabilities shall otherwise become assignable or able to be novated, SpinCo shall promptly assign, or cause to be assigned, and Rayonier or the applicable Rayonier Group member shall assume, such Unreleased Rayonier Liabilities without exchange of further consideration.

2.6 Release of Guarantees. In furtherance of, and not in limitation of, the obligations set forth in Section 2.5 :

(a) On or prior to the Effective Time or as soon as practicable thereafter, each of Rayonier and SpinCo shall, at the request of the other Party and with the reasonable cooperation of such other Party and the applicable member(s) of such Party’s Group, use commercially reasonable efforts to (i) have any member(s) of the Rayonier Group removed as guarantor of or obligor for any SpinCo Liability to the extent that they relate to SpinCo Liabilities, including the removal of any Security Interest on or in any Rayonier Asset that may serve as collateral or security for any such SpinCo Liability; and (ii) have any member(s) of the SpinCo Group removed as guarantor of or obligor for any Rayonier Liability to the extent that they relate to Rayonier Liabilities, including the removal of any Security Interest on or in any SpinCo Asset that may serve as collateral or security for any such Rayonier Liability.

(b) To the extent required to obtain a release from a guarantee of:

(i) any member of the Rayonier Group, SpinCo shall execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any Rayonier Asset that may serve as collateral or security for any such Rayonier Liability, except to the extent that such existing

guarantee contains representations, covenants or other terms or provisions either (i) with which SpinCo would be reasonably unable to comply or (ii) which SpinCo would not reasonably be able to avoid breaching; and

(ii) any member of the SpinCo Group, Rayonier shall execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which agreement shall include the removal of any Security Interest on or in any SpinCo Asset that may serve as collateral or security for any such SpinCo Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (i) with which Rayonier would be reasonably unable to comply or (ii) which Rayonier would not reasonably be able to avoid breaching.

(c) If Rayonier or SpinCo is unable to obtain, or to cause to be obtained, any such required removal or release as set forth in clauses (a) and (b) of this Section 2.6, (i) the Party or the relevant member of its Group that has assumed the Liability with respect to such guarantee shall indemnify, defend and hold harmless the guarantor or obligor against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and shall, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (ii) each of Rayonier and SpinCo, on behalf of itself and the other members of their respective Group, agree not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the other Party or a member of its Group is or may be liable unless all obligations of such other Party and the members of such other Party's Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to such other Party.

2.7 Termination of Agreements .

(a) Except as set forth in Section 2.7(b), in furtherance of the releases and other provisions of Section 4.1, SpinCo and each member of the SpinCo Group, on the one hand, and Rayonier and each member of the Rayonier Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among SpinCo and/or any member of the SpinCo Group, on the one hand, and Rayonier and/or any member of the Rayonier Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.7(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued from and after the Effective Time); (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.7(b)(ii); (iii) any agreements, arrangements, commitments or

understandings to which any Third Party is a party thereto; (iv) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.7(c); (v) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of Rayonier or SpinCo, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); and (vi) any Shared Contracts.

(c) All of the intercompany accounts receivable and accounts payable between any member of the Rayonier Group, on the one hand, and any member of the SpinCo Group, on the other hand, outstanding as of the Effective Time shall, as promptly as practicable after the Effective Time, be repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing, or otherwise as determined by Rayonier in its sole and absolute discretion.

2.8 Treatment of Shared Contracts .

(a) Subject to applicable Law and without limiting the generality of the obligations set forth in Section 2.1, unless the Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.8 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, any contract or agreement, a portion of which is a SpinCo Contract, but the remainder of which is a Rayonier Asset (any such contract or agreement, a “Shared Contract”), shall be assigned in relevant part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Effective Time, so that each Party or the member of its Group shall, as of the Effective Time, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses; provided, however, that (i) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (ii) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, then the Parties shall, and shall cause each of the members of their respective Groups to, take such other reasonable and permissible actions (including by providing prompt notice to the other Party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other Party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the SpinCo Group or the Rayonier Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the SpinCo Business or the Rayonier Business, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to (or amended to allow) a member of the applicable Group pursuant to this Section 2.8, and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.8.

(b) Each of Rayonier and SpinCo shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as Assets owned by, and/or Liabilities of, as applicable, such Party, or the members of its Group, as applicable, not later than the Effective Time, and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.8 shall require any member of any Group to make any non- *de minimis* payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any non- *de minimis* obligation or grant any non- *de minimis* concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.8.

2.9 Bank Accounts; Cash Balances.

(a) Each Party agrees to take, or cause the members of its Group to take, at the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by SpinCo or any other member of the SpinCo Group (collectively, the “SpinCo Accounts”) and all contracts or agreements governing each bank or brokerage account owned by Rayonier or any other member of the Rayonier Group (collectively, the “Rayonier Accounts”) so that each such SpinCo Account and Rayonier Account, if currently Linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter “Linked”) to any Rayonier Account or SpinCo Account, respectively, is de-Linked from such Rayonier Account or SpinCo Account, respectively.

(b) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will be in place a cash management process pursuant to which the SpinCo Accounts will be managed and funds collected will be transferred into one (1) or more accounts maintained by SpinCo or a member of the SpinCo Group.

(c) It is intended that, following consummation of the actions contemplated by Section 2.9(a), there will continue to be in place a cash management process pursuant to which the Rayonier Accounts will be managed and funds collected will be transferred into one (1) or more accounts maintained by Rayonier or a member of the Rayonier Group.

(d) With respect to any outstanding checks issued or payments initiated by Rayonier, SpinCo, or any of the members of their respective Groups prior to the Effective Time, such outstanding checks and payments shall be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(e) As between Rayonier and SpinCo (and the members of their respective Groups), all payments made and reimbursements received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such Party of any such payment or

reimbursement, such Party shall pay over, or shall cause the applicable member of its Group to pay over to the other Party the amount of such payment or reimbursement without right of set-off.

2.10 Ancillary Agreements. Effective on or prior to the Effective Time, each of Rayonier and SpinCo will, or will cause the applicable members of their Groups to, execute and deliver all Ancillary Agreements to which it is a party.

2.11 Disclaimer of Representations and Warranties. EACH OF RAYONIER (ON BEHALF OF ITSELF AND EACH MEMBER OF THE RAYONIER GROUP) AND SPINCO (ON BEHALF OF ITSELF AND EACH MEMBER OF THE SPINCO GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN “AS IS,” “WHERE IS” BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.12 SpinCo Financing Arrangements; Cash Transfers.

(a) Prior to the Effective Time and pursuant to the Plan of Reorganization, (i) Rayonier Products LLC or other member of the SpinCo Group will enter into one or more financing arrangements and agreements pursuant to which it shall borrow a principal amount of \$[•] million dollars (the “First SpinCo Borrowing”); (ii) Rayonier Products LLC or such other member of the SpinCo Group that made the First SpinCo Borrowing shall transfer all or a portion of the proceeds from the First SpinCo Borrowing to Rayonier TRS Holding Inc. or other member of the Rayonier Group in repayment of intercompany indebtedness, to the extent it exists, and will transfer the remainder of the proceeds, if any, as a distribution (together, the

“First Cash Transfer”); (iii) SpinCo or other member of the SpinCo Group will enter into one or more financing arrangements and agreements pursuant to which it shall borrow a principal amount of \$[•] dollars (the “Second SpinCo Borrowing” and together with the First SpinCo Borrowing, the “SpinCo Financing Arrangements”); and (iv) SpinCo shall transfer to Rayonier the proceeds from the Second SpinCo Borrowing as partial consideration for the transfer of SpinCo Assets to SpinCo in the Contribution pursuant to Section 2.1 (the “Second Cash Transfer” and together with the First Cash Transfer, the “Cash Transfers”). Rayonier and SpinCo agree to take all necessary actions to assure the full release and discharge of Rayonier and the other members of the Rayonier Group from all obligations pursuant to the SpinCo Financing Arrangements as of no later than the Effective Time. The parties agree that SpinCo or another member of the SpinCo Group, as the case may be, and not Rayonier or any member of the Rayonier Group, are and shall be responsible for all costs and expenses incurred in connection with the SpinCo Financing Arrangements.

(b) Prior to the Effective Time, Rayonier and SpinCo shall cooperate in the preparation of all materials as may be necessary or advisable to execute the SpinCo Financing Arrangements.

2.13 Financial Information Certifications. Rayonier’s disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to SpinCo as its Subsidiary. In order to enable the principal executive officer and principal financial officer of SpinCo to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002, Rayonier, within thirty-five (35) days of the end of any fiscal quarter during which SpinCo remains Rayonier’s Subsidiary, shall provide SpinCo with one or more certifications with respect to such disclosure controls and procedures, its internal control over financial reporting and the effectiveness thereof. Such certification(s) shall be provided by Rayonier (and not by any officer or employee in their individual capacity).

2.14 Transition Committee. Prior to the Effective Time, the Parties shall establish a transition committee (the “Transition Committee”) that shall consist of an equal number of members from Rayonier and SpinCo. The Transition Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement or any Ancillary Agreements. The Transition Committee shall have the authority to (a) establish one or more subcommittees from time to time as it deems appropriate or as may be described in any Ancillary Agreements, with each such subcommittee comprised of one or more members of the Transition Committee or one or more employees of either Party or any member of its respective Group, and each such subcommittee having such scope of responsibility as may be determined by the Transition Committee from time to time; (b) delegate to any such committee any of the powers of the Transition Committee; and (c) combine, modify the scope of responsibility of, and disband any such subcommittees and (d) modify or reverse any such delegations. The Transition Committee shall establish general procedures for managing the responsibilities delegated to it under this Section 2.14, and may modify such procedures from time to time. All decisions by the Transition Committee or any subcommittee thereof shall be effective only if mutually agreed by both Parties. The Parties shall utilize the procedures set forth in Article VII to resolve any matters as to which the Transition Committee is not able to reach a decision.

ARTICLE III
THE DISTRIBUTION

3.1 Sole and Absolute Discretion; Cooperation.

(a) Rayonier shall, in its sole and absolute discretion, determine the terms of the Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Rayonier may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing shall in any way limit Rayonier's right to terminate this Agreement or the Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX.

(b) SpinCo shall cooperate with Rayonier to accomplish the Distribution and shall, at Rayonier's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of SpinCo Shares on the Form 10. Rayonier shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Rayonier. SpinCo and Rayonier, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

3.2 Actions Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) *Notice to NYSE*. Rayonier shall, to the extent possible, give the NYSE not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) *SpinCo Certificate of Incorporation and SpinCo Bylaws*. On or prior to the Distribution Date, Rayonier and SpinCo shall take all necessary actions so that, as of the Effective Time, the SpinCo Certificate of Incorporation and the SpinCo Bylaws shall become the certificate of incorporation and bylaws of SpinCo, respectively.

(c) *SpinCo Directors and Officers*. On or prior to the Distribution Date, Rayonier and SpinCo shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of SpinCo shall be those set forth in the Information Statement mailed to the Record Holders prior to the Distribution Date, unless otherwise agreed by the Parties; (ii) each individual referred to in clause (i) shall have resigned from his or her position, if any, as a member of the Rayonier Board and/or as an executive officer of Rayonier; and (iii) SpinCo shall have such other officers as SpinCo shall appoint.

(d) *NYSE Listing*. SpinCo shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the SpinCo Shares to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

(e) *Securities Law Matters* . SpinCo shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. Rayonier and SpinCo shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Rayonier and SpinCo will prepare, and SpinCo will, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters which Rayonier determines are necessary or desirable to effectuate the Distribution, and Rayonier and SpinCo shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Rayonier and SpinCo shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(f) *Mailing of Information Statement* . Rayonier shall, as soon as is reasonably practicable after the Form 10 is declared effective under the Exchange Act and the Rayonier Board has approved the Distribution, cause the Information Statement to be mailed to the Record Holders.

(g) *The Distribution Agent* . Rayonier shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(h) *Stock-Based Employee Benefit Plans* . Rayonier and SpinCo shall take all actions as may be necessary to approve the grants of adjusted equity awards by Rayonier (in respect of Rayonier shares) and SpinCo (in respect of SpinCo shares) in connection with the Distribution in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

3.3 Conditions to the Distribution .

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver by Rayonier in its sole and absolute discretion, of the following conditions:

(i) The SEC shall have declared effective the Form 10; no order suspending the effectiveness of the Form 10 shall be in effect; and no proceedings for such purposes shall have been instituted or threatened by the SEC.

(ii) The Information Statement shall have been mailed to Record Holders.

(iii) Rayonier shall have received the IRS Ruling to the effect that, among other things, the Contribution and the Distribution, taken together, shall 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 certain transactions related to (A) the transfer to SpinCo or the other members of the SpinCo Group of certain SpinCo Assets and the assumption by SpinCo or other members of the SpinCo Group of certain of the SpinCo Liabilities in

connection with the Separation, and (B) the transfer to certain members of the Rayonier Group of certain Rayonier Assets and the assumption by certain members of the Rayonier Group of certain Rayonier Liabilities in connection with the Separation, in each case shall not result in the recognition of any gain or loss to Rayonier, SpinCo, the other members of the Rayonier Group and the SpinCo Group, respectively, Rayonier's shareholders or SpinCo's stockholders for U.S. federal income tax purposes, and such IRS Ruling shall not have been revoked or modified in any material respect.

(iv) Rayonier shall have received an opinion from its outside counsel to the effect that the Contribution and the Distribution, taken together, shall qualify as a transaction that is described in Sections 355(a) and 368(a)(1)(D) of the Code.

(v) The transfer of the SpinCo Assets (other than any Delayed SpinCo Asset) and SpinCo Liabilities (other than any Delayed SpinCo Liability) contemplated to be transferred from Rayonier to SpinCo on or prior to the Distribution shall have occurred as contemplated by Section 2.1, and the transfer of the Rayonier Assets (other than any Delayed Rayonier Asset) and Rayonier Liabilities (other than any Delayed Rayonier Liability) contemplated to be transferred from SpinCo to Rayonier on or prior to the Distribution Date shall have occurred as contemplated by Section 2.1, in each case pursuant to the Plan of Reorganization.

(vi) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted.

(vii) Each of the Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto.

(viii) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be in effect.

(ix) The SpinCo Shares to be distributed to the Rayonier shareholders in the Distribution shall have been accepted for listing on the NYSE, subject to official notice of distribution.

(x) Rayonier shall have received the proceeds from the Cash Transfers and shall be satisfied in its sole and absolute discretion that, as of the Effective Time, it shall have no further Liability whatsoever under the SpinCo Financing Arrangements.

(xi) No other events or developments shall exist or shall have occurred that, in the judgment of the Rayonier Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions contemplated by this Agreement or any Ancillary Agreement.

(b) The foregoing conditions are for the sole benefit of Rayonier and shall not give rise to or create any duty on the part of Rayonier or the Rayonier Board to waive or not waive any such condition or in any way limit Rayonier's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the Rayonier Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.3(a) shall be conclusive and binding on the Parties. If Rayonier waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

3.4 The Distribution.

(a) Subject to Section 3.3, on or prior to the Effective Time, SpinCo will deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding SpinCo Shares as is necessary to effect the Distribution, and shall cause the transfer agent for the Rayonier Shares to instruct the Agent to distribute at the Effective Time the appropriate number of SpinCo Shares to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. SpinCo will not issue paper stock certificates in respect of the SpinCo Shares. The Distribution shall be effective at the Effective Time.

(b) Subject to Sections 3.3 and 3.4(c), each Record Holder will be entitled to receive in the Distribution a number of whole SpinCo Shares equal to the number of Rayonier Shares held by such Record Holder on the Record Date multiplied by the Distribution Ratio, rounded down to the nearest whole number.

(c) No fractional shares will be distributed or credited to book-entry accounts in connection with the Distribution, and any such fractional shares interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of SpinCo. In lieu of any such fractional shares, each Record Holder who, but for the provisions of this Section 3.4(c), would be entitled to receive a fractional share interest of a SpinCo Share pursuant to the Distribution, shall be paid cash, without any interest thereon, as hereinafter provided. As soon as practicable after the Effective Time, Rayonier shall direct the Agent to determine the number of whole and fractional SpinCo Shares allocable to each Record Holder, to aggregate all such fractional shares into whole shares, and to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Record Holder who otherwise would be entitled to receive fractional share interests (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such Record Holder, in lieu of any fractional share, such Record Holder's or owner's ratable share of the total proceeds of such sale, after deducting any Taxes required to be withheld and applicable transfer Taxes, and after deducting the costs and expenses of such sale and distribution, including brokers fees and commissions. None of Rayonier, SpinCo or the Agent will be required to guarantee any minimum sale price for the fractional SpinCo Shares sold in accordance with this Section 3.4(c). Neither Rayonier nor SpinCo will be required to pay any interest on the proceeds from the sale of fractional shares. Neither the Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Rayonier or SpinCo. Solely for purposes of

computing fractional share interests pursuant to this Section 3.4(c) and Section 3.4(d), the beneficial owner of Rayonier Shares held of record in the name of a nominee in any nominee account shall be treated as the Record Holder with respect to such shares.

(d) Any SpinCo Shares or cash in lieu of fractional shares with respect to SpinCo Shares that remain unclaimed by any Record Holder one hundred and eighty (180) days after the Distribution Date shall be delivered to SpinCo, and SpinCo shall hold such SpinCo Shares for the account of such Record Holder, and the Parties agree that all obligations to provide such SpinCo Shares and cash, if any, in lieu of fractional share interests shall be obligations of SpinCo, subject in each case to applicable escheat or other abandoned property Laws, and Rayonier shall have no Liability with respect thereto.

(e) Until the SpinCo Shares are duly transferred in accordance with this Section 3.4 and applicable Law, from and after the Effective Time, SpinCo will regard the Persons entitled to receive such SpinCo Shares as record holders of SpinCo Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. SpinCo agrees that, subject to any transfers of such shares, from and after the Effective Time (i) each such holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the SpinCo Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the SpinCo Shares then held by such holder.

ARTICLE IV MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

(a) *SpinCo Release of Rayonier*. Except as provided in Sections 4.1(c) and 4.1(d), effective as of the Effective Time, SpinCo does hereby, for itself and each other member of the SpinCo Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the SpinCo Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Rayonier and the members of the Rayonier Group, and their respective successors and assigns, and (ii) all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Rayonier Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been shareholders, directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of SpinCo or a member of the SpinCo Group, in each case from: (A) all SpinCo Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent

relating to, arising out of or resulting from the SpinCo Business, the SpinCo Assets or the SpinCo Liabilities.

(b) *Rayonier Release of SpinCo.* Except as provided in (i) Sections 4.1(c) and 4.1(d), effective as of the Effective Time, Rayonier does hereby, for itself and each other member of the Rayonier Group and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Rayonier Group (in each case, in their respective capacities as such), remise, release and forever discharge SpinCo and the members of the SpinCo Group and their respective successors and assigns, from (A) all Rayonier Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Rayonier Business, the Rayonier Assets or the Rayonier Liabilities.

(c) *Obligations Not Affected.* Nothing contained in Section 4.1(a) or 4.1(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.7(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, in each case in accordance with its terms. Nothing contained in Section 4.1(a) or 4.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Rayonier Group or the SpinCo Group that is specified in Section 2.7(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, or any other Liability specified in Section 2.7(b) as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1.

In addition, nothing contained in Section 4.1(a) shall release any member of the Rayonier Group from honoring its existing obligations to indemnify any director, officer or employee of SpinCo who was a director, officer or employee of any member of the Rayonier Group on or prior to the Effective Time, to the extent such director, officer or employee becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to such existing obligations; it being understood that, if the underlying obligation giving rise to such Action is a SpinCo Liability, SpinCo shall indemnify Rayonier for such Liability (including Rayonier's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) *No Claims*. SpinCo shall not make, and shall not permit any member of the SpinCo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Rayonier or any other member of the Rayonier Group, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Rayonier shall not make, and shall not permit any other member of the Rayonier Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against SpinCo or any other member of the SpinCo Group, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b).

(e) *Execution of Further Releases*. At any time at or after the Effective Time, at the request of either Party, the other Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions of this Section 4.1.

4.2 Indemnification by SpinCo. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, SpinCo shall, and shall cause the other members of the SpinCo Group to, indemnify, defend and hold harmless Rayonier, each member of the Rayonier 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 "Rayonier Indemnitees"), from and against any and all Liabilities of the Rayonier Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any SpinCo Liability;

(b) any failure of SpinCo, any other member of the SpinCo Group or any other Person to pay, perform or otherwise promptly discharge any SpinCo Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by SpinCo or any other member of the SpinCo Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Rayonier Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the SpinCo Group by any member of the Rayonier Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if SpinCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than the matters described in clause (e) of Section 4.3.

4.3 Indemnification by Rayonier. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Rayonier shall, and shall cause the other members of the Rayonier Group to, indemnify, defend and hold harmless SpinCo, each member of the SpinCo Group and each of their respective past, present and future directors, officers, employees or 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 “SpinCo Indemnitees”), from and against any and all Liabilities of the SpinCo Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any Rayonier Liability;

(b) any failure of Rayonier, any other member of the Rayonier Group or any other Person to pay, perform or otherwise promptly discharge any Rayonier Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Rayonier or any other member of the Rayonier Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a SpinCo Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Rayonier Group by any member of the SpinCo Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements made explicitly in Rayonier’s name in the Form 10, the Information Statement (as amended or supplemented if SpinCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document; it being agreed that the statements set forth on Schedule 4.3(e) shall be the only statements made explicitly in Rayonier’s name in the Form 10, the Information Statement or any other Disclosure Document, and all other information contained in the Form 10, the Information Statement or any other Disclosure Document shall be deemed to be information supplied by SpinCo.

4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount which either Party (an “Indemnifying Party”) is required to pay to any Person entitled to indemnification or contribution hereunder (an “Indemnitee”) will be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an “Indemnity Payment”) required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of the related Liability, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a “windfall” (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys’ fees and expenses) to collect or recover any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article IV. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required under the terms of this Agreement, or otherwise satisfying any indemnification obligation, pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

4.5 Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims.* If, at or following the date of this Agreement, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Rayonier Group or the SpinCo Group of any claim or of the commencement by any such Person of any Action (collectively, a “Third-Party Claim”) with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party

written notice thereof as soon as practicable, but in any event within fourteen (14) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnatee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnatee to provide notice in accordance with this Section 4.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is actually prejudiced by the Indemnatee's failure to provide notice in accordance with this Section 4.5(a).

(b) *Control of Defense.* An Indemnifying Party may elect to defend (and seek to settle or compromise), at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling defense of such Third-Party Claim, it shall first confirm to the Indemnatee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnatee being true, the Indemnifying Party shall indemnify the Indemnatee for any such Damages to the extent resulting from, or arising out of, such Third-Party-Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnatee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnatee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnatee in accordance with Section 4.5(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnatee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnatee of its election within thirty (30) days after receipt of the notice from an Indemnatee as provided in Section 4.5(a), then the Indemnatee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs.* If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnatee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnatee of its election within thirty (30) days after receipt of a notice from an Indemnatee as provided in Section 4.5(a), and the Indemnatee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation

with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnatee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate.* An Indemnatee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnatee or Indemnifying Party, but the fees and expenses of such counsel shall be at the expense of such Indemnatee or Indemnifying Party, as the case may be, and the provisions of Section 4.5(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnatee shall in good faith determine that such Indemnatee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnatee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement.* Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages, does not involve any finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within thirty (30) days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

(f) *Tax Matters Agreement Governs.* The above provisions of this Section 4.5 and the provisions of Section 4.6 do not apply to Taxes (Taxes being governed by the Tax Matters Agreement). In the case of any conflict between this Agreement and the Tax Matters Agreement in relation to any matters addressed by the Tax Matters Agreement, the Tax Matters Agreement shall prevail.

4.6 Additional Matters.

(a) *Timing of Payments.* Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Article IV shall be paid reasonably promptly (but in any event within thirty (30) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Article IV) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) *Notice of Direct Claims.* Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Section 4.6(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of Article VII, be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(d) *Subrogation* . In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or

against any other Person. Such Indemnatee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) *Substitution*. In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnatee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in Section 4.5 and this Section 4.6, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

4.7 Right of Contribution.

(a) *Contribution*. If any right of indemnification contained in Section 4.2 or Section 4.3 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnatee in respect of any Liability for which such Indemnatee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault*. Solely for purposes of determining relative fault pursuant to this Section 4.7: (i) any fault associated with the business conducted with the Delayed SpinCo Assets or Delayed SpinCo Liabilities (except for the gross negligence or intentional misconduct of a member of the Rayonier Group) or with the ownership, operation or activities of the SpinCo Business prior to the Effective Time shall be deemed to be the fault of SpinCo and the other members of the SpinCo Group, and no such fault shall be deemed to be the fault of Rayonier or any other member of the Rayonier Group; (ii) any fault associated with the business conducted with Delayed Rayonier Assets or Delayed Rayonier Liabilities (except for the gross negligence or intentional misconduct of a member of the SpinCo Group) shall be deemed to be the fault of Rayonier and the other members of the Rayonier Group, and no such fault shall be deemed to be the fault of SpinCo or any other member of the SpinCo Group; and (iii) any fault associated with the ownership, operation or activities of the Rayonier Business prior to the Effective Time shall be deemed to be the fault of Rayonier and the other members of the Rayonier Group, and no such fault shall be deemed to be the fault of SpinCo or any other member of the SpinCo Group.

4.8 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of such Party's Group or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnatee, or assert a defense against any claim asserted by any Indemnatee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any SpinCo Liabilities by SpinCo or a member of the SpinCo Group on the terms and conditions set forth in this Agreement and the Ancillary

Agreements is void or unenforceable for any reason; (b) the retention of any Rayonier Liabilities by Rayonier or a member of the Rayonier Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason, or (c) the provisions of this Article IV are void or unenforceable for any reason.

4.9 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.10 Survival of Indemnities. The rights and obligations of each of Rayonier and SpinCo and their respective Indemnitees under this Article IV shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any of the members of its Group.

ARTICLE V CERTAIN OTHER MATTERS

5.1 Insurance Matters.

(a) Rayonier and SpinCo agree to cooperate in good faith to provide for an orderly transition of insurance coverage from the date hereof through the Effective Time. In no event shall Rayonier, any other member of the Rayonier Group or any Rayonier Indemnitee have Liability or obligation whatsoever to any member of the SpinCo Group in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the SpinCo Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

(b) From and after the Effective Time, with respect to any losses, damages and Liability incurred by any member of the SpinCo Group prior to the Effective Time, Rayonier will provide SpinCo with access to, and SpinCo may, upon ten (10) days' prior written notice to Rayonier, make claims under, Rayonier's third-party insurance policies in place immediately prior to the Effective Time and Rayonier's historical policies of insurance, but solely to the extent that such policies provided coverage for members of the SpinCo Group prior to the Effective Time; provided that such access to, and the right to make claims under, such insurance policies, shall be subject to the terms and conditions of such insurance policies, including any limits on coverage or scope, any deductibles and other fees and expenses, and shall be subject to the following additional conditions:

(i) SpinCo shall report any claim to Rayonier, as promptly as practicable, and in any event in sufficient time so that such claim may be made in accordance with Rayonier's claim reporting procedures in effect immediately prior to the Effective Time (or in accordance with any modifications to such procedures after the Effective Time communicated by Rayonier to SpinCo in writing);

(ii) SpinCo and the members of the SpinCo Group shall indemnify, hold harmless and reimburse Rayonier and the members of the Rayonier Group for any deductibles, self-insured retention, fees and expenses incurred by Rayonier or any members of the Rayonier Group to the extent resulting from any access to, any claims made by SpinCo or any other members of the SpinCo Group under, any insurance provided pursuant to this Section 5.1(b), including any indemnity payments, settlements, judgments, legal fees and allocated claims expenses and claim handling fees, whether such claims are made by SpinCo, its employees or third Persons; and

(iii) SpinCo shall exclusively bear (and neither Rayonier nor any members of the Rayonier Group shall have any obligation to repay or reimburse SpinCo or any member of the SpinCo Group for) and shall be liable for all uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by SpinCo or any member of the SpinCo Group under the policies as provided for in this Section 5.1(b). In the event an insurance policy aggregate is exhausted, or believed likely to be exhausted, due to noticed claims, the SpinCo Group, on the one hand, and the Rayonier Group, on the other hand, shall be responsible for their pro rata portion of the reinstatement premium, if any, based upon the losses of such Group submitted to Rayonier's insurance carrier(s) (including any submissions prior to the Effective Time). To the extent that the Rayonier Group or the SpinCo Group is allocated more than its pro rata portion of such premium due to the timing of losses submitted to Rayonier's insurance carrier(s), the other party shall promptly pay the first party an amount so that each Group has been properly allocated its pro rata portion of the reinstatement premium. Subject to the following sentence, Rayonier may elect not to reinstate the policy aggregate. In the event that Rayonier elects not to reinstate the policy aggregate, it shall provide prompt written notice to SpinCo, and SpinCo may direct Rayonier in writing to, and Rayonier shall, in such case, reinstate the policy aggregate; provided that SpinCo shall be responsible for all reinstatement premiums and other costs associated with such reinstatement.

In the event that any member of the Rayonier Group incurs any losses, damages or Liability prior to or in respect of the period prior to the Effective Time for which such member of the Rayonier Group is entitled to coverage under SpinCo's third-party insurance policies, the same process pursuant to this Section 5.1(b) shall apply, substituting "Rayonier" for "SpinCo" and "SpinCo" for "Rayonier."

(c) Except as provided in Section 5.1(b), from and after the Effective Time, neither SpinCo nor any member of the SpinCo Group shall have any rights to or under any of the insurance policies of Rayonier or any other member of the Rayonier Group. At the Effective Time, SpinCo shall have in effect all insurance programs required to comply with SpinCo's contractual obligations and such other insurance policies required by Law or as reasonably necessary or appropriate for companies operating a business similar to SpinCo's. Such insurance programs may include general liability, commercial auto liability, workers' compensation, employer's liability, product liability, professional services liability, property, cargo, employment practices liability, employee dishonesty/crime, directors' and officers' liability and fiduciary liability.

(d) Neither SpinCo nor any member of the SpinCo Group, in connection with making a claim under any insurance policy of Rayonier or any member of the Rayonier Group pursuant to this Section 5.1, shall take any action that would be reasonably likely to (i) have an adverse impact on the then-current relationship between Rayonier or any member of the Rayonier Group, on the one hand, and the applicable insurance company, on the other hand; (ii) result in the applicable insurance company terminating or reducing coverage, or increasing the amount of any premium owed by Rayonier or any member of the Rayonier Group under the applicable insurance policy; or (iii) otherwise compromise, jeopardize or interfere with the rights of Rayonier or any member of the Rayonier Group under the applicable insurance policy.

(e) All payments and reimbursements by SpinCo pursuant to this Section 5.1 will be made within fifteen (15) days after SpinCo's receipt of an invoice therefor from Rayonier. If Rayonier incurs costs to enforce SpinCo's obligations herein, SpinCo agrees to indemnify and hold harmless Rayonier for such enforcement costs, including reasonable attorneys' fees pursuant to Section 4.6(b). Rayonier shall retain the exclusive right to control its insurance policies and programs, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its insurance policies and programs and to amend, modify or waive any rights under any such insurance policies and programs, notwithstanding whether any such policies or programs apply to any SpinCo Liabilities and/or claims SpinCo has made or could make in the future, and no member of the SpinCo Group shall erode, exhaust, settle, release, commute, buyback or otherwise resolve disputes with Rayonier's insurers with respect to any of Rayonier's insurance policies and programs, or amend, modify or waive any rights under any such insurance policies and programs. SpinCo shall cooperate with Rayonier and share such information as is reasonably necessary in order to permit Rayonier to manage and conduct its insurance matters as it deems appropriate. Neither Rayonier nor any of the members of the Rayonier Group shall have any obligation to secure extended reporting for any claims under any Liability policies of Rayonier or any member of the Rayonier Group for any acts or omissions by any member of the SpinCo Group incurred prior to the Effective Time.

(f) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Rayonier Group in respect of any insurance policy or any other contract or policy of insurance.

(g) SpinCo does hereby, for itself and each other member of the SpinCo Group, agree that no member of the Rayonier Group shall have any Liability whatsoever as a result of the insurance policies and practices of Rayonier and the members of the Rayonier Group as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

5.2 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or

other demand) shall accrue interest at a rate per annum equal to Prime Rate plus two (2%) percent.

5.3 Treatment of Payments for Tax Purposes. For all tax purposes, the Parties agree to treat (i) any payment required by this Agreement (other than payments with respect to interest accruing after the Effective Time) as either a contribution by Rayonier to SpinCo or a distribution by SpinCo to Rayonier, as the case may be, occurring immediately prior to the Effective Time or as a payment of an assumed or retained Liability; and (ii) any payment of interest as taxable or deductible, as the case may be, to the Party entitled under this Agreement to retain such payment or required under this Agreement to make such payment, in either case except as otherwise required by applicable Law.

5.4 Inducement. SpinCo acknowledges and agrees that Rayonier's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by SpinCo's covenants and agreements in this Agreement and the Ancillary Agreements, including SpinCo's assumption of the SpinCo Liabilities pursuant to the Separation and the provisions of this Agreement and SpinCo's covenants and agreements contained in Article IV.

5.5 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

ARTICLE VI EXCHANGE OF INFORMATION; CONFIDENTIALITY

6.1 Agreement for Exchange of Information.

(a) Subject to Section 6.9 and any other applicable confidentiality obligations, each of Rayonier and SpinCo, on behalf of itself and each member of its Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after written request therefor, any information (or a copy thereof) in the possession or under the control of such Party or its Group which the requesting Party or its Group to the extent that (i) such information relates to the SpinCo Business, or any SpinCo Asset or SpinCo Liability, if SpinCo is the requesting Party, or to the Rayonier Business, or any Rayonier Asset or Rayonier Liability, if Rayonier is the requesting Party; (ii) such information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement; or (iii) such information is required by the requesting Party to comply with any obligation imposed by any Governmental Authority; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of information could be detrimental to the Party providing the information, violate any Law or agreement, or waive any privilege available under

applicable Law, including any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing information pursuant to this Section 6.1 shall only be obligated to provide such information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 6.1 shall expand the obligations of a Party under Section 6.4.

(b) Without limiting the generality of the foregoing, until the first SpinCo fiscal year end occurring after the Effective Time (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each Party shall use its commercially reasonable efforts to cooperate with the other Party's information requests to enable (i) the other Party to meet its timetable for dissemination of its earnings releases, financial statements and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; and (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws.

6.2 Ownership of Information. The provision of any information pursuant to Section 6.1 or Section 6.7 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information.

6.3 Compensation for Providing Information. The Party requesting information agrees to reimburse the other Party for the reasonable costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such information (including any reasonable costs and expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

6.4 Record Retention. To facilitate the possible exchange of information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, the Parties agree to use their commercially reasonable efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all information in their respective possession or control on the Effective Time in accordance with the policies of Rayonier as in effect on the Effective Time (including Rayonier Corporate Policy Nos. 5.6 and 5.8) or such other policies as may be adopted by Rayonier after the Effective Time (provided, in

the case of SpinCo, that Rayonier notifies SpinCo of any such change); provided, however, that in the case of any information relating to Taxes, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding the foregoing, Section 9.02 of the Tax Matters Agreement will govern the retention of Tax related records, and Section 9.01 of the Employee Matters Agreement will govern the retention of employment and benefits related records.

6.5 Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence or willful misconduct by the Party providing such information. Neither Party shall have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.4.

6.6 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of information set forth in any Ancillary Agreement.

(b) Any party that receives, pursuant to request for information in accordance with this Article VI, Tangible Information that is not relevant to its request shall (i) return it to the providing Party or, at the providing Party's request, destroy such Tangible Information; and (ii) deliver to the providing Party written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

6.7 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action or Dispute between Rayonier and SpinCo, or any members of their respective Groups, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or member of its Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available

without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 6.7 and subject to the terms of the Intellectual Property Agreement, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect any Intellectual Property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7 (a)).

6.8 Privileged Matters .

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Rayonier Group and the SpinCo Group, and that each of the members of the Rayonier Group and the SpinCo Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith. The parties recognize that legal and other professional services will be provided following the Effective Time, which services will be rendered solely for the benefit of the Rayonier Group or the SpinCo Group, as the case may be.

(b) The Parties agree as follows:

(i) Rayonier shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Rayonier Business and not to the SpinCo Business, whether or not the Privileged Information is in the possession or under the control of any member of the Rayonier Group or any member of the SpinCo Group. Rayonier shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Rayonier Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Rayonier Group or any member of the SpinCo Group; and

(ii) SpinCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the SpinCo Business and not to the Rayonier Business, whether or not the Privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Rayonier Group. SpinCo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any SpinCo Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the Rayonier Group.

(iii) If the Parties do not agree as to whether certain information is Privileged Information, then such information shall be treated as Privileged Information, and the Party that believes that such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information unless the Parties otherwise agree. The Parties shall use the procedures set forth in Article VII to resolve any disputes as to whether any information relates solely to the Rayonier Business, solely to the SpinCo Business, or to both the Rayonier Business and the SpinCo Business.

(c) Subject to the remaining provisions of this Section 6.8, the Parties agree that they shall have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 6.8(b) and all privileges and immunities relating to any Actions or other matters that involve both Parties (or one or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any Dispute arises between the Parties or any members of their respective Group regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of their respective Group, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except in good faith to protect its own legitimate interests.

(e) In the event of any adversarial Action or Dispute between Rayonier and SpinCo, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided that such waiver of a shared privilege shall be effective only as to the use of information with respect to the Action between the Parties and/or the applicable members of their respective Groups, and shall not operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any member of its respective Group, of any subpoena, discovery or other request that may reasonably be expected to result in the

production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which another Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the other Party of the existence of the request (which notice shall be delivered to such other Party no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.8 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the agreement of Rayonier and SpinCo set forth in this Section 6.8 and in Section 6.9 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

(h) In connection with any matter contemplated by Section 6.7 or this Section 6.8, the Parties agree to, and to cause the applicable members of their Group to, use commercially reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

6.9 Confidentiality.

(a) *Confidentiality*. Subject to Section 6.10, from and after the Effective Time until the five-year anniversary of the Effective Time, each of Rayonier and SpinCo, on behalf of itself and each member of its respective Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Rayonier's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any member of the other Party's Group or their respective businesses that is either in its possession (including confidential and proprietary information in its possession prior to the date hereof) or furnished by any such other Party or any member of such Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such confidential and proprietary information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of such Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation or other contractual, legal

or fiduciary obligation of confidentiality with respect to such confidential and proprietary information, or (iii) independently developed or generated without reference to or use of any proprietary or confidential information of the other Party or any member of such Party's Group. If any confidential and proprietary information of one Party or any member of its Group is disclosed to the other Party or any member of such other Party's Group in connection with providing services to such first Party or any member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) *No Release; Return or Destruction.* Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.9(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who shall be advised of their obligations hereunder with respect to such information), and except in compliance with Section 6.10. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party will promptly after request of the other Party either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon).

(c) *Third-Party Information; Privacy or Data Protection Laws.* Each Party acknowledges that it and members of its Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or personal information relating to, Third Parties (i) that was received under confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or members of such Party's Group and that may be subject to and protected by privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or personal information relating to, Third Parties in accordance with privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand.

6.10 Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its

failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII DISPUTE RESOLUTION

7.1 Good-Faith Negotiation. Subject to Section 7.4, either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or Ancillary Agreement (including regarding whether any Assets are SpinCo Assets, any Liabilities are SpinCo Liabilities or the validity, interpretation, breach or termination of this Agreement or any Ancillary Agreement) (a “Dispute”), shall provide written notice thereof to the other Party (the “Initial Notice”), and within thirty (30) days of the delivery of the Initial Notice, the Parties shall attempt in good faith to negotiate a resolution of the Dispute. The negotiations shall be conducted by executives who hold, at a minimum, the title of vice president and who have authority to settle the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within thirty (30) days after the delivery of such notice or if a Party reasonably concludes that the other Party is not willing to negotiate as contemplated by this Section 7.1, the Dispute shall be submitted to mediation in accordance with Section 7.2.

7.2 Mediation. Any Dispute not resolved pursuant to Section 7.1 shall, at the written request of a Party (a “Mediation Request”), be submitted to nonbinding mediation in accordance with the then current International Institute for Conflict Prevention and Resolution (“CPR”) Mediation Procedure, except as modified herein. The mediation shall be held in (i) Jacksonville, Florida, if the Parties each maintain corporate headquarters in such city at the time a Mediation Request is submitted, (ii) Atlanta, Georgia, if one or both of the Parties does not maintain corporate headquarters in Jacksonville, Florida at the time a Mediation Request is submitted, or (iii) such other place as the Parties may mutually agree in writing. The Parties shall have twenty (20) days from receipt by a Party of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the Parties within twenty (20) days of receipt by a party of a Mediation Request, then a Party may request (on written notice to the other Party), that CPR appoint a mediator in accordance with the CPR Mediation Procedure. All mediation pursuant to this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the Parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No Party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by the other Party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other Party, except in the course of a judicial or regulatory proceeding or as may be required by Law or requested by a Governmental Authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the Party intending to make such

disclosure shall, to the extent reasonably practicable, give the other Party reasonable written notice of the intended disclosure and afford the other party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within sixty (60) days of the appointment of a mediator, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then the Dispute shall be submitted to binding arbitration in accordance with Section 7.3.

7.3 Arbitration.

(a) In the event that a Dispute has not been resolved within sixty (60) days of the appointment of a mediator in accordance with Section 7.2, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then such Dispute shall, upon the written request of a Party (the “Arbitration Request”) be submitted to be finally resolved by binding arbitration pursuant to the CPR Arbitration Procedure. The arbitration shall be held in the same location as the mediation pursuant to Section 7.2. Unless otherwise agreed by the Parties in writing, any Dispute to be decided pursuant to this Section 7.3 will be decided (i) before a sole arbitrator if the amount in dispute, inclusive of all claims and counterclaims, totals less than \$2 million; or (ii) by a panel of three (3) arbitrators if the amount in dispute, inclusive of all claims and counterclaims, totals \$2 million or more.

(b) The panel of three (3) arbitrators will be chosen as follows: (i) within fifteen (15) days from the date of the receipt of the Arbitration Request, each Party will name an arbitrator; and (ii) the two (2) Party-appointed arbitrators will thereafter, within thirty (30) days from the date on which the second of the two (2) arbitrators was named, name a third, independent arbitrator who will act as chairperson of the arbitral tribunal. In the event that either Party fails to name an arbitrator within fifteen (15) days from the date of receipt of the Arbitration Request, then upon written application by either Party, that arbitrator shall be appointed pursuant to the CPR Arbitration Procedure. In the event that the two (2) Party-appointed arbitrators fail to appoint the third, then the third, independent arbitrator will be appointed pursuant to the CPR Arbitration Procedure. If the arbitration will be before a sole independent arbitrator, then the sole independent arbitrator will be appointed by agreement of the Parties within fifteen (15) days of the date of receipt of the Arbitration Request. If the Parties cannot agree to a sole independent arbitrator, then upon written application by either party, the sole independent arbitrator will be appointed pursuant to the CPR Arbitration Procedure.

(c) The arbitrator(s) will have the right to award, on an interim basis, or include in the final award, any relief which it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and attorneys’ fees and costs; provided that the arbitrator(s) will not award any relief not specifically requested by the parties and, in any event, will not award any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim). Upon selection of the arbitrator(s) following any grant of interim relief by a special arbitrator or court pursuant to Section 7.4, the arbitrator(s) may affirm or disaffirm that relief, and the parties will seek modification or rescission of the order entered by the court as necessary to accord with the decision of the arbitrator(s). The award

of the arbitrator(s) shall be final and binding on the Parties, and may be enforced in any court of competent jurisdiction. The initiation of mediation or arbitration pursuant to this Article VII will toll the applicable statute of limitations for the duration of any such proceedings.

7.4 Litigation and Unilateral Commencement of Arbitration. Notwithstanding the foregoing provisions of this Article VII, (a) a Party may seek preliminary provisional or injunctive judicial relief with respect to a Dispute without first complying with the procedures set forth in Section 7.1, Section 7.2 and Section 7.3 if such action is reasonably necessary to avoid irreparable damage and (b) either Party may initiate arbitration before the expiration of the periods specified in Section 7.2 and Section 7.3 if (i) such Party has submitted a Mediation Request or Arbitration Request, as applicable, and the other party has failed, within the applicable periods set forth in Section 7.3, to agree upon a date for the first mediation session to take place within thirty (30) days after the appointment of such mediator or such longer period as the Parties may agree to in writing or (ii) such Party has failed to comply with Section 7.3 in good faith with respect to commencement and engagement in arbitration. In such event, the other Party may commence and prosecute such arbitration unilaterally in accordance with the CPR Arbitration Procedure.

7.5 Conduct During Dispute Resolution Process. Unless otherwise agreed in writing, the Parties shall, and shall cause their respective members of their Group to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by such agreements during the course of dispute resolution pursuant to the provisions of this Article VII, unless such commitments are the specific subject of the Dispute at issue.

ARTICLE VIII FURTHER ASSURANCES AND ADDITIONAL COVENANTS

8.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party hereto shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the SpinCo Assets and the Rayonier Assets and the assignment and assumption

of the SpinCo Liabilities and the Rayonier Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Rayonier and SpinCo in their respective capacities as direct and indirect shareholders of the members of their Groups, shall each ratify any actions which are reasonably necessary or desirable to be taken by Rayonier, SpinCo or any of the members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Rayonier and SpinCo, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of SpinCo or any other member of the SpinCo Group, on the one hand, or of Rayonier or any other member of the Rayonier Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

8.2 Wayne County Loan Agreement. The Parties acknowledge that: (a) as of the Separation, SpinCo or a member of the SpinCo Group will hold the solid waste disposal facilities (the “Project”) that were built to serve manufacturing facilities of SpinCo located near Jesup, Georgia; and (b) the Wayne County Loan Agreement, which is a contract that will be retained by Rayonier or a member of the Rayonier Group, contains covenants relating to the Project that, if breached, could result in a Liability to Rayonier or a member of the Rayonier Group. Accordingly, from and after the Separation, SpinCo shall, and shall cause the applicable members of the SpinCo Group to, use reasonable best efforts to comply with the covenants contained in the Wayne County Loan Agreement relating to the Project, including the covenants set forth in Sections 2.5 and 3.3 of the Wayne County Loan Agreement, as if such covenants were made by SpinCo. In the event that SpinCo fails or expects to fail to comply with such covenants, then SpinCo shall promptly notify Rayonier in writing of such failure or expected failure, and SpinCo shall indemnify, defend and hold harmless the Rayonier Indemnitees from and against any and all Liabilities of the Rayonier Indemnitees relating to, arising out of or resulting from, directly or indirectly, such failure or expected failure, including (i) any pre-payment premiums, penalties or “make-whole” payments payable with respect to the Wayne County Loan Agreement or the Wayne County Bonds and (ii) in the event that Rayonier or a member of the Rayonier Group shall refinance the outstanding principal amount of the Wayne County Bonds in connection with such failure or expected failure, any costs and expenses in connection with such refinancing, including any excess or default interest, costs or other

expenses above the amount that Rayonier or the applicable member of the Rayonier Group would have had to pay if the Wayne Loan Agreement or the Wayne County Bonds continued to be in effect; provided, however, that nothing in this Section 8.2 shall obligate SpinCo or any member of the SpinCo Group to indemnify, defend or hold harmless the Rayonier Indemnitees from and against the outstanding principal amount of the Wayne County Bonds (or, if the Wayne County Bonds are refinanced, the principal amount of such refinanced borrowing) and any unpaid interest thereon that accrued prior to the date of such failure or expected failure, even if such amount becomes due and payable as liquidated damages pursuant to the Wayne County Loan Agreement (or such refinanced borrowing, as the case may be).

ARTICLE IX TERMINATION

9.1 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by Rayonier, in its sole and absolute discretion, without the approval or consent of any other Person, including SpinCo. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

9.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

ARTICLE X MISCELLANEOUS

10.1 Counterparts; Entire Agreement; Corporate Power .

(a) This Agreement and each Ancillary 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 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 each other member of the Rayonier Group, and SpinCo represents on behalf of itself and 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 each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary 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 or any Ancillary 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 each such Ancillary 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.

10.2 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, 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.

10.3 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties and the parties thereto, respectively, and their respective successors and permitted assigns; provided, however, that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) 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 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.

10.4 Third-Party Beneficiaries. Except for the indemnification rights under this Agreement of any Rayonier Indemnatee or SpinCo Indemnatee in their respective capacities as such, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

10.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent, applicable and unless otherwise provided therein, under each of the Ancillary Agreements 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 10.5):

If to Rayonier, to:

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: (904) 598-2250

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: (904) 357-9101

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 Holding Company
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: [•]

Rayonier Holding Company
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

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

10.6 Severability. If any provision of this Agreement or any Ancillary 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 thereof, 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.

10.7 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 (other than a payment obligation) hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation 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 of such obligations (other than a payment obligation) 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.

10.8 No Set-Off. Except as set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

10.9 Publicity. Prior to the Effective Time, each of SpinCo and Rayonier shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to the Separation, the Distribution or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto.

10.10 Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all costs and expenses incurred on or prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Separation, the Registration Statement, the plan of Separation and the Distribution and the consummation of the transactions contemplated hereby and thereby will be borne by the Party or its applicable Subsidiary incurring such fees, costs or expenses. The Parties agree that certain specified costs and expenses shall be allocated between the Parties as set forth on Schedule 10.10.

10.11 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

10.12 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

10.13 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary 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 other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary 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.

10.14 Specific Performance. Subject to the provisions of Article VII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary 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 in respect of its or their rights under this Agreement or such Ancillary 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, are 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 waived by each of the Parties.

10.15 Amendments. No provisions of this Agreement or any Ancillary 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.

10.16 Interpretation. In this Agreement and any Ancillary 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 (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement (or the applicable Ancillary 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 (or the applicable Ancillary 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 or in any Ancillary 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.

10.17 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, but without limiting any recovery expressly provided by Section 8.2, neither SpinCo or any member of the SpinCo Group, on the one hand, nor Rayonier or any member of the Rayonier Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

10.18 Performance. Rayonier will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Rayonier Group. SpinCo will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the SpinCo Group. Each Party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any

action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

10.19 Mutual Drafting. This Agreement and the Ancillary Agreements 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.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives.

RAYONIER INC.

By: _____
Name:
Title:

RAYONIER HOLDING COMPANY

By: _____
Name:
Title:

[Signature Page to Separation and Distribution Agreement]

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
RAYONIER HOLDING COMPANY**

Rayonier Holding Company, a corporation organized and existing under the laws of the State of Delaware, pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented (the “DGCL”), hereby certifies as follows:

1. The name of this corporation is Rayonier Holding Company. The original Certificate of Incorporation was filed on January 16, 2014.
2. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL and by the written consent of its sole stockholder in accordance with Section 228 of the DGCL.
3. This Amended and Restated Certificate of Incorporation restates and amends the original Certificate of Incorporation to read in its entirety as follows:

**ARTICLE I
NAME OF CORPORATION**

The name by which the corporation is to be known is Rayonier Holding Company (the “Corporation”).

**ARTICLE II
REGISTERED OFFICE; REGISTERED AGENT**

The address of the Corporation’s registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors of the Corporation (the “Board of Directors”) may designate or as the business of the Corporation may from time to time require.

**ARTICLE III
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

**ARTICLE IV
STOCK**

Section 1. Authorized Stock. The total number of shares of capital stock that the Corporation shall have authority to issue is [•] shares, consisting of (a) [•] shares of common

stock, par value \$0.01 per share (the “Common Stock”), and (b) [•] shares of preferred stock, par value \$0.01 per share (the “Preferred Stock”).

Section 2. Common Stock. Except as may otherwise be provided in this Amended and Restated Certificate of Incorporation, in a Preferred Stock Designation (as hereinafter defined), or as required by law, the holders of outstanding shares of Common Stock shall have the right to vote on all questions to the exclusion of all other stockholders, each holder of record of Common Stock being entitled to one vote for each share of Common Stock standing in the name of the stockholder on the books of the Corporation.

Section 3. Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors (or any committee to which it may duly delegate the authority granted in this Article IV) is hereby empowered to authorize the issuance from time to time of shares of Preferred Stock in one or more series, for such consideration and for such corporate purposes as the Board of Directors (or such committee thereof) may from time to time determine, and by filing a certificate (hereinafter referred to as a “Preferred Stock Designation”) pursuant to applicable law of the State of Delaware as it presently exists or may hereafter be amended to establish from time to time for each such series the number of shares to be included in each such series and to fix the designations, powers, rights and preferences of the shares of each such series, and the qualifications, limitations and restrictions thereof to the fullest extent now or hereafter permitted by this Amended and Restated Certificate of Incorporation and the laws of the State of Delaware, including, without limitation, voting rights (if any), dividend rights, dissolution rights, conversion rights, exchange rights and redemption rights thereof, as shall be stated and expressed in a resolution or resolutions adopted by the Board of Directors (or such committee thereof) providing for the issuance of such series of Preferred Stock. Each series of Preferred Stock shall be distinctly designated. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

- (i) the designation of the series, which may be by distinguishing number, letter or title;
- (ii) the number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);
- (iii) the amounts payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;
- (iv) dates at which dividends, if any, shall be payable;
- (v) the redemption rights and price or prices, if any, for shares of the series;
- (vi) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

- (vii) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
- (viii) whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;
- (ix) restrictions on the issuance of shares of the same series or of any other class or series; and
- (x) the voting rights, if any, of the holders of shares of the series.

ARTICLE V TERM

The term of existence of the Corporation shall be perpetual.

ARTICLE VI BOARD OF DIRECTORS

Section 1. Number of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the total number of directors that the Corporation would have if there were no vacancies (the “Whole Board”).

Section 2. Classes of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the directors shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the term of office of the first class to expire at the 2015 annual meeting of stockholders, the term of office of the second class to expire at the 2016 annual meeting of stockholders and the term of office of the third class to expire at the 2017 annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the 2015 annual meeting, (a) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (b) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

Section 3. Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, and unless the Board

of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and in the event that there is only one director remaining in office, by such sole remaining director, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been appointed expires and until such director's successor shall have been duly elected and qualified.

Section 4. Removal. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time but only for cause by the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class.

ARTICLE VII STOCKHOLDER ACTION

Section 1. Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

Section 2. Special Meetings of Stockholders. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, special meetings of stockholders may only be called by or at the direction of the Chairman of the Board of Directors or the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. At any special meeting of the stockholders, only such business shall be conducted or considered as shall have been properly brought before the meeting pursuant to the Corporation's notice of meeting. To be properly brought before a special meeting, proposals of business must be (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, or (b) otherwise properly brought before the special meeting, by or at the direction of the Board of Directors.

ARTICLE VIII AMENDMENTS TO BYLAWS

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors of the Corporation is expressly authorized to make, alter and repeal the Bylaws of the Corporation (the "Bylaws"), subject to the power of the stockholders of the Corporation to alter or repeal the Bylaws under applicable law as it presently exists or may hereafter be amended. Stockholders of the Corporation are authorized to make, alter and repeal the Bylaws of the Corporation only pursuant to Article IX of the Bylaws of the Corporation.

**ARTICLE IX
DIRECTOR LIABILITY**

To the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable either to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director. Any amendment or modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. If the DGCL hereafter is amended to further eliminate or limit the liability of a director, then a director of the Corporation, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended DCGL.

**ARTICLE X
INDEMNIFICATION**

Section 1. Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was, at any time during which this Article is in effect (whether or not such person continues to serve in such capacity at the time any indemnification or advancement of expenses pursuant hereto is sought or at the time any Proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was at any such time serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation (a “Covered Person”), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, trustee, employee or agent or in any other capacity while serving as a director, officer, trustee, employee or agent, shall be (and shall be deemed to have a contractual right to be) indemnified and held harmless by the Corporation (and any successor of the Corporation by merger or otherwise) to the fullest extent authorized by the DGCL as the same exists or may hereafter be amended or modified from time to time (but, in the case of any such amendment or modification, only to the extent that such amendment or modification permits the Corporation to provide greater indemnification rights than said law permitted the Corporation to provide prior to such amendment or modification), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 2 of this Article X, the Corporation shall indemnify any such person seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. Right of Claimant to Bring Suit. (1) If a claim for indemnification under Article VI of the Bylaws of the Corporation or this Article X is not paid in full by the

Corporation within thirty (30) days after a written claim pursuant to Article VI of the Bylaws or Section 1 of this Article X has been received by the Corporation, or (2) if a request for advancement of expenses under this Article X is not paid in full by the Corporation within twenty (20) days after a statement and the required undertaking, if any, have been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim for indemnification or request for advancement of expenses and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action that, under the DGCL, the claimant has not met the standard of conduct which makes it permissible for the Corporation to indemnify the claimant for the amount claimed or that the claimant is not entitled to the requested advancement of expenses, but (except where the required undertaking, if any, has not been tendered to the Corporation) the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel (as defined in the Bylaws of the Corporation) or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Non-Exclusivity of Rights. (a) In accordance with the Bylaws of the Corporation, all of the rights conferred in this Article X, as to indemnification, advancement of expenses and otherwise, shall be contract rights between the Corporation and each Covered Person to whom such rights are extended that vest at the commencement of such Covered Person's service to or at the request of the Corporation and (x) any amendment or modification of this Article X that in any way diminishes or adversely affects any such rights shall be prospective only and shall not in any way diminish or adversely affect any such rights with respect to such person, and (y) all of such rights shall continue as to any such Covered Person who has ceased to be a director or officer of the Corporation or ceased to serve at the Corporation's request as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, as described herein, and shall inure to the benefit of such Covered Person's heirs, executors and administrators.

(b) All of the rights conferred in this Article X, as to indemnification, advancement of expenses and otherwise, (i) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Amended and Restated Certificate of Incorporation, Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise and (ii) cannot be terminated by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a person's service prior to the date of such termination

ARTICLE XI INSURANCE

The Corporation may maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether

or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in Article VI of the Bylaws or Section 1 of Article X of this Amended and Restated Certificate of Incorporation, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee or agent.

ARTICLE XII FORUM AND VENUE

Unless the Board of Directors otherwise determines, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, creditors or other constituents, (iii) any action asserting a claim against the Corporation or any director or officer of the Corporation arising pursuant to any provision of the DGCL or the Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the Corporation or any director or officer of the Corporation governed by the internal affairs doctrine; provided, that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state court sitting in the State of Delaware.

ARTICLE XIII AMENDMENTS

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware as they presently exist or may hereafter be amended, subject to any limitations contained elsewhere in this Amended and Restated Certificate of Incorporation, the Corporation may from time to time alter, amend, repeal or adopt, in whole or in part, any provisions of this Amended and Restated Certificate of Incorporation; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any provision inconsistent with, Section 3 of Article IV, Article VI, Article VII, Article X and this Article XIII of this Amended and Restated Certificate of Incorporation (in each case, as in effect on the date hereof), or the alteration, amendment or repeal of, or the adoption of any provision inconsistent with this sentence, may only be made by the affirmative vote of shares representing not less than eighty percent (80%) of the voting power of all of the Voting Stock, voting together as a single class.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the DGCL, do make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this day of , 2014.

Name:
Title:

AMENDED AND RESTATED BYLAWS

OF

RAYONIER HOLDING COMPANY

Incorporated under the Laws of the State of Delaware

These Amended and Restated Bylaws (the “Bylaws”) of Rayonier Holding Company, a Delaware corporation (the “Corporation”), are effective as of [•], 2014 and hereby amend and restate the previous bylaws of the Corporation which are hereby deleted in their entirety and replaced with the following:

ARTICLE I

OFFICES AND RECORDS

SECTION 1.1. Delaware Office. The registered office of the Corporation in the State of Delaware shall be located in the City of Wilmington, County of New Castle, and the name and address of its registered agent is The Corporation Trust Company.

SECTION 1.2. Other Offices. The Corporation may have such other offices, either inside or outside the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

SECTION 1.3. Books and Records. The books and records of the Corporation may be kept inside or outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

SECTION 2.1. Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on such date and at such place and time as may be fixed by resolution of the Board of Directors.

SECTION 2.2. Special Meeting. Subject to the rights of the holders of any series of stock having a preference over the Common Stock of the Corporation as to dividends, voting or upon liquidation (“Preferred Stock”) with respect to such series of Preferred Stock, special meetings of the stockholders may be called only by the Chairman of the Board or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies (the “Whole Board”). Business transacted

at special meetings shall be confined to the purposes stated in the Corporation's notice of the meeting or in any supplemental notice delivered by the Corporation in accordance with Section 2.4 of these Bylaws.

SECTION 2.3. Place of Meeting. The Board of Directors or the Chairman of the Board, as the case may be, may designate the place of meeting for any annual or special meeting of the stockholders. If no designation is so made, the place of meeting shall be the principal office of the Corporation.

SECTION 2.4. Notice of Meeting. Written or printed notice, stating the place, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware (except to the extent prohibited by Section 232(e) of the General Corporation Law of the State of Delaware) or by mail, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. If notice is given by electronic transmission, such notice shall be deemed to be given at the times provided in the General Corporation Law of the State of Delaware. Such further notice shall be given as may be required by law. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 7.4 of these Bylaws. Any previously scheduled meeting of the stockholders may be postponed, and (unless the Certificate of Incorporation otherwise provides) any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

SECTION 2.5. Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the Board of Directors or the Chief Executive Officer may adjourn the meeting from time to time, whether or not there is a quorum. No notice of the time and place of adjourned meetings need be given except as required by law. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.6. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, or if none or in the Chairman of the Board's absence or inability to act, the Chief Executive Officer, or if none or in the Chief Executive Officer's absence or inability to act, the President, or if none or in the President's absence or inability to act, a Vice

President, or, if none of the foregoing is present or able to act, by a chairman to be chosen by the stockholders entitled to vote who are present in person or by proxy at the meeting. The Secretary, or in the Secretary's absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the presiding officer of the meeting shall appoint any person present to act as secretary of the meeting.

SECTION 2.7. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the General Corporation Law of the State of Delaware) by the stockholder, or by his duly authorized attorney in fact.

SECTION 2.8. Order of Business.

(A) *Annual Meetings of Stockholders*. At any annual meeting of the stockholders, only such nominations of persons for election to the Board of Directors shall be made, and only such other business shall be conducted or considered, as shall have been properly brought before the meeting. For nominations to be properly made at an annual meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly made at the annual meeting, by or at the direction of the Board of Directors or (c) otherwise properly requested to be brought before the annual meeting by a stockholder of the Corporation in accordance with these Bylaws. For nominations of persons for election to the Board of Directors or proposals of other business to be properly requested by a stockholder to be made at an annual meeting, a stockholder must (i) be a stockholder of record at the time of giving of notice of such annual meeting by or at the direction of the Board of Directors and at the time of the annual meeting, (ii) be entitled to vote at such annual meeting and (iii) comply with the procedures set forth in these Bylaws as to such business or nomination. The immediately preceding sentence shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

(B) *Special Meetings of Stockholders*. At any special meeting of the stockholders, only such business shall be conducted or considered, as shall have been properly brought before the meeting pursuant to the Corporation's notice of meeting. To be properly brought before a special meeting, proposals of business must be (a) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, or (b) otherwise properly brought before the special meeting, by or at the direction of the Board of Directors.

Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice of such special meeting and at the time of the special meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the procedures set forth in these Bylaws as to such nomination.

The immediately preceding sentence shall be the exclusive means for a stockholder to make nominations (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) before a special meeting of stockholders.

(C) *General* . Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of any annual or special meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these Bylaws and, if any proposed nomination or other business is not in compliance with these Bylaws, to declare that no action shall be taken on such nomination or other proposal and such nomination or other proposal shall be disregarded.

SECTION 2.9. Advance Notice of Stockholder Business and Nominations .

(A) *Annual Meeting of Stockholders* . Without qualification or limitation, subject to Section 2.9(C)(4) of these Bylaws, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.9(A) of these Bylaws, the stockholder must have given timely notice thereof (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by Section 2.10 of these Bylaws), and timely updates and supplements thereof, in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased by the Board of Directors, and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.9(A) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(B) *Special Meetings of Stockholders* . Subject to Section 2.9(C)(4) of these Bylaws, in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, provided that the stockholder gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by Section 2.10 of these Bylaws), and timely updates and supplements thereof, in writing, to the Secretary.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to the date of such special meeting and not later than the close of business on the later of the 90th day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and, if applicable, of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting of stockholders, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(C) *Disclosure Requirements* .

(1) To be in proper form, a stockholder's notice (whether given pursuant to Section 2.7(A) or 2.7(B) of these Bylaws) to the Secretary must include the following, as applicable.

(a) As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, a stockholder's notice must set forth: (i) the name and address of such stockholder, as they appear on the Corporation's books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any class or series of shares of the Corporation, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such stockholder, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, a "Short Interest"), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in

the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, and (I) any direct or indirect interest of such stockholder in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), and (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement and form or proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(b) If the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also set forth: (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and beneficial owner, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend the Bylaws of the Corporation, the text of the proposed amendment), and (iii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(c) As to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraph (a) above, also set forth: (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(d) With respect to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in paragraphs (a) and (c) above, also include a completed and signed questionnaire, representation and agreement required by Section 2.9 of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(2) For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15 (d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw; provided, however, that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these Bylaws with respect to nominations or proposals as to any other business to be considered pursuant to Section 2.7 of these Bylaws.

(4) Nothing in these Bylaws shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these Bylaws. Subject to Rule 14a-8 under the Exchange Act, nothing in these Bylaws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of director or directors or any other business proposal.

SECTION 2.10. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 2.9 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person

or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation publicly disclosed from time to time, and (D) will abide by the requirements of Section 2.11 of these Bylaws.

SECTION 2.11. Procedure for Election of Directors; Required Vote.

(A) Except as set forth below, election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, a majority of the votes cast at any meeting for the election of directors at which a quorum is present shall elect directors. For purposes of this Bylaw, a majority of votes cast shall mean that the number of shares voted "for" a director's election exceeds fifty percent (50%) of the number of votes cast with respect to that director's election. Votes cast shall include direction to withhold authority in each case and exclude abstentions with respect to that director's election. Notwithstanding the foregoing, in the event of a "contested election" of directors, directors shall be elected by the vote of a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. For purposes of this Bylaw, a "contested election" shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the Secretary as of the close of the applicable notice of nomination period set forth in Section 2.9 of these Bylaws or under applicable law, based on whether one or more notice(s) of nomination were timely filed in accordance with said Section 2.9; provided, however, that the determination that an election is a "contested election" shall be determinative only as to the timeliness of a notice of nomination and not otherwise as to its validity. If, prior to the time the Corporation mails its initial proxy statement in connection with such election of directors, one or more notices of nomination are withdrawn such that the number of candidates for election as director no longer exceeds the number of directors to be elected, the election shall not be considered a contested election, but in all other cases, once an election is determined to be a contested election, directors shall be elected by the vote of a plurality of the votes cast.

(B) If a nominee for director who is an incumbent director is not elected and no successor has been elected at such meeting, the director shall promptly tender his or her resignation to the Board of Directors in accordance with the agreement contemplated by clause (D) of Section 2.9 of these Bylaws. The Nominating and Corporate Governance Committee shall make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors shall act on the tendered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. The Nominating and Corporate Governance Committee in making its recommendation, and the Board of Directors in making its

decision, may each consider any factors or other information that it considers appropriate and relevant. The director who tenders his or her resignation shall not participate in the recommendation of the Nominating and Corporate Governance Committee or the decision of the Board of Directors with respect to his or her resignation. If such incumbent director's resignation is not accepted by the Board of Directors, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's resignation is accepted by the Board of Directors pursuant to this Bylaw, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 3.7 of these Bylaws or may decrease the size of the Board of Directors pursuant to the provisions of Section 3.2 of these Bylaws.

(C) Except as otherwise provided by law, the Certificate of Incorporation, or these Bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

SECTION 2.12. Inspectors of Elections; Opening and Closing the Polls. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may, but does not need to, include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The chairman of the meeting shall be appointed by the inspector or inspectors to fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

SECTION 2.13. No Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1. General Powers. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or

by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

SECTION 3.2. Number, Tenure and Qualifications . Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Whole Board. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

Commencing with the 2014 annual meeting of stockholders of the Corporation, the directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the term of office of the first class to expire at the 2015 annual meeting of stockholders, the term of office of the second class to expire at the 2016 annual meeting of stockholders and the term of office of the third class to expire at the 2017 annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the 2015 annual meeting, (i) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (ii) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

SECTION 3.3. Regular Meetings . The Board of Directors may, by resolution, provide the time and place for the holding of any regular meetings without other notice than such resolution.

SECTION 3.4. Special Meetings . Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board or a majority of the Board of Directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

SECTION 3.5. Notice . Notice of any special meeting of directors shall be given to each director at such person's business or residence in writing by hand delivery, first-class or overnight mail or courier service, telegram, email or facsimile transmission, or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, overnight mail or courier service, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company, or the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If by email, facsimile transmission, telephone or by hand, such notice shall be deemed adequately delivered when the notice is transmitted at least twelve (12) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 7.4 of these Bylaws.

SECTION 3.6. Chairman of the Board. The Chairman of the Board shall be chosen from among the directors and may be the Chief Executive Officer. The Chairman of the Board shall preside over all meetings of the Board of Directors and shall perform all duties incidental to the office which may be required by law and all such other duties as are properly required of the Chairman of the Board by the Board of Directors.

SECTION 3.7. Action by Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 3.8. Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.9. Quorum. Subject to Section 3.10 of these Bylaws, a whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 3.10. Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been appointed expires and until such director's successor shall have been duly elected and qualified.

SECTION 3.11. Committees. The Board of Directors may, by resolution adopted by a majority of the Whole Board, designate one or more committees, which shall consist of two or more directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee may to the extent permitted by law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from

voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such proceedings to the Board when required.

A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 3.5 of these Bylaws. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve, any such committee. Nothing herein shall be deemed to prevent the Board from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board.

SECTION 3.12. Removal. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least eighty percent (80%) of the voting power of the Voting Stock, voting together as a single class.

SECTION 3.13. Records. The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

ARTICLE IV

OFFICERS

SECTION 4.1. Elected Officers. The elected officers of the Corporation shall be a Chief Executive Officer, a President, a Secretary, a Treasurer, and such other officers (including, without limitation, a Chief Financial Officer) as the Board of Directors from time to time may deem proper. Any two or more offices may be held by the same individual. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. The Board or any committee thereof may from time to time elect, or the Chairman of the Board, the Chief Executive Officer or President may appoint, such other officers (including one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Secretaries, Assistant Treasurers, and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board or such committee or by the Chairman of the Board, the Chief Executive Officer or President, as the case may be.

SECTION 4.2. Election and Term of Office. The elected officers of the Corporation shall be elected by the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign.

SECTION 4.3. Chief Executive Officer. The Chief Executive Officer of the Corporation shall report directly to the Board. Except in such instances as the Board may confer powers in particular transactions upon any other officer, and subject to the control and direction of the Board, the Chief Executive Officer shall manage the business and affairs of the Corporation and shall communicate to the Board and any committee thereof reports, proposals and recommendations for their respective consideration or action. He may do and perform all acts on behalf of the Corporation. The Chief Executive Officer may also serve as Chairman of the Board and may also serve as President, if so elected by the Board.

SECTION 4.4. President. The President shall have such powers and perform such duties as the Board and the Chief Executive Officer may from time to time prescribe or as may be prescribed in these Bylaws.

SECTION 4.5. Executive Vice Presidents, Senior Vice Presidents and Vice Presidents. Each Executive Vice President, Senior Vice President and Vice President shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe or as may be described in these Bylaws.

SECTION 4.6. Chief Financial Officer. The Chief Financial Officer shall have such powers and perform such duties as the Board or the Chief Executive Officer may from time to time prescribe or as may be prescribed in these Bylaws. The Chief Financial Officer shall present to the Board such balance sheets, income statements, budgets and other financial statements and reports as the Board or the Chief Executive Officer may require and shall perform such other duties as may be prescribed or assigned pursuant to these Bylaws and all other acts incident to the position of Chief Financial Officer.

SECTION 4.7. Controller. The Controller shall be responsible for the maintenance of adequate accounting records of all assets, liabilities, capital and transactions of the Corporation. The Controller shall prepare such balance sheets, income statements, budgets and other financial statements and reports as the Board or the Chief Executive Officer or the Chief Financial Officer may require, and shall perform such other duties as may be prescribed or assigned pursuant to these Bylaws and all other acts incident to the position of Controller.

SECTION 4.8. Treasurer.

(A) The Treasurer shall have the care and custody of all the funds and securities of the Corporation except as may be otherwise ordered by the Board, and shall cause such funds (i) to be invested or reinvested from time to time for the benefit of the Corporation as may be designated by the Board or by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer, or (ii) to be deposited to the credit of the Corporation in such banks or depositories as may be designated by the Board or by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or

the Treasurer, and shall cause such securities to be placed in safekeeping in such manner as may be designated by the Board or by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer.

(B) The Treasurer or such other person or persons as may be designated for such purpose by the Board or by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer may endorse in the name and on behalf of the Corporation all instruments for the payment of money, bills of lading, warehouse receipts, insurance policies and other commercial documents requiring such endorsement.

(C) The Treasurer or such other person or persons as may be designated for such purpose by the Board or by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer, (i) may sign all receipts and vouchers for payments made to the Corporation; (ii) shall prepare a statement of the cash account of the Corporation to the Board as often as it shall require the same; and (iii) shall enter regularly in books to be kept for that purpose full and accurate account of all moneys received and paid on account of the Corporation and of all securities received and delivered by the Corporation.

(D) The Treasurer shall perform such other duties as may be prescribed or assigned pursuant to these Bylaws and all other acts incident to the position of Treasurer.

SECTION 4.9. Secretary. The Secretary shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; he shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board, the Chief Executive Officer or the President.

SECTION 4.10. Removal. Any officer elected, or agent appointed, by the Board of Directors may be removed from office with or without cause by the affirmative vote of a majority of the Whole Board. Any officer or agent appointed by the Chairman of the Board, the Chief Executive Officer or the President may be removed by such person with or without cause. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

SECTION 4.11. Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Board of Directors. Any vacancy in an office appointed by the Chairman of the Board, the Chief

Executive Officer or the President because of death, resignation, or removal may be filled by the Chairman of the Board, the Chief Executive Officer or the President.

ARTICLE V

STOCK CERTIFICATES AND TRANSFERS

SECTION 5.1. Certificated and Uncertificated Stock; Transfers. The interest of each stockholder of the Corporation may be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe or be uncertificated.

The shares of the stock of the Corporation shall be transferred on the books of the Corporation, in the case of certificated shares of stock, by the holder thereof in person or by his attorney duly authorized in writing, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require; and, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Notwithstanding anything to the contrary in these Bylaws, at all times that the Corporation's stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated form.

SECTION 5.2. Lost, Stolen or Destroyed Certificates. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and

on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer may in its or his discretion require.

SECTION 5.3. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

SECTION 5.4. Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE VI

INDEMNIFICATION

SECTION 6.1. Indemnification.

(A) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “Proceeding”), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was, at any time during which this Bylaw is in effect (whether or not such person continues to serve in such capacity at the time any indemnification or advancement of expenses pursuant hereto is sought or at the time any Proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was at any such time serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation (hereinafter, a “Covered Person”), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, trustee, employee or agent or in any other capacity while serving as a director, officer, trustee, employee or agent, shall be (and shall be deemed to have a contractual right to be) indemnified and held harmless by the Corporation (and any successor of the Corporation by merger or otherwise) to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended or modified from time to time (but, in the case of any such amendment or modification, only to the extent that such amendment or modification permits the Corporation to provide greater indemnification rights than said law permitted the Corporation to provide prior to such amendment or modification), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph (A) of Section 6.3, the Corporation shall indemnify any such person seeking indemnification in connection with a Proceeding (or part thereof) initiated

by such person only if such Proceeding (or part thereof) was authorized by the Board of Directors.

(B) To obtain indemnification under this Bylaw, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by a majority vote of the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the Proceeding for which indemnification is claimed a "Change of Control" as defined in the Corporation's Incentive Stock Plan, in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten (10) days after such determination.

SECTION 6.2. Mandatory Advancement of Expenses. To the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended or modified from time to time (but, in the case of any such amendment or modification, only to the extent that such amendment or modification permits the Corporation to provide greater rights to advancement of expenses than said law permitted the Corporation to provide prior to such amendment or modification), each Covered Person shall have (and shall be deemed to have a contractual right to have) the right, without the need for any action by the Board of Directors, to be paid by the Corporation (and any successor of the Corporation by merger or otherwise) the expenses incurred in connection with any Proceeding in advance of its final disposition, such advances to be paid by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, the "Undertaking") by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal (a "final disposition") that such director or officer is not entitled to be indemnified for such expenses under this Bylaw or otherwise.

SECTION 6.3. Claims.

(A) (1) If a claim for indemnification under this Article VI is not paid in full by the Corporation within thirty (30) days after a written claim pursuant to Section 6.1(B) of these Bylaws has been received by the Corporation, or (2) if a request for advancement of expenses under this Article VI is not paid in full by the Corporation within twenty (20) days after a statement pursuant to Section 6.2 of these Bylaws and the required Undertaking, if any, have been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim for indemnification or request for advancement of expenses and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action that, under the General Corporation Law of the State of Delaware, the claimant has not met the standard of conduct which makes it permissible for the Corporation to indemnify the claimant for the amount claimed or that the claimant is not entitled to the requested advancement of expenses, but (except where the required Undertaking, if any, has not been tendered to the Corporation) the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(B) If a determination shall have been made pursuant to Section 6.1(B) of these Bylaws that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to paragraph (A) of this Section 6.3.

(C) The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to paragraph (A) of this Section 6.3 that the procedures and presumptions of this Bylaw are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Bylaw.

SECTION 6.4. Contract Rights; Amendment and Repeal; Non-exclusivity of Rights.

(A) All of the rights conferred in this Article VI, as to indemnification, advancement of expenses and otherwise, shall be contract rights between the Corporation and each Covered Person to whom such rights are extended that vest at the commencement of such Covered Person's service to or at the request of the Corporation and (x) any amendment or modification of this Article VI that in any way diminishes or adversely affects any such rights shall be prospective only and shall not in any way diminish or adversely affect any such rights with respect to such person, and (y) all of such rights shall continue as to any such Covered Person who has ceased to be a director or officer of the Corporation or ceased to serve at the Corporation's request as a director, officer, trustee, employee or agent of another corporation,

partnership, joint venture, trust or other enterprise, as described herein, and shall inure to the benefit of such Covered Person's heirs, executors and administrators.

(B) All of the rights conferred in this Article VI, as to indemnification, advancement of expenses and otherwise, (i) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise and (ii) cannot be terminated by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a person's service prior to the date of such termination.

SECTION 6.5. Insurance, Other Indemnification and Advancement of Expenses

(A) The Corporation may maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (B) of this Section 6.5, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee or agent.

(B) The Corporation may, to the extent authorized from time to time by the Board of Directors or the Chief Executive Officer, grant rights to indemnification and rights to advancement of expenses incurred in connection with any Proceeding in advance of its final disposition, to any current or former employee or agent of the Corporation to the fullest extent of the provisions of this Bylaw with respect to the indemnification and advancement of expenses of current or former directors and officers of the Corporation.

SECTION 6.6. Definitions. For purposes of this Bylaw:

- (1) “Disinterested Director” means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.
- (2) “Independent Counsel” means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under this Bylaw.

Any notice, request or other communication required or permitted to be given to the Corporation under this Bylaw shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

SECTION 6.7. Severability. If any provision or provisions of this Bylaw shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Bylaw (including, without limitation, each portion of any paragraph of this Bylaw containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Bylaw (including, without limitation, each such portion of any paragraph of this Bylaw containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

ARTICLE VII

MISCELLANEOUS PROVISIONS

SECTION 7.1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

SECTION 7.2. Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation.

SECTION 7.3. Seal. The corporate seal shall have enscribed thereon the words "Corporate Seal", the year of incorporation and around the margin thereof the words "Rayonier Holding Company - Delaware]."

SECTION 7.4. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the General Corporation Law of the State of Delaware or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting.

SECTION 7.5. Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be done annually.

SECTION 7.6. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the Chief Executive Officer, the President, or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer, the President, or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

ARTICLE VIII

CONTRACTS, PROXIES, ETC.

SECTION 8.1. Contracts. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, the Chief Executive Officer, the President or any Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the Chief Executive Officer, the President or any Vice President of the Corporation may delegate contractual powers to others under his jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

SECTION 8.2. Proxies. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE IX

AMENDMENTS

SECTION 9.1. Amendments. These Bylaws may be altered, amended or repealed, in whole or in part, and new Bylaws may be adopted, (i) by the affirmative vote of shares representing a majority of voting power of all of the Voting Stock, voting together as a single class; provided, however, that any proposed alteration, amendment or repeal of, or the adoption of any Bylaw inconsistent with, Section 2.2, Section 2.13, Section 3.2, Section 3.10, Section 3.12, Article VI or this Article IX of the Bylaws (in each case, as in effect on the date hereof), or the alteration, amendment or repeal of, or the adoption of any provision inconsistent with this sentence, may only be made by the affirmative vote of shares representing not less than eighty percent (80%) of the voting power of all of the Voting Stock, voting together as a single class; and provided further, however, that in the case of any such stockholder action at a meeting of stockholders, notice of the proposed alteration, amendment, repeal or adoption of the new Bylaw or Bylaws must be contained in the notice of such meeting, or (ii) by action of the Board of Directors of the Corporation.

TRANSITION SERVICES AGREEMENT

BY AND BETWEEN

RAYONIER INC.

AND

RAYONIER HOLDING COMPANY

DATED AS OF [•], 2014

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	1
Section 1.01. Definitions	1
ARTICLE II SERVICES	5
Section 2.01. Services	5
Section 2.02. Performance of Services	5
Section 2.03. Charges for Services	7
Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses	7
Section 2.05. Changes in the Performance of Services	7
Section 2.06. Transitional Nature of Services	8
Section 2.07. Subcontracting	8
ARTICLE III OTHER ARRANGEMENTS	8
Section 3.01. Access	8
ARTICLE IV BILLING; TAXES	9
Section 4.01. Procedure	9
Section 4.02. Late Payments	9
Section 4.03. Taxes	10
Section 4.04. No Set-Off	10
ARTICLE V TERM AND TERMINATION	10
Section 5.01. Term	10
Section 5.02. Early Termination	10
Section 5.03. Interdependencies	11
Section 5.04. Effect of Termination	11
Section 5.05. Information Transmission	11
ARTICLE VI CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS	12
Section 6.01. Rayonier and SpinCo Obligations	12
Section 6.02. No Release; Return or Destruction	12
Section 6.03. Privacy and Data Protection Laws	13
Section 6.04. Protective Arrangements	13
ARTICLE VII LIMITED LIABILITY AND INDEMNIFICATION	13
Section 7.01. Limitations on Liability	13
Section 7.02. Obligation to Re-Perform; Liabilities	14

TABLE OF CONTENTS
(continued)

Section 7.03. Third-Party Claims	14
Section 7.04. Provider Indemnity	14
Section 7.05. Indemnification Procedures	15
ARTICLE VIII TRANSITION COMMITTEE	15
Section 8.01. Establishment	15
ARTICLE IX MISCELLANEOUS	15
Section 9.01. Mutual Cooperation	15
Section 9.02. Further Assurances	15
Section 9.03. Audit Assistance	15
Section 9.04. Title to Intellectual Property	15
Section 9.05. Independent Contractors	16
Section 9.06. Counterparts; Entire Agreement; Corporate Power	16
Section 9.07. Governing Law	17
Section 9.08. Assignability	17
Section 9.09. Third-Party Beneficiaries	17
Section 9.10. Notices	17
Section 9.11. Severability	18
Section 9.12. Force Majeure	18
Section 9.13. Headings	19
Section 9.14. Survival of Covenants	19
Section 9.15. Waivers of Default	19
Section 9.16. Dispute Resolution	19
Section 9.17. Specific Performance	20
Section 9.18. Amendments	20
Section 9.19. Interpretation	20
Section 9.20. Mutual Drafting	21

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of [•], 2014 (this “Agreement”), is by and between Rayonier Inc., a North Carolina corporation (“Rayonier”), and Rayonier Holding Company, 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, in order to facilitate and provide for an orderly transition in connection with the Separation and the Distribution, the Parties desire to enter into this Agreement to set forth the terms and conditions pursuant to which each of the Parties shall provide to the other Party the Services for a transitional period.

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:

“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.

“ Charge ” and “ Charges ” have the meaning set forth in Section 2.03.

“ Code ” shall mean the Internal Revenue Code of 1986, as amended.

“ Confidential Information ” means all Information that is either confidential or proprietary.

“ Dispute ” has the meaning set forth in Section 9.16(a).

“ 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.

“ Force Majeure ” shall mean, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party’s response thereto, shall not be deemed an event of Force Majeure.

“ 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.

“ Information ” shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“Intellectual Property Agreement” shall mean the Intellectual Property Agreement to be entered into by and between Rayonier and SpinCo or their respective Subsidiaries in connection with the Separation, the Distribution or the other transactions contemplated by the Separation and Distribution Agreement.

“Interest Payment” has the meaning set forth in Section 4.02.

“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.

“Level of Service” has the meaning set forth in Section 2.02(c).

“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.

“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.

“Minimum Service Period” means the period commencing on the Distribution Date and ending ninety (90) days after the Distribution Date.

“Parties” means the parties to this Agreement.

“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.

“Provider” means, with respect to any Service, the entity or entities identified on Schedule 1 hereto as the “Provider” of such Service.

“Provider Indemnitees” has the meaning set forth in Section 7.03.

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

“Recipient” means, with respect to any Service, the entity or entities identified on Schedule 1 hereto as the “Recipient” of such Service.

“Recipient Indemnitees” has the meaning set forth in Section 7.04.

“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.

“Representatives” shall mean, with respect to any Person, any of such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

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

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

“Service Baseline Period” has the meaning set forth in Section 2.02(c).

“Service Period” means, with respect to any Service, the period commencing on the Distribution Date and ending on the earlier of (a) the date that a Party terminates the provision of such Service pursuant to Section 5.02 and (b) the date that is the second anniversary of the Distribution Date.

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

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

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

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

“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.

“Tax” has the meaning set forth in the Tax Matters Agreement.

“Tax Matters Agreement” shall mean the Tax Matters Agreement to be entered into by and between Rayonier and SpinCo or their respective Subsidiaries in connection with the Separation, the Distribution or the other transactions contemplated by the Separation and Distribution Agreement.

“Taxing Authority” has the meaning set forth in the Tax Matters Agreement.

“Termination Charges” shall mean, with respect to the termination of any Service pursuant to Section 5.02(a)(i), the sum of (a) any and all costs, fees and expenses (other than any severance or retention costs) payable by the Provider of such Service to a Third Party principally because of the early termination of such Service; provided, however, that the Provider shall use commercially reasonable efforts to minimize any costs, fees or expenses payable to any Third Party in connection with such early termination of such Service and credit any such reductions against the Termination Charges payable by the Recipient; and (b) any additional severance and retention costs, if any, because of the early termination of such Service that the Provider of such terminated Service incurs to employees who had been retained primarily to provide such terminated Service (it being agreed that the costs set forth in this clause (b) shall only be the amount, if any, in excess of the severance and retention costs that such Provider would have paid to such employees if the Service had been provided for the full period during which such Service would have been provided hereunder but for such early termination).

“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.

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

ARTICLE II SERVICES

Section 2.01. Services. Commencing as of the Effective Time, the Provider agrees to provide, or to cause one or more of its Subsidiaries to provide, to the Recipient, or any Subsidiary of the Recipient, the applicable services (the “Services”) set forth on Schedule 1 hereto.

Section 2.02. Performance of Services.

(a) The Provider shall perform, or shall cause one or more of its Subsidiaries to perform, all Services to be provided by the Provider in a manner that is based on its past practice and that is substantially similar in all material respects to the analogous services

provided by or on behalf of Rayonier or any of its Subsidiaries to Rayonier or its applicable functional group or Subsidiary prior to the Effective Time.

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent that the manner of such performance would constitute a violation of any applicable Law or any existing contract or agreement with a Third Party. If the Provider is or becomes aware of any potential violation on the part of the Provider, the Provider shall use commercially reasonable efforts to promptly advise the Recipient of such potential violation, and the Provider and the Recipient will mutually seek an alternative that addresses such potential violation. The Parties agree to cooperate in good faith and use commercially reasonable efforts to obtain any necessary Third Party consents required under any existing contract or agreement with a Third Party to allow the Provider to perform, or cause to be performed, all Services to be provided by the Provider hereunder in accordance with the standards set forth in this Section 2.02. Unless otherwise agreed in writing by the Parties, all reasonable out-of-pocket costs and expenses (if any) incurred by any Party or any of its Subsidiaries in connection with obtaining any such Third Party consent that is required to allow the Provider to perform or cause to be performed such Services shall be divided proportionately between the Provider and the Recipient in accordance with such Parties' respective utilization of such Services at such time. If, with respect to a Service, the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required Third Party consent, or the performance of such Service by the Provider would constitute a violation of any applicable Law, the Provider shall have no obligation whatsoever to perform or cause to be performed such Service.

(c) The Provider shall not be obligated to perform or to cause to be performed any Service in a manner that is materially more burdensome (with respect to service quality or quantity) than analogous services provided to Rayonier or its applicable functional group or Subsidiary (collectively referred to as the "Level of Service") during calendar year 2013 (the "Service Baseline Period"). If the Recipient requests that the Provider perform or cause to be performed any Service that exceeds the Level of Service during the Service Baseline Period, then the Parties shall cooperate and act in good faith to determine whether the Provider will be required to provide such requested higher Level of Service. If the Parties determine that the Provider shall provide the requested higher Level of Service, then such higher Level of Service shall be documented in a written agreement signed by the Parties. Each amended section of Schedule 1 hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such written agreement and the Level of Service increases set forth in such written agreement shall be deemed a part of the "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(d) (i) Neither the Provider nor any of its Subsidiaries shall be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the Recipient and its Subsidiaries, and (ii) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 2.02 OR SECTION 7.04, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, THAT THE RECIPIENT ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT THE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS

OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(e) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any action in violation of any such applicable Law that results in Liability being imposed on the other Party.

Section 2.03. Charges for Services. The Recipient shall pay the Provider of the Services a monthly fee for such Services (or category of Services, as applicable) (each fee constituting a “ Charge ” and, collectively, “ Charges ”), which Charges shall be agreed to by the Parties from time to time. During the term of this Agreement, the amount of a Charge for any Service may be modified to the extent of (a) any adjustments mutually agreed to by the Parties, (b) any adjustments due to a change in Level of Service requested by the Recipient and agreed upon by the Provider, and (c) any adjustment in the rates or charges imposed by any Third Party provider that is providing Services (proportional to the respective use of such Services by each Party). Together with any monthly invoice for Charges, the Provider shall provide the Recipient with reasonable documentation, including any additional documentation reasonably requested by the Recipient to the extent that such documentation is in the Provider’s or its Subsidiaries’ possession or control, to support the calculation of such Charges.

Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses. The Recipient shall reimburse the Provider for reasonable out-of-pocket costs and expenses incurred by the Provider or any of its Subsidiaries in connection with providing the Services (including reasonable travel-related expenses) to the extent that such costs and expenses are not reflected in the Charges for such Services; provided, however, that any such cost or expense in excess of five hundred dollars (\$500.00), in the aggregate, that is not consistent with historical practice between the Parties for any Service (including business travel and related expenses) shall require advance written approval of the Recipient. Any authorized travel-related expenses incurred in performing the Services shall be incurred and charged to the Recipient in accordance with the Provider’s then-applicable business travel policies.

Section 2.05. Changes in the Performance of Services. Subject to the performance standards for Services set forth in Sections 2.02(a), 2.02(b) and 2.02(c), the Provider may make changes from time to time in the manner of performing the Services if the Provider is making similar changes in performing analogous services for itself and if the Provider furnishes to the Recipient reasonable prior written notice (in content and timing) of such changes. No such change shall materially adversely affect the timeliness or quality of, or the Charges for, the applicable Service. If any such change by the Provider reasonably requires the Recipient to incur an increase in costs and expenses of at least five percent (5%), in the aggregate, in order to continue to receive and utilize the applicable Services in the same manner as the Recipient was receiving and utilizing such Service prior to such change, the Provider shall be required to

reimburse the Recipient for all such reasonable increase in costs and expenses. Upon request, the Recipient shall provide the Provider with reasonable documentation, including any additional documentation reasonably requested by the Provider to the extent such documentation is in the Recipient's or its Subsidiaries' possession or control, to support the calculation of such increase in costs and expenses.

Section 2.06. Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and agree to cooperate in good faith and to use commercially reasonable efforts to effectuate a smooth transition of the Services from the Provider to the Recipient (or its designee).

Section 2.07. Subcontracting. A Provider may hire or engage one or more Third Parties to perform any or all of its obligations under this Agreement; provided, however, that (a) such Provider shall use the same degree of care (but at least reasonable care) in selecting each of such Third Party as it would if such Third Party was being retained to provide similar services to the Provider and (b) such Provider shall in all cases remain primarily responsible for all of its obligations under this Agreement with respect to the scope of the Services, the performance standard for Services set forth in Sections 2.02(a), 2.02(b) and 2.02(c) and the content of the Services provided to the Recipient. Subject to the confidentiality provisions set forth in Article VI, each Party shall, and shall cause their respective Affiliates to, provide, upon ten (10) Business Days' prior written notice from the other Party, any Information within such Party's or its Affiliates' possession that the requesting Party reasonably requests in connection with any Services being provided to such requesting Party by a Third Party, including any applicable invoices, agreements documenting the arrangements between such Third Party and the Provider and other supporting documentation; provided, further, however, that each Party shall make no more than one such request during any calendar quarter.

ARTICLE III OTHER ARRANGEMENTS

Section 3.01. Access.

(a) SpinCo shall, and shall cause its Subsidiaries to, allow Rayonier and its Subsidiaries and their respective Representatives reasonable access to the facilities of SpinCo and its Subsidiaries that is necessary for Rayonier and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, SpinCo shall, and shall cause its Subsidiaries to, afford Rayonier, its Subsidiaries and their respective Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of SpinCo and its Subsidiaries as reasonably necessary for Rayonier to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by SpinCo or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of SpinCo or any of its Subsidiaries and (ii) in the event that SpinCo determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a

manner that avoids each of such harm and consequence. Rayonier agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of SpinCo or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of SpinCo or its Subsidiaries, conform to the policies and procedures of SpinCo and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to Rayonier from time to time.

(b) Rayonier shall, and shall cause its Subsidiaries to, allow SpinCo and its Subsidiaries and their respective Representatives reasonable access to the facilities of Rayonier and its Subsidiaries that is necessary for SpinCo and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, Rayonier shall, and shall cause its Subsidiaries to, afford SpinCo, its Subsidiaries and their respective Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Rayonier and its Subsidiaries as reasonably necessary for SpinCo to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by Rayonier or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of Rayonier or any of its Subsidiaries and (ii) in the event that Rayonier determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids each of such harm and consequence. SpinCo agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Rayonier or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Rayonier or its Subsidiaries, conform to the policies and procedures of Rayonier and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to SpinCo from time to time.

ARTICLE IV BILLING; TAXES

Section 4.01. Procedure. Charges for the Services shall be charged to and payable by the Recipient. Amounts payable pursuant to this Agreement shall be paid by wire transfer (or such other method of payment as may be agreed between the Parties from time to time) to the Provider (as directed by the Provider), on a monthly basis, which amounts shall be due within fifteen (15) days of the Recipient's receipt of each such invoice, including reasonable documentation pursuant to Section 2.03. All amounts due and payable hereunder shall be invoiced and paid in U.S. dollars.

Section 4.02. Late Payments. Charges not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within fifteen (15) days of the receipt of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%) or the maximum rate under applicable Law, whichever is lower (the "Interest Payment").

Section 4.03. Taxes. Without limiting any provisions of this Agreement, the Recipient shall bear any and all Taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any fees or charges, including any Charges, payable by it pursuant to this Agreement, including all sales, use, value-added, and similar Taxes, but excluding Taxes based on the Provider's net income and any excise taxes imposed under Section 4981 of the Code. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, the Recipient shall be entitled to withhold from any payments to the Provider any such Taxes that the Recipient is required by applicable Law to withhold and shall pay such Taxes to the applicable Taxing Authority.

Section 4.04. No Set-Off. Except as mutually agreed to in writing by Rayonier and SpinCo, no Party or any of its Affiliates shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

ARTICLE V TERM AND TERMINATION

Section 5.01. Term. This Agreement shall commence at the Effective Time and shall terminate upon the earlier to occur of (a) the last date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement; and (b) the mutual written agreement of the Parties to terminate this Agreement in its entirety. Unless otherwise terminated pursuant to Section 5.02, this Agreement shall terminate with respect to each Service as of the close of business on the last day of the Service Period for such Service. To the extent that the Provider's ability to provide a Service is dependent on the continuation of a specified Service, the Provider's obligation to provide such dependent Service shall terminate automatically with the termination of such supporting Service.

Section 5.02. Early Termination.

(a) Without prejudice to the Recipient's rights with respect to Force Majeure, the Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service but not a portion thereof:

(i) subsequent to the end of the Minimum Service Period, for any reason or no reason, upon the giving of at least thirty (30) days' prior written notice to the Provider of such Service (it being agreed that such notice may not be delivered prior to the end of the Minimum Service Period); provided, however, that any such termination (x) may only be effective as of the last day of a month and (y) shall be subject to the obligation to pay any applicable Termination Charges pursuant to Section 5.04; or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to exist thirty (30) days after receipt by the Provider of written notice of such failure from the Recipient; provided, however, that any such termination may only be effective as of the last day of a month; and provided, further, that the Recipient shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such thirty (30)-day

period, there remains a good-faith Dispute between the Parties (undertaken in accordance with the terms of Section 9.16) as to whether the Provider has cured the applicable breach.

(b) The Provider may terminate this Agreement with respect to any individual Service, but not a portion thereof, at any time upon prior written notice to the Recipient if the Recipient has failed to perform any of its material obligations under this Agreement relating to such Service, including making payment of Charges for such Service when due, and such failure shall continue uncured for a period of thirty (30) days after receipt by the Recipient of a written notice of such failure from the Provider; provided, however, that any such termination may only be effective as of the last day of a month; and provided, further, that the Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such thirty (30)-day period, there remains a good-faith Dispute between the Parties (undertaken in accordance with the terms of Section 9.16) as to whether the Recipient has cured the applicable breach. Schedule 1 hereto shall be updated to reflect any terminated Service.

Section 5.03. Interdependencies. The Parties acknowledge and agree that (a) there may be interdependencies among the Services being provided under this Agreement; (b) upon the request of either Party, the Parties shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that a Party is seeking to terminate pursuant to Section 5.02 and (ii) in the case of such termination, the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination of another Service; and (c) in the event that the Parties have determined that such interdependencies exist (and, in the case of such termination that the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination), the Parties shall negotiate in good faith to amend Schedule 1 hereto with respect to such termination of such impacted Service, which amendment shall be consistent with the terms of comparable Services.

Section 5.04. Effect of Termination. Upon the termination of any Service pursuant to this Agreement, the Provider of the terminated Service shall have no further obligation to provide the terminated Service, and the Recipient of such Service shall have no obligation to pay any future Charges relating to such Service; provided, however, that the Recipient shall remain obligated to the Provider for (a) the Charges owed and payable in respect of Services provided prior to the effective date of termination for such Service, and (b) any applicable Termination Charges (which, in the case of each of clauses (a) and (b), shall be payable only in the event that the Recipient terminates any Service pursuant to Section 5.02(a)(i)). In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, Article I, this Article V, Article VII and Article IX, all confidentiality obligations under this Agreement and Liability for all due and unpaid Charges, and Termination Charges shall continue to survive indefinitely.

Section 5.05. Information Transmission. The Provider, on behalf of itself and its respective Subsidiaries, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the Recipient, in accordance with Section 6.1 of the Separation and Distribution Agreement, any Information received or computed by the Provider for the benefit of the Recipient concerning the relevant Service during the Service Period;

provided, however, that, except as otherwise agreed to in writing by the Parties (a) the Provider shall not have any obligation to provide, or cause to be provided, Information in any non-standard format, (b) the Provider and its Subsidiaries shall be reimbursed for their reasonable costs in accordance with Section 6.3 of the Separation and Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) the Provider shall use commercially reasonable efforts to maintain any such Information in accordance with Section 6.4 of the Separation and Distribution Agreement.

ARTICLE VI CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 6.01. Rayonier and SpinCo Obligations. Subject to Section 6.04, until the five (5)-year anniversary of the date of the termination of this Agreement in its entirety, each of Rayonier and SpinCo, on behalf of itself and each of its Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Rayonier's Confidential Information pursuant to policies in effect as of the Effective Time, all Confidential Information concerning the other Party or its Subsidiaries or their respective businesses that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by such other Party or such other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement, and shall not use any such Confidential Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Confidential Information has been (a) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information; or (c) independently developed or generated without reference to or use of the Confidential Information of the other Party or any of its Subsidiaries. If any Confidential Information of a Party or any of its Subsidiaries is disclosed to the other Party or any of its Subsidiaries in connection with providing the Services, then such disclosed Confidential Information shall be used only as required to perform such Services.

Section 6.02. No Release; Return or Destruction. Each Party agrees (a) not to release or disclose, or permit to be released or disclosed, any Confidential Information of the other Party addressed in Section 6.01 to any other Person, except its Representatives who need to know such Confidential Information in their capacities as such (whom shall be advised of their obligations hereunder with respect to such Confidential Information) and except in compliance with Section 6.04, and (b) to use commercially reasonable efforts to maintain such Confidential Information in accordance with Section 6.4 of the Separation and Distribution Agreement. Without limiting the foregoing, when any such Confidential Information is no longer needed for the purposes contemplated by the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreements, each Party will promptly after request of the other Party either return to the other Party all such Confidential Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon).

Section 6.03. Privacy and Data Protection Laws. Each Party shall comply with all applicable state, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of the Services under this Agreement.

Section 6.04. Protective Arrangements. In the event that a Party or any of its Subsidiaries either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any of its Subsidiaries) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII LIMITED LIABILITY AND INDEMNIFICATION

Section 7.01. Limitations on Liability.

(a) SUBJECT TO SECTION 7.02, THE LIABILITIES OF THE PROVIDER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION HERewith (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED (X) IF THE SERVICES WERE PERFORMED BY SUCH PROVIDER FOR ONE YEAR OR LESS, THE AGGREGATE CHARGES PAID AND PAYABLE TO SUCH PROVIDER BY THE RECIPIENT PURSUANT TO THIS AGREEMENT OR (Y) IF THE SERVICES WERE PERFORMED BY SUCH PROVIDER FOR MORE THAN ONE YEAR, THE AGGREGATE CHARGES PAID AND PAYABLE TO SUCH PROVIDER BY THE RECIPIENT PURSUANT TO THIS AGREEMENT DURING THE TWELVE (12)-MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO SUCH LIABILITIES.

(b) IN NO EVENT SHALL EITHER PARTY, ITS SUBSIDIARIES 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, ITS SUBSIDIARIES AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

(c) The limitations in Section 7.01(a) and Section 7.01(b) shall not apply in respect of any Liability arising out of or in connection with (i) either Party's Liability for breaches of confidentiality under Article VI, (ii) either Party's obligations under Section 7.03 or 7.04, or (iii) the gross negligence, willful misconduct, or fraud of or by the Party to be charged.

Section 7.02. Obligation to Re-Perform; Liabilities. In the event of any breach of this Agreement by the Provider with respect to the provision of any Services (with respect to which the Provider can reasonably be expected to re-perform in a commercially reasonable manner), the Provider shall (a) promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of the Recipient and at the sole cost and expense of the Provider and (b) subject to the limitations set forth in Section 7.01, reimburse the Recipient and its Subsidiaries and Representatives for Liabilities attributable to such breach by the Provider. The remedy set forth in this Section 7.02 shall be the sole and exclusive remedy of the Recipient for any such breach of this Agreement; provided, however, that the foregoing shall not prohibit the Recipient from exercising its right to terminate this Agreement in accordance with the provisions of Section 5.02(a)(ii). Any request for re-performance in accordance with this Section 7.02 by the Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than one month from the later of (x) the date on which such breach occurred and (y) the date on which such breach was reasonably discovered by the Recipient.

Section 7.03. Third-Party Claims. 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, the Recipient shall indemnify, defend and hold harmless the Provider, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Provider Indemnitees"), from and against any and all claims of Third Parties relating to, arising out of or resulting from the Provider's furnishing or failing to furnish the Services provided for in this Agreement, other than (a) Third Party Claims arising out of the gross negligence, willful misconduct or fraud of any Provider Indemnatee and (b) as set forth in Section 2.02(b).

Section 7.04. Provider Indemnity. 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, the Provider shall indemnify, defend and hold harmless the Recipient, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Recipient Indemnitees"), from and against any and all Liabilities relating to, arising out of or resulting from the sale, delivery, provision or use of any Services provided by such Provider hereunder, but only to the extent that such Liability relates to, arises out of or results from the Provider's gross negligence, willful misconduct or fraud.

Section 7.05. 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 VIII TRANSITION COMMITTEE

Section 8.01. Establishment. Pursuant to the Separation and Distribution Agreement, a Transition Committee is to be established by Rayonier and SpinCo to, among other things, monitor and manage matters arising out of or resulting from this Agreement. Without limiting the generality of the foregoing, each Party shall cause each member of the Transition Committee who is an employee, agent or other Representative of such Party to work in good faith to resolve any Dispute arising out of or relating in any way to this Agreement.

ARTICLE IX MISCELLANEOUS

Section 9.01. Mutual Cooperation. Each Party shall, and shall cause its Subsidiaries to, cooperate with the other Party and its Subsidiaries in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of such Party or its Subsidiaries; and, provided, further, that this Section 9.01 shall not require such Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed to in writing by the Parties.

Section 9.02. 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 9.03. Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority (including a Taxing Authority), standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under applicable Law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party's or its Subsidiary's books, records, documents or accounting practices and procedures pursuant to such applicable Law, standards or contract provisions, and such examination or audit relates to the Services, then the other Party shall provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for Information, to the extent that such assistance or Information is within the reasonable control of the cooperating Party and is related to the Services.

Section 9.04. Title to Intellectual Property. Except as expressly provided for under the terms of this Agreement, the Separation and Distribution Agreement or the Intellectual Property Agreement, the Recipient acknowledges that it shall acquire no right, title or interest (including

any license rights or rights of use) in any intellectual property which is owned or licensed by the Provider, by reason of the provision of the Services hereunder. The Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by the Provider, and the Recipient shall reproduce any such notices on any and all copies thereof. The Recipient shall not attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by the Provider, and the Recipient shall promptly notify the Provider of any such attempt, regardless of whether by the Recipient or any Third Party, of which the Recipient becomes aware.

Section 9.05. Independent Contractors. The Parties each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship between the Parties. Employees performing services hereunder do so on behalf of, under the direction of, and as employees of, the Provider, and the Recipient shall have no right, power or authority to direct such employees.

Section 9.06. 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 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.

(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 9.07. 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 9.08. 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 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 of its Subsidiaries from being party to or undertaking a change of control.

Section 9.09. Third-Party Beneficiaries. Except as provided in Article VII with respect to the Provider 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 9.10. 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 9.10):

If to Rayonier, to:

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: (904) 598-2250

and

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: (904) 357-9101

If to SpinCo, to:

Rayonier Holding Company
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: [•]

and

Rayonier Holding Company
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 9.11. 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 9.12. Force Majeure. No Party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation hereunder (other than the obligation to pay money)

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 (other than the obligation to pay money) shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated under Article V or under this Section 9.12. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such Force Majeure, (a) provide written notice to the other Party of the nature and extent of such Force Majeure; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable (and in no event later than the date that the affected Party resumes providing analogous services to, or otherwise resumes analogous performance under any other agreement for, itself, its Affiliates or any Third Party) unless this Agreement has previously been terminated under Article V or this Section 9.12. The Recipient shall be (i) relieved of the obligation to pay Charges for the affected Service(s) throughout the duration of such Force Majeure and (ii) entitled to permanently terminate such Service(s) if the delay or failure in providing such Services because of a Force Majeure shall continue to exist for more than thirty (30) consecutive days (it being understood that the Recipient shall not be required to provide any advance notice of such termination to the Provider).

Section 9.13. 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 9.14. 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 9.15. 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 9.16. Dispute Resolution.

(a) In the event of any controversy, dispute or claim (a “Dispute”) (i) arising out of or relating to any Party’s rights or obligations under this Agreement (whether arising in contract, tort or otherwise), calculation or allocation of the costs of any Service or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement) and (ii) that is not resolved by the Transition Committee after a reasonable period of time, such Dispute shall be resolved in accordance with the dispute resolution process referred to in Article VII of the Separation and Distribution Agreement.

(b) In any Dispute regarding the amount of a Charge or a Termination Charge, if such Dispute is finally resolved by the Transition Committee or pursuant to the dispute

resolution process set forth or referred to in Section 9.16(a) and it is determined that the Charge or the Termination Charge, as applicable, that the Provider has invoiced the Recipient, and that the Recipient has paid to the Provider, is greater or less than the amount that the Charge or the Termination Charge, as applicable, should have been, then (i) if it is determined that the Recipient has overpaid the Charge or the Termination Charge, as applicable, the Provider shall within five (5) business days after such determination reimburse the Recipient an amount of cash equal to such overpayment, plus the Interest Payment, accruing from the date of payment by the Recipient to the time of reimbursement by the Provider; and (ii) if it is determined that the Recipient has underpaid the Charge or the Termination Charge, as applicable, the Recipient shall within five (5) business days after such determination reimburse the Provider an amount of cash equal to such underpayment, plus the Interest Payment, accruing from the date such payment originally should have been made by the Recipient to the time of payment by the Recipient.

Section 9.17. Specific Performance. Subject to Section 9.16, 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. Unless otherwise agreed in writing, the Parties shall continue to provide Services and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of Section 9.16 and this Section 9.17 with respect to all matters not subject to such Dispute; provided, however, that this obligation shall only exist during the term of this Agreement.

Section 9.18. Amendments. No provisions of this Agreement or any Ancillary 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 9.19. 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 9.20. Mutual Drafting. 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 HOLDING COMPANY

By: _____
Name:
Title:

[SIGNATURE PAGE TO TRANSITION SERVICES AGREEMENT]

TAX MATTERS AGREEMENT

BY AND BETWEEN

RAYONIER INC.

AND

RAYONIER HOLDING COMPANY

DATED AS OF [•]

TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT (this “Agreement”), dated as of [•], is by and between Rayonier Inc., a North Carolina corporation (“Rayonier”), Rayonier Holding Company, a Delaware corporation (“SpinCo”), Rayonier TRS Holdings Inc., a wholly owned Subsidiary of Rayonier (“TRS”), and Rayonier Products LLC, a Delaware Limited Liability Company and wholly owned subsidiary of TRS (“Products”). Each of Rayonier, SpinCo, TRS, and Products is sometimes referred to herein as a “Party” and, collectively, as the “Parties.”

WHEREAS, Rayonier has elected to be classified as a real estate investment trust within the meaning of Section 856(a) of the Code;

WHEREAS, Products has elected to be treated as a corporation for U.S. federal income tax purposes;

WHEREAS, Rayonier, through its various Subsidiaries, is engaged in the Rayonier Business and the SpinCo Business;

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

WHEREAS, Rayonier and SpinCo have entered into the Separation and Distribution Agreement pursuant to which (a) Rayonier will, and will cause its Subsidiaries to, transfer certain assets, liabilities, Subsidiaries and businesses of Rayonier and its Subsidiaries to SpinCo and its Subsidiaries pursuant to the Plan of Reorganization, as a result of which SpinCo will own, directly and through its Subsidiaries, the SpinCo Business (the “Restructuring”), and (b) Rayonier will distribute all of the stock of SpinCo to its shareholders (the “Distribution”) as described therein;

WHEREAS, prior to consummation of the Restructuring and the Distribution, TRS was the common parent corporation of an affiliated group of corporations within the meaning of Section 1504 of the Code;

WHEREAS, prior to consummation of the Restructuring and the Distribution, Products was a wholly owned Subsidiary of TRS;

WHEREAS, the Parties intend that, for U.S. federal income Tax purposes, certain steps of the Restructuring and the Distribution shall qualify as tax-free transactions pursuant to Sections 355, 368(a)(1)(D) and related provisions of the Code; and

WHEREAS, the Parties wish to (a) provide for the payment of Tax liabilities and entitlement to refunds thereof, (b) allocate responsibility for, and cooperation in, the filing of Tax Returns, and provide for certain other matters relating to Taxes, and (c) set forth certain covenants and indemnities relating to the preservation of the tax-free status of certain steps of the Restructuring and the Distribution.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.01. General. As used in this Agreement, the following terms shall have the following meanings:

“Accounting Firm” has the meaning set forth in Section 10.01(b).

“Adjustment” means any change in the Tax liability of a taxpayer, determined issue-by-issue or transaction-by-transaction, as the case may be.

“Agreement” has the meaning set forth in the preamble to this Agreement.

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

“Benefited Party” has the meaning set forth in Section 6.01(b) of this Agreement.

“Closing Date” means the date on which the Distribution occurs.

“Code” means the Internal Revenue Code of 1986, as amended from time to time (including corresponding provisions of any successor statute).

“Common Parent” means (i) for U.S. federal Income Tax purposes, the “common parent corporation” of an “affiliated group” (in each case, within the meaning of Section 1504 of the Code) filing a U.S. federal consolidated Income Tax Return, or (ii) for state, local or foreign income Tax purposes, the common parent (or the equivalent thereof) of a Tax Group.

“Disqualifying Action” means a Rayonier Disqualifying Action or a SpinCo Disqualifying Action.

“Distribution” has the meaning set forth in the preamble to this Agreement.

“Due Date” means (i) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Law and (ii) with respect to a payment of Taxes, the date on which such payment is required to be made to avoid the incurrence of interest, penalties and/or additions to Tax.

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

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

“Extraordinary Transaction” means any action that is not in the Ordinary Course of Business, but shall not include any action described in the Separation and Distribution Agreement or any Ancillary Agreement or that is undertaken pursuant to the Restructuring, the Distribution or the Plan of Reorganization.

“Fifty-Percent or Greater Interest” has the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code.

“Final Determination” means the final resolution of liability for any Tax Item or for the Tax liability for any taxable period, by or as a result of (i) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed; (ii) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the entire Tax liability for any taxable period; (iii) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund or credit may be recovered by the jurisdiction imposing the Tax; or (iv) any other final resolution, including by reason of the expiration of the applicable statute of limitations or the execution of a pre-filing agreement with the IRS or other Taxing Authority.

“Income Tax Return” means any Tax Return relating to Income Taxes.

“Income Taxes” means any Taxes based upon, measured by, or calculated with respect to: (A) net income or profits or net receipts (including, but not limited to, any capital gains, minimum Tax, any Tax on items of Tax preference, or any REIT Taxes, but not including sales, use, real or personal property, or transfer or similar Taxes) or (B) multiple bases (including corporate franchise, doing business and occupation Taxes) if one or more bases upon which such Tax may be based, measured by, or calculated with respect to, is described in clause (A).

Article V. “Indemnified Party” means the Party which is entitled to seek indemnification from another Party pursuant to the provisions of

Article V. “Indemnifying Party” means the Party from which another Party is entitled to seek indemnification pursuant to the provisions of

“Information” has the meaning set forth in Section 9.01.

“Information Request” has the meaning set forth in Section 9.01.

“IRS” means the U.S. Internal Revenue Service or any successor thereto, including, but not limited to its agents, representatives, and attorneys.

“IRS Ruling” means the U.S. federal income Tax ruling, and any supplements thereto, issued to Rayonier and TRS by the IRS in connection with the Restructuring and the Distribution.

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

“Mixed Business Income Taxes” means any U.S. federal, state or local, or foreign Income Taxes attributable to any Mixed Business Income Tax Return.

“Mixed Business Income Tax Return” means any Income Tax Return (other than a TRS Consolidated Return), including any consolidated, combined or unitary Income Tax Return, that relates to at least one asset or activity that is part of the Rayonier Business, on the one hand, and at least one asset or activity that is part of the SpinCo Business, on the other hand.

“Mixed Business Non-Income Tax Return” means any Non-Income Tax Return that relates to at least one asset or activity that is part of the Rayonier Business, on the one hand, and at least one asset or activity that is part of the SpinCo Business, on the other hand.

“Non-Income Tax Return” means any Tax Return relating to Taxes other than Income Taxes.

“Notified Action” has the meaning set forth in Section 8.03(a).

“Opinion” means the opinion of outside counsel to Rayonier with respect to certain Tax aspects of the Restructuring and the Distribution, as referenced in Section 3.3(a)(iv) of the Separation and Distribution Agreement.

“Ordinary Course of Business” means an action taken by a Person only if such action is taken in the ordinary course of the normal day-to-day operations of such Person.

“Party” has the meaning set forth in the preamble to this Agreement.

“Past Practice” has the meaning set forth in Section 3.01(a).

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

“Plan of Reorganization” has the meaning set forth in the Separation and Distribution Agreement.

“Pre-Closing Period” means any taxable period (or portion thereof) ending on or before the Closing Date.

“Post-Closing Period” means any taxable period (or portion thereof) beginning after the Closing Date.

“Proposed Acquisition Transaction” means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by SpinCo management or shareholders, is a hostile acquisition, or otherwise, as a result of which SpinCo would merge or consolidate with any other Person or as a result of which one or more Persons would (directly or indirectly) acquire, or have the right to acquire, from SpinCo and/or one or more holders of outstanding shares of SpinCo capital stock, as the case may be, a number of shares of SpinCo capital stock that would, when combined with any other changes in ownership

of SpinCo capital stock pertinent for purposes of Section 355(e) of the Code, comprise 40% or more of (A) the value of all outstanding shares of stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (B) the total combined voting power of all outstanding shares of voting stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (A) the adoption by SpinCo of a shareholder rights plan or (B) issuances by SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

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

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

“Rayonier Disqualifying Action” means (i) any action (or the failure to take any action) within the control of Rayonier or any Rayonier Entity (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions) that, (ii) any event (or series of events) involving the capital stock of Rayonier, any assets of Rayonier or any assets of any Rayonier Entity that, or (iii) any breach by Rayonier or any Rayonier Entity of any representation, warranty or covenant made by them in this Agreement that, in each case, would negate the Tax-Free Status of the Transactions; provided, however, the term “Rayonier Disqualifying Action” shall not include any action described in the Separation and Distribution Agreement or any Ancillary Agreement or that is undertaken pursuant to the Restructuring, the Distribution or the Plan of Reorganization.

“Rayonier Entity” means any Subsidiary of Rayonier immediately after the Effective Time.

“Rayonier Group” means, individually or collectively, as the case may be, Rayonier and any Rayonier Entity.

“Rayonier Service Provider” has the meaning set forth in Section 6.05(c)(ii).

“Rayonier Taxes” means any Taxes of Rayonier or any Subsidiary or former Subsidiary of Rayonier for any Pre-Closing Period and, with respect to a Straddle Period, the portion of such period ending on the Closing Date (determined in accordance with Section 4.01), in each case other than SpinCo Taxes.

“Refund” means any refund (or credit in lieu thereof) of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied to other Taxes payable),

including any interest paid on or with respect to such refund of Taxes, provided, however, that for purposes of this Agreement, the amount of any Refund required to be paid to another Party shall be reduced by the net amount of any Income Taxes imposed on, related to, or attributable to, the receipt or accrual of such Refund.

“REIT Taxes” means (i) any Taxes imposed a result of the disqualification of Rayonier as a real estate investment trust under Section 856(a) of the Code, (ii) any Taxes imposed under Section 857(b)(5) of the Code, and (iii) any excise Taxes imposed under Section 4981 of the Code.

“Reliance Materials” has the meaning set forth in Section 8.01(a).

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

“Restriction Period” has the meaning set forth in Section 8.02(b).

“Restructuring” has the meaning set forth in the preamble to this Agreement.

“Restructuring/Distribution Taxes” means any Taxes imposed on or by reason of the Restructuring or the Distribution (including Transfer Taxes), other than any such Taxes caused by a Disqualifying Action. For the avoidance of doubt, Restructuring/Distribution Taxes include Taxes by reason of deferred intercompany transactions triggered by the Restructuring or the Distribution.

“Reviewing Party” has the meaning set forth in Section 3.02.

“SAG” has the meaning ascribed to the term “separate affiliated group” in Section 355(b)(3)(B) of the Code.

“Section 8.02(d) Acquisition Transaction” means any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 25% instead of 40%.

“Separation and Distribution Agreement” means the Separation and Distribution Agreement by and between the Parties dated as of [•].

“Single Business Return” means any Single Business Income Tax Return or Single Business Non-Income Tax Return.

“Single Business Income Tax Return” means any Income Tax Return, including any consolidated, combined or unitary Tax Return, that includes assets or activities relating only to the Rayonier Business, on the one hand, or the SpinCo Business, on the other (but not both), whether or not the Person charged by Law to file such Tax Return is engaged in the business to which the Tax Return relates.

“Single Business Non-Income Tax Return” means any Tax Return that is a Non-Income Tax Return, including any consolidated, combined or unitary Tax Return, that includes assets or activities relating only to the Rayonier Business, on the one hand, or the SpinCo Business, on the other (but not both), whether or not the Person charged by Law to file such Tax Return is engaged in the business to which the Tax Return relates.

“Specified Credits” means any credit pursuant to Sections 34, 40, 6426 and 6427 of the Code.

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

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

“SpinCo Disqualifying Action” means (i) any action (or the failure to take any action) within its control by SpinCo or any SpinCo Entity (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions) that, (ii) any event (or series of events) involving the capital stock of SpinCo, any assets of SpinCo or any assets of any SpinCo Entity that, or (iii) any breach by SpinCo or any SpinCo Entity of any representation, warranty or covenant made by them in this Agreement that, in each case, would negate the Tax-Free Status of the Transactions; provided, however, that the term “SpinCo Disqualifying Action” shall not include any action described in the Separation and Distribution Agreement or any Ancillary Agreement or that is undertaken pursuant to the Restructuring, the Distribution or the Plan of Reorganization.

“SpinCo Entity” means any Subsidiary of SpinCo immediately after the Effective Time.

“SpinCo Group” means, individually or collectively, as the case may be, SpinCo and any SpinCo Entity.

“SpinCo Service Provider” has the meaning set forth in Section 6.05(c)(i).

“SpinCo Taxes” means, without duplication, (i) any Taxes of Rayonier, any Rayonier Entity, SpinCo or any SpinCo Entity, in each case for any period, attributable solely to, or arising solely with respect to, assets or activities of the SpinCo Business (excluding any Restructuring/Distribution Taxes), (ii) any Restructuring/Distribution Taxes, and (iii) any Taxes attributable to a SpinCo Disqualifying Action (including any REIT Taxes); in each case (A) whether as the result of an Adjustment, amendment or otherwise and (B) including any Taxes resulting from a change of accounting method pursuant to Section 481(a) of the Code. For the avoidance of doubt, SpinCo Taxes shall not include any Taxes attributable to a Rayonier Disqualifying Action.

“Straddle Period” means any taxable period that begins on or before and ends after the Closing Date.

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

“Tax” means (i) all taxes, charges, fees, duties, levies, imposts, or other similar assessments, imposed by any U.S. federal, state or local or foreign governmental authority, including, but not limited to, income, gross receipts, excise, property, sales, use, license, capital stock, transfer, franchise, margin, payroll, withholding, social security, value added and other taxes, (ii) any interest, penalties or additions attributable thereto and (iii) all liabilities in respect of any items described in clauses (i) or (ii) payable by reason of assumption, transferee or successor liability, operation of Law or Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law).

“Tax Attributes” means net operating losses, capital losses, credits (including any Specified Credits), earnings and profits (including any REIT earning and profits), overall foreign losses, previously taxed income, separate limitation losses and all other Tax attributes.

“Tax-Free Status of the Transactions” means the tax-free treatment accorded to certain of the transactions taken in connection with the Restructuring and the Distribution as set forth in the IRS Ruling and the Opinion.

“Tax Group” means any U.S. federal, state, local or foreign affiliated, consolidated, combined, unitary or similar group or fiscal unity that joins in the filing of a single Tax Return.

“Tax Item” means any item of income, gain, loss, deduction, credit, recapture of credit or any other item which increases or decreases Taxes paid or payable.

“Taxing Authority” means any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

“Tax Matter” has the meaning set forth in Section 9.01.

“Tax Package” means all relevant Tax-related information relating to the operations of the Rayonier Business or the SpinCo Business, as applicable, that is reasonably necessary to prepare and file the applicable Tax Return.

“Tax Proceeding” means any audit, assessment of Taxes, pre-filing agreement, other examination by any Taxing Authority, proceeding, appeal of a proceeding or litigation relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations.

“Tax Return” means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, or declaration of estimated Tax) required to be supplied to, or filed with, a Taxing Authority in connection with the payment, determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax and any amended Tax return or claim for refund.

“Transfer Taxes” means all sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar Taxes imposed on the Restructuring or the Distribution.

“Treasury Regulations” means the final and temporary (but not proposed) income Tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“TRS” has the meaning set forth in the preamble to this Agreement.

“TRS Consolidated Return” means the U.S. federal Income Tax Return required to be filed by TRS as the Common Parent.

“Unqualified Tax Opinion” means a “will” opinion, without substantive qualifications, of a nationally recognized law firm, which law firm is reasonably acceptable to Rayonier, to the effect that a transaction will not affect the Tax-Free Status of the Transactions.

“U.S.” means the United States of America.

Section 1.02. Additional Definitions.

(a) Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Separation and Distribution Agreement.

ARTICLE II

**PREPARATION, FILING AND PAYMENT OF TAXES SHOWN DUE
ON TAX RETURNS**

Section 2.01. TRS Consolidated Returns.

(a) General. TRS shall prepare and file all TRS Consolidated Returns for a Pre-Closing Period or a Straddle Period and shall pay all Taxes shown to be due and payable on such Tax Returns; provided that SpinCo shall reimburse Rayonier for any such Taxes that are SpinCo Taxes.

(b) Extraordinary Transactions. Notwithstanding anything to the contrary in this Agreement, for all Tax purposes, the Parties shall report any Extraordinary Transactions that are caused or permitted by SpinCo or any its Subsidiaries on the Closing Date after the Effective Time as occurring on the day after the Closing Date pursuant to Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) or any similar or analogous provision of state, local or foreign Law.

Section 2.02. Mixed Business Returns.

(a) Mixed Business Income Tax Returns.

(i) Rayonier shall prepare and file (or cause a Rayonier Entity to prepare and file) any Mixed Business Income Tax Return for a Pre-Closing Period or a Straddle Period required to be filed by Rayonier or a Rayonier Entity and shall pay, or cause such Rayonier Entity to pay, all Taxes shown to be due and payable on such Tax Return; provided that SpinCo shall reimburse Rayonier for any such Taxes that are SpinCo Taxes.

(ii) Rayonier shall prepare (or cause a Rayonier Entity to prepare), and SpinCo shall file (or cause a SpinCo Entity to file), any Mixed Business Income Tax Return for a Pre-Closing Period or a Straddle Period required to be filed by SpinCo or a SpinCo Entity, and SpinCo shall pay, or cause such SpinCo Entity to pay, all Taxes shown to be due and payable on such Tax Return, provided that Rayonier shall reimburse SpinCo for any such Taxes that are Rayonier Taxes.

(b) Mixed Business Non-Income Tax Returns.

(i) Rayonier shall prepare and file (or cause a Rayonier Entity to prepare and file) any Mixed Business Non-Income Tax Return for a Pre-Closing Period or a Straddle Period required to be filed by Rayonier or a Rayonier Entity and shall pay, or cause such Rayonier Entity to pay, all Taxes shown to be due and payable on such Tax Return, provided that SpinCo shall reimburse Rayonier for any such Taxes that are SpinCo Taxes.

(ii) SpinCo shall prepare and file (or cause a SpinCo Entity to prepare and file) any Mixed Business Non-Income Tax Return for a Pre-Closing Period or a Straddle Period required to be filed by SpinCo or a SpinCo Entity and shall pay, or cause such SpinCo Entity to pay, all Taxes shown to be due and payable on such Tax Return, provided that Rayonier shall reimburse SpinCo for any such Taxes that are Rayonier Taxes.

Section 2.03. Single Business Returns.

(a) Single Business Income Tax Returns.

(i) Rayonier shall prepare and file (or cause a Rayonier Entity to prepare and file) any Single Business Income Tax Return for a Pre-Closing Period or a Straddle Period required to be filed by Rayonier or a Rayonier Entity and shall pay, or cause such Rayonier Entity to pay, all Taxes shown to be due and payable on such Tax Return; provided that SpinCo shall reimburse Rayonier for any such Taxes that are SpinCo Taxes.

(ii) Rayonier shall prepare (or cause a Rayonier Entity to prepare), and SpinCo shall file (or cause a SpinCo Entity to file), any Single Business Income Tax Return for a Pre-Closing Period or a Straddle Period required to be filed by SpinCo or a SpinCo Entity, and SpinCo shall pay, or cause such SpinCo Entity to pay, all Taxes shown to be due and payable on such Tax Return, provided that Rayonier shall reimburse SpinCo for any such Taxes that are Rayonier Taxes.

(b) Single Business Non-Income Tax Returns.

(i) Rayonier shall prepare and file (or cause a Rayonier Entity to prepare and file) any Single Business Non-Income Tax Return for a Pre-Closing Period or a Straddle Period required to be filed by Rayonier or a Rayonier Entity and shall pay, or cause such Rayonier Entity to pay, all Taxes shown to be due and payable on such Tax Return, provided that SpinCo shall reimburse Rayonier for any such Taxes that are SpinCo Taxes.

(ii) SpinCo shall prepare and file (or cause a SpinCo Entity to prepare and file) any Single Business Non-Income Tax Return for a Pre-Closing Period or a Straddle Period

required to be filed by SpinCo or a SpinCo Entity and shall pay, or cause such SpinCo Entity to pay, all Taxes shown to be due and payable on such Tax Return, provided that Rayonier shall reimburse SpinCo for any such Taxes that are Rayonier Taxes.

ARTICLE III

TAX RETURN PROCEDURES

Section 3.01. Procedures relating to TRS Consolidated Returns, Mixed Business Income Tax Returns and Single Business Income Tax Returns.

(a) In connection with the preparation of any Tax Return pursuant to Sections 2.01 or 2.02(a), SpinCo will assist and cooperate with Rayonier by preparing and providing to Rayonier, if requested in writing by Rayonier, proforma Tax Returns for SpinCo and any SpinCo Entity to be included in such TRS Consolidated Return or equivalent financial data to be used in the preparation of a Mixed Business Income Tax Return, as applicable. Proforma Tax Returns shall be prepared in accordance with past practices, accounting methods, elections and conventions (“Past Practice”), unless otherwise required by Law or requested in writing by Rayonier. At its option, Rayonier may engage an accounting firm of its choice to review the proforma Tax Return, supporting documentation, and statements submitted by SpinCo and in connection therewith, shall determine whether such Tax Return was prepared in accordance with Past Practice. Prior to engaging such accounting firm, Rayonier shall provide the suggested scope for such accounting review to SpinCo for review and discussion. All costs and expenses associated with such review will be borne by SpinCo upon receipt of invoices detailing the work performed by such accounting firm.

(b) All TRS Consolidated Returns, Mixed Business Income Tax Returns and Single Business Income Tax Returns, in each case required to be prepared by Rayonier pursuant to Article II, shall be prepared by Rayonier in the manner determined by Rayonier in its sole discretion unless otherwise required by Law. Rayonier shall deliver to SpinCo for its review a draft of such TRS Consolidated Return, Mixed Business Income Tax Return or Single Business Income Tax Return (or to the extent practicable the portion of such Tax Return that relates to SpinCo Taxes) at least 30 days prior to the Due Date for such Tax Return, provided, however, that nothing herein shall prevent Rayonier from timely filing any such Tax Return. Rayonier shall consider any comments received from SpinCo in good faith.

Section 3.02. Procedures relating to Mixed Business Non-Income Tax Return and Single Business Non-Income Tax Returns. The Party that is required to prepare and file any Tax Return pursuant to Sections 2.02(b) or 2.03(b) (the “Preparing Party”) which reflects Taxes which are reimbursable by the other Party (the “Reviewing Party”), in whole or in part, shall (1) unless otherwise required by Law or agreed to in writing by the Reviewing Party, prepare such Tax Return in a manner consistent with Past Practice to the extent such items affect the Taxes for which the Reviewing Party is responsible pursuant to this Agreement, and (2) submit to the Reviewing Party a draft of any such Tax Return (or to the extent practicable the portion of such Tax Return that relates to Taxes for which the Reviewing Party is responsible pursuant to this Agreement) along with a statement setting forth the calculation of the Tax shown due and payable on such Tax Return reimbursable by the Reviewing Party under Sections 2.02(b) or

2.03(b) at least 30 days prior to the Due Date for such Tax Return provided, however, that nothing herein shall prevent the Preparing Party from timely filing any such Mixed Business Non-Income Tax Return or Single Business Non-Income Tax Return. The Parties shall negotiate in good faith to resolve all disputed issues. Any disputes that the Parties are unable to resolve shall be resolved by the Accounting Firm pursuant to Section 10.01. In the event that any dispute is not resolved (whether pursuant to good faith negotiations among the Parties or by the Accounting Firm) prior to the Due Date for the filing of any Mixed Business Non-Income Tax Return or Single Business Non-Income Tax Return, such Mixed Business Non-Income Tax Return or Single Business Non-Income Tax Return, as applicable, shall be timely filed by the Preparing Party and the Parties agree to amend such Tax Return as necessary to reflect the resolution of such dispute in a manner consistent with such resolution.

Section 3.03. Notwithstanding anything to the contrary in Articles II, III and IV, the portion of any Tax Return that relates to any Restructuring/Distribution Taxes or any Taxes attributable to a Rayonier Disqualifying Action shall be prepared by Rayonier in the manner determined by Rayonier in its sole discretion (or, if such Tax Return is required to be prepared by SpinCo, be prepared by SpinCo in the manner determined by Rayonier in its sole discretion); provided, however, that nothing herein shall prevent Rayonier from timely filing any such Tax Return.

ARTICLE IV

TAX TIMING AND ALLOCATION

Section 4.01. Straddle Period Tax Allocation. For U.S. federal Income Tax purposes, the taxable year of each SpinCo Entity (other than SpinCo) that was a member of the affiliated group of corporations of which TRS was the Common Parent shall end as of the close of the Closing Date. Rayonier and SpinCo shall take all actions necessary or appropriate to close the taxable year of each SpinCo Entity (other than SpinCo) for all other Tax purposes as of the close of the Closing Date to the extent required by applicable Law. If applicable Law does not require SpinCo or a SpinCo Entity, as the case may be, to close its taxable year on the Closing Date, then the allocation of income or deductions required to determine any Taxes or other amounts attributable to the portion of the Straddle Period ending on, or beginning after, the Closing Date shall be made by means of a closing of the books and records of SpinCo or such SpinCo Entity as of the close of the Closing Date; provided that exemptions, allowances or deductions that are calculated on an annual or periodic basis shall be allocated between such portions in proportion to the number of days in each such portion.

Section 4.02. Timing of Payments. All Taxes required to be paid or caused to be paid pursuant to Article II by either Rayonier or a Rayonier Entity or SpinCo or a SpinCo Entity, as the case may be, to an applicable Taxing Authority or to be reimbursed by Rayonier or SpinCo to the other Party pursuant to this Agreement, shall, in the case of a payment to a Taxing Authority, be paid on or before the Due Date for the payment of such Taxes and, in the case of a payment to the other Party, be paid at least 2 business days before the Due Date for the payment of such Taxes by the other Party.

Section 4.03. Expenses. Except as provided in Section 3.01 in respect of the proforma Tax Returns submitted by SpinCo or Section 10.01(b) in respect of the Accounting Firm, each Party shall bear its own expenses incurred in connection with Articles II, III and IV.

Section 4.04. Apportionment of SpinCo Taxes. For all purposes of this Agreement, Rayonier, on the one hand, and SpinCo, on the other hand, shall jointly determine in good faith which Tax Items are properly attributable to assets or activities of the SpinCo Business (and in the case of a Tax Item that is properly attributable to both the SpinCo Business and the Rayonier Business, the allocation of such Tax Item between the SpinCo Business and the Rayonier Business) in a manner consistent with the provisions hereof and any disputes shall be resolved in accordance with Article X.

Section 4.05. Coordination with Article VI. Articles II, III and IV shall not apply to any amended Tax Returns, such amended Tax Returns being governed by Article VI.

ARTICLE V.

INDEMNIFICATION

Section 5.01. Indemnification by Rayonier. Rayonier shall pay, and shall indemnify and hold the SpinCo Group harmless from and against, without duplication, (i) all Rayonier Taxes, (ii) all Taxes incurred by SpinCo or any SpinCo Entity by reason of the breach by Rayonier of any of its representations, warranties or covenants hereunder, and (iii) any costs and expenses related to the foregoing (including reasonable fees of attorneys and experts and out-of-pocket expenses).

Section 5.02. Indemnification by SpinCo. SpinCo shall pay, and shall indemnify and hold the Rayonier Group harmless from and against, without duplication, (i) all SpinCo Taxes, (ii) all Taxes incurred by Rayonier or any Rayonier Entity by reason of the breach by SpinCo of any of its representations, warranties or covenants hereunder (including any REIT Taxes), and (iii) any costs and expenses related to the foregoing (including reasonable fees of attorneys and experts and out-of-pocket expenses), except in each case to the extent Rayonier expressly waives such right to receive an indemnification payment (or portion thereof) in writing.

Section 5.03. Characterization of and Adjustments to Payments.

(a) For all Tax purposes, Rayonier and SpinCo agree to treat (i) any payment required by this Agreement (other than payments with respect to interest accruing after the Closing Date) as either a contribution by Rayonier to SpinCo or a distribution by SpinCo to Rayonier, as the case may be, occurring immediately prior to the Closing Date or as a payment of an assumed or retained liability and (ii) any payment of non-federal Taxes by or to a Taxing Authority or any payment of interest as taxable or deductible, as the case may be, to the Party entitled under this Agreement to retain such payment or required under this Agreement to make such payment, in either case except as otherwise required by applicable Law.

(b) Any indemnification payment under this Article V shall be increased to take into account any inclusion in income of the Indemnified Party arising from the receipt of such

indemnity payment (including any REIT Taxes resulting therefrom) and shall be decreased to take into account any reduction in income of the Indemnified Party arising from such indemnified liability, except, in the case of an increase, to the extent the Indemnified Party expressly waives such right to receive an increased indemnification payment (or portion thereof) in writing. For purposes hereof, any inclusion or reduction shall be determined (i) using the highest marginal rates in effect at the time of the determination and (ii) assuming that the Indemnified Party will be liable for Taxes at such rate and has no Tax Attributes at the time of the determination.

Section 5.04. Timing of Indemnification Payments. Indemnification payments required pursuant to this Article V shall be paid by the Indemnifying Party to the Indemnified Party as the associated indemnifiable liabilities are incurred upon demand by the Indemnified Party, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification payment.

ARTICLE VI

REFUNDS, CARRYBACKS, AMENDMENTS AND TAX ATTRIBUTES

Section 6.01. Refunds.

(a) Except as provided in Section 6.02, Rayonier shall be entitled to all Refunds of Taxes for which Rayonier is responsible pursuant to Article II or is or may be liable pursuant to Article V, and SpinCo shall be entitled to all Refunds of Taxes for which SpinCo is responsible pursuant to Article II or is or may be liable pursuant to Article V. A Party receiving a Refund to which the other Party is entitled pursuant to this Agreement shall pay the amount to which such other Party is entitled within ten (10) days after the receipt of the Refund.

(b) In the event of an Adjustment relating to Taxes for which one Party is responsible pursuant to Article II or is or may be liable pursuant to Article V which would have given rise to a Refund but for an offset against the Taxes for which the other Party is or may be liable pursuant to Article V (the “Benefited Party”), then the Benefited Party shall pay to the other Party, within ten (10) days of the Final Determination of such Adjustment an amount equal to the lesser of (i) the amount of such hypothetical Refund or (ii) the amount of such reduction in the Taxes of the Benefited Party, in each case plus interest at the rate set forth in Section 6621(a)(1) on such amount for the period from the filing date of the Tax Return that would have given rise to such Refund to the payment date.

(c) Notwithstanding Section 6.01(a), to the extent that a Party applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Taxing Authority requires such application in lieu of a Refund) and such overpayment of Taxes, if received as a Refund, would have been payable by such Party to the other Party pursuant to this Section 6.01, such Party shall pay such amount to the other Party no later than the Due Date of the Tax Return for which such overpayment is applied to reduce Taxes otherwise payable.

(d) To the extent that the amount of any Refund under this Section 6.01 is later reduced by a Taxing Authority or a Tax Proceeding, such reduction shall be allocated to the Party to which such Refund was allocated pursuant to this Section 6.01 and an appropriate adjusting payment shall be made.

Section 6.02. Carrybacks.

(a) The carryback of any loss, credit or other Tax Attribute from any Post-Closing Period shall be in accordance with the provisions of the Code and Treasury Regulations (and any applicable state, local or foreign Laws).

(b) (i) Subject to Sections 6.02(c) and 6.02(d), in the event that any member of the SpinCo Group realizes any loss, credit or other Tax Attribute in a Post-Closing Period of such member, such member may elect to carry back such loss, credit or other Tax Attribute to a Pre-Closing Period or a Straddle Period of Rayonier. Rayonier shall cooperate with SpinCo and such member in seeking from the appropriate Taxing Authority any Refund that reasonably would result from such carryback (including by filing an amended Tax Return) at SpinCo's cost and expense; provided, that Rayonier shall not be required to seek such Refund and SpinCo and such member shall not be permitted to seek such Refund, in each case to the extent that such Refund would reasonably be expected to materially adversely impact Rayonier (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used), in each case without the prior written consent of Rayonier. SpinCo (or such member) shall be entitled to any Refund realized by any member of the Rayonier Group or the SpinCo Group resulting from such carryback.

(ii) Subject to Sections 6.02(c) and 6.02(d), in the event that any member of the Rayonier Group realizes any loss, credit or other Tax Attribute in a Post-Closing Period of such member, such member may elect to carry back such loss, credit or other Tax Attribute to a Pre-Closing Period or a Straddle Period of such member. SpinCo shall cooperate with Rayonier and such member in seeking from the appropriate Taxing Authority any Refund that reasonably would result from such carryback (including by filing an amended Tax Return), at Rayonier's cost and expense; provided, that SpinCo shall not be required to seek such Refund and Rayonier and such member shall not be permitted to seek such Refund, in each case to the extent that such Refund would reasonably be expected to materially adversely impact SpinCo (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used), in each case without the prior written consent of SpinCo. Rayonier shall be entitled to any Refund realized by any member of the SpinCo Group or the Rayonier Group resulting from such carryback.

(c) Except as otherwise provided by applicable Law, if any loss, credit or other Tax Attribute of the Rayonier Business and the SpinCo Business both would be eligible to be carried back or carried forward to the same Pre-Closing Period (had such carryback been the only carryback to such taxable period), any Refund resulting therefrom shall be allocated between Rayonier and SpinCo proportionately based on the relative amounts of the Refunds to which the Rayonier Business and the SpinCo Business, respectively, would have been entitled had such carryback been the only carryback to such taxable period.

(d) To the extent the amount of any Refund under this Section 6.02 is later reduced by a Tax Authority or a Tax Proceeding, such reduction shall be allocated to the Party to which such Refund was allocated pursuant to this Section 6.02.

(e) To the extent any Tax Attributes (including any Specified Credits) attributable to or arising with respect to the assets or activities of the SpinCo Business are allocated to the Rayonier Group pursuant to Section 6.04 and are utilized to reduce the Taxes for which Rayonier or a Rayonier Entity is responsible pursuant to Articles II or V, Rayonier shall pay to SpinCo the amount of such reduction in Taxes within ten (10) days of such time as such reduction is actually realized in cash.

(f) To the extent any Tax Attributes attributable to or arising with respect to the assets or activities of the Rayonier Business are utilized to reduce the Taxes for which SpinCo or a SpinCo Entity is responsible pursuant to Articles II or V (including any Taxes resulting from any adjustment resulting from a change of accounting method pursuant to Section 481(a) of the Code), SpinCo shall pay to Rayonier the amount of such reduction in Taxes within ten (10) days of such time as such reduction is actually realized in cash.

Section 6.03. Amended Tax Returns.

(a) TRS Consolidated Returns. Rayonier shall, in its sole discretion, be permitted to amend any TRS Consolidated Return for a Pre-Closing Period or a Straddle Period; provided, however, that unless otherwise required by a Final Determination, Rayonier shall not amend any such TRS Consolidated Return to the extent that any such amendment (i) would reasonably be expected to materially adversely impact SpinCo (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used) or (ii) is inconsistent with Past Practice, in each case without the prior written consent of SpinCo, which consent shall not be unreasonably withheld or delayed.

(b) Mixed Business Income Tax Returns and Single Business Income Tax Returns. Rayonier shall, in its sole discretion, be permitted to amend, or to cause SpinCo or any SpinCo Entity to amend (and SpinCo shall, if Rayonier so chooses, amend or cause the applicable SpinCo Entity to amend), any Mixed Business Income Tax Return or Single Business Income Tax Return for a Pre-Closing Period or a Straddle Period; provided, however, that unless otherwise required by a Final Determination, Rayonier shall not be permitted to so amend any such Mixed Business Income Tax Return or Single Business Income Tax to the extent that any such amendment would reasonably be expected to materially adversely impact SpinCo (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used) in a Post-Closing Period or the portion of a Straddle Period beginning after the Closing Date, in each case without the prior written consent of SpinCo.

(c) Mixed Business Non-Income Tax Returns and Single Business Non-Income Tax Returns. Each of Rayonier or SpinCo, as the case may be, shall, in its sole discretion, be permitted to amend (or cause or permit to be amended) any Mixed Business Non-Income Tax Return or Single Business Non-Income Tax Return; provided, however, that if any Party wishes to amend any such Tax Return for which the other Party may be liable for Taxes pursuant to this

Agreement, then, unless otherwise required by a Final Determination, Rayonier or SpinCo, as the case may be shall not be permitted to so amend (or cause or permit to be amended) any such Mixed Business Non-Income Tax Return or Single Business Non-Income Tax Return, as the case may be, to the extent that any such amendment (i) would reasonably be expected to materially adversely impact the other Party (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used) or (ii) is inconsistent with Past Practice, in each case without the prior written consent of such other Party, which consent shall not be unreasonably withheld or delayed.

Section 6.04. Tax Attributes.

(a) Tax Attributes arising in a Pre-Closing Period shall be allocated to the Rayonier Group (including to TRS) and the SpinCo Group in accordance with the Code and Treasury Regulations (and any applicable state, local and foreign Laws). Rayonier and SpinCo shall jointly determine the allocation of such Tax Attributes arising in Pre-Closing Periods as soon as reasonably practicable following the Closing Date, and hereby agree to compute all Taxes for Post-Closing Periods consistently with that determination unless otherwise required by a Final Determination.

(b) To the extent that the amount of any Tax Attribute is later reduced or increased by a Taxing Authority or Tax Proceeding, such reduction or increase shall be allocated to the Party to which such Tax Attribute was allocated pursuant to Section 6.04(a).

Section 6.05. Treatment of Deductions Associated with Equity-Related Compensation.

(a) Solely Rayonier or any member of the Rayonier Group, as the case may be, shall be entitled to claim any Tax deduction associated with the following items on its respective Tax Return:

(i) The exercise of any SpinCo Options by any Rayonier Service Provider, the vesting or settlement of SpinCo Restricted Stock Awards and SpinCo Performance Share Awards held by any Rayonier Service Provider and the payment of any dividends or dividend equivalents with respect to such SpinCo Restricted Stock Awards and SpinCo Performance Share Awards to Rayonier Service Providers.

(ii) The exercise of any Post-Separation Rayonier Options by any Rayonier Service Provider, the vesting of Post-Separation Rayonier Restricted Stock Awards and Post-Separation Performance Share Awards held by any Rayonier Service Provider and the payment of any dividends or dividend equivalents with respect to such Post-Separation Rayonier Restricted Stock Awards and Post-Separation Performance Share Awards to Rayonier Service Providers.

(b) Solely SpinCo or any member of the SpinCo Group, as the case may be, shall be entitled to claim any Tax deduction associated with the following items on its respective Tax Return:

(i) The exercise of any Post-Separation Rayonier Options by any SpinCo Service Provider, the vesting of Post-Separation Rayonier Restricted Stock Awards and Post-

Separation Performance Share Awards held by any SpinCo Service Provider and the payment of any dividends or dividend equivalents with respect to such Post-Separation Rayonier Restricted Stock Awards and Post-Separation Performance Share Awards to SpinCo Service Providers.

(ii) The exercise of any SpinCo Options by any SpinCo Service Provider, the vesting or settlement of SpinCo Restricted Stock Awards and SpinCo Performance Share Awards held by any SpinCo Service Provider and the payment of any dividends or dividend equivalents with respect to such SpinCo Restricted Stock Awards and SpinCo Performance Share Awards to SpinCo Service Providers.

(c) The following terms shall have the following meanings:

(i) **“SpinCo Service Provider”** means any SpinCo Group Employee, Former SpinCo Group Employee or Transferred Director (each as defined in the Employee Matters Agreement) at the time of the exercise, vesting, settlement disqualifying disposition or payment;

(ii) **“Rayonier Service Provider”** means any Rayonier Group Employee, Former Rayonier Group Employee, or former non-employee director of Rayonier (who is not a Transferred Director) at the time of the exercise, vesting, disqualifying disposition or payment.

(d) Capitalized terms used in this Section 6.05 but not otherwise defined herein shall have the respective meanings ascribed to them in the Employee Matters Agreement.

ARTICLE VII

TAX PROCEEDINGS

Section 7.01. Notification of Tax Proceedings. Within ten (10) days after an Indemnified Party becomes aware of the commencement of a Tax Proceeding that may give rise to Taxes for which an Indemnifying Party is responsible pursuant to Article V, such Indemnified Party shall notify the Indemnifying Party of such Tax Proceeding, and thereafter shall promptly forward or make available to the Indemnifying Party copies of notices and communications relating to such Tax Proceeding. The failure of the Indemnified Party to notify the Indemnifying Party of the commencement of any such Tax Proceeding within such ten (10) day period or promptly forward any further notices or communications shall not relieve the Indemnifying Party of any obligation which it may have to the Indemnified Party under this Agreement except to the extent that the Indemnifying Party is actually prejudiced by such failure.

Section 7.02. Statute of Limitations. Any extension of the statute of limitations for any Taxes or a Tax Return for any Pre-Closing Period or a Straddle Period shall be made by the Party required to file such Tax Return or pay such Taxes to a Taxing Authority; provided that to the extent such Taxes or Tax Return may result in an indemnification obligation pursuant to this Agreement by the Party other than the filing Party, the Indemnifying Party may, in its reasonable discretion, require that the filing Party extend the applicable statute of limitations for such period as determined by the Indemnifying Party.

Section 7.03. Tax Proceeding Procedures Generally.

(a) Except as provided in Section 7.04, Rayonier shall be entitled to contest, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any TRS Consolidated Return or Mixed Business Income Tax Return and any Mixed Business Non-Income Tax Return or Single Business Return required to be prepared by Rayonier or a Rayonier Entity pursuant to Article II (including in respect of any Refund, carryback or amendment relating to any such Tax Return pursuant to Article VI), and any such defense shall be made diligently and in good faith; provided that to the extent that such Tax Proceeding could materially affect the amount of Taxes for which SpinCo is responsible pursuant to Articles II and V, Rayonier (1) shall keep SpinCo informed in a timely manner of all actions proposed to be taken by Rayonier with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which SpinCo is responsible pursuant to Articles II and V) and (2), shall permit SpinCo to participate in all proceedings with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which SpinCo is responsible pursuant to Article V) and shall not settle any such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relate to Taxes, or the Tax Items, for which SpinCo is responsible pursuant to Article V) without the prior written consent of SpinCo, which shall not be unreasonably withheld, delayed or conditioned.

(b) Except as provided in Section 7.04, SpinCo shall be entitled to contest, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding with respect to any Mixed Business Non-Income Tax Return or Single Business Return required to be prepared by SpinCo or a SpinCo Entity pursuant to Article II (including in respect of any Refund, carryback or amendment relating to any such Tax Return pursuant to Article VI), and any such defense shall be made diligently and in good faith; provided that to the extent that such Tax Proceeding could materially affect the amount of Taxes for which Rayonier is responsible pursuant to Articles II and V, SpinCo (1) shall keep Rayonier informed in a timely manner of all actions proposed to be taken by SpinCo with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which Rayonier is responsible pursuant to Articles II and V) and (2) shall permit Rayonier to participate in all proceedings with respect to such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relates to Taxes for which Rayonier is responsible pursuant to Articles II and V) and shall not settle any such Tax Proceeding (or to the extent practicable the portion of such Tax Proceeding that relate to Taxes, or the Tax Items, for which Rayonier is responsible pursuant to Article V) without the prior written consent of Rayonier, which shall not be unreasonably withheld, delayed or conditioned.

Section 7.04. Tax Proceedings in respect of Restructuring/Distribution Taxes and Disqualifying Actions.

(a) Rayonier and SpinCo shall be entitled to jointly contest, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding relating to (i) Restructuring/Distribution Taxes and (ii) any Taxes attributable to a SpinCo Disqualifying Action.

(b) Rayonier shall be entitled to contest, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding relating to any Taxes attributable

to a Rayonier Disqualifying Action and shall defend such Adjustment diligently and in good faith; provided, that, unless waived by the Parties in writing, Rayonier shall (i) keep SpinCo informed in a timely manner of all actions taken or proposed to be taken by Rayonier, (ii) provide copies of all correspondence or filings to be submitted to any Taxing Authority or judicial authority to SpinCo for its prior review and consent, which consent shall not be unreasonably withheld and (iii) provide SpinCo with written notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with any Taxing Authority or hearings or proceedings before any judicial authority.

ARTICLE VIII

TAX-FREE STATUS OF THE DISTRIBUTION

Section 8.01. Representations and Warranties.

(a) SpinCo. SpinCo hereby represents and warrants or covenants and agrees, as appropriate, that the facts presented and the representations made in (A) the rayonier groupg, (B) the Opinion, (C) each submission to the IRS in connection with the IRS Ruling, (D) the representation letter from Rayonier addressed to Counsel supporting the Opinion, (E) the representation letter from SpinCo addressed to Counsel supporting the Opinion and (F) any other materials delivered or deliverable by Rayonier or SpinCo in connection with the rendering by Counsel of the Opinion and the issuance by the IRS of the IRS Ruling (all of the foregoing, collectively, the “Reliance Materials”), to the extent descriptive of the SpinCo Group (each of the distributions described in the IRS Ruling and the other Reliance Materials to the extent that they relate to the SpinCo Group and the plans, proposals, intentions and policies of the SpinCo Group), are, or will be from the time presented or made through and including the Effective Time and thereafter as relevant, true, correct and complete in all respects.

(b) Rayonier. Rayonier hereby represents and warrants or covenants and agrees, as appropriate, that (i) it has delivered complete and accurate copies of the Reliance Materials to SpinCo and (ii) the facts presented and the representations made therein, to the extent descriptive of the Rayonier Group (including the business purposes for each of the distributions described in the IRS Ruling and the other Reliance Materials to the extent that they relate to the Rayonier Group and the plans, proposals, intentions and policies of the Rayonier Group), are, or will be from the time presented or made through and including the Effective Time and thereafter as relevant, true, correct and complete in all respects.

(c) No Contrary Knowledge. Each of Rayonier and SpinCo represents and warrants that it knows of no fact (after due inquiry) that may cause the Tax treatment of the Restructuring or the Distribution to be other than the Tax-Free Status of the Transactions.

(d) No Contrary Plan. Each of Rayonier and SpinCo represents and warrants that neither it, nor any of its Affiliates, has any plan or intent to take any action which is inconsistent with any statements or representations made in the Reliance Materials.

Section 8.02. Restrictions Relating to the Distribution.

(a) General. Neither Rayonier nor SpinCo shall, nor shall Rayonier or SpinCo permit any Rayonier Entity or any SpinCo Entity, respectively, to take any action that constitutes (or fail to take an action, the omission of which would result in, as applicable) a Disqualifying Action described in the definitions of Rayonier Disqualifying Action and SpinCo Disqualifying Action, respectively.

(b) Restrictions. Prior to the first day following the second anniversary of the Distribution (the “Restriction Period”), SpinCo:

(i) shall continue and cause to be continued the active conduct of the SpinCo Business, taking into account Section 355 (b)(3) of the Code, in all cases as conducted immediately prior to the Distribution.

(ii) shall not, and shall not permit any SpinCo Entity (other than any SpinCo Entity (A) treated as an entity disregarded from its owner for federal income tax purposes or (B) that owns no, or only a *de minimis* amount of, assets) to, voluntarily dissolve or liquidate (including any action that is a liquidation for federal income tax purposes).

(iii) shall not (1) enter into any Proposed Acquisition Transaction or, to the extent SpinCo has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur, (2) redeem or otherwise repurchase (directly or through an Affiliate) any stock, or rights to acquire stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), (3) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the relative voting rights of its capital stock (including through the conversion of any capital stock into another class of capital stock), (4) merge or consolidate with any other Person and shall not permit any SpinCo Entity to merge or consolidate with any other Person or (5) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Reliance Materials) which in the aggregate (and taking into account any other transactions described in this Section 8.02(b)(iii)) would be reasonably likely to have the effect of causing or permitting one or more Persons (whether or not acting in concert) to acquire directly or indirectly stock representing a Fifty-Percent or Greater Interest in SpinCo or otherwise jeopardize the Tax-Free Status of the Transactions.

(iv) shall not, and shall not permit any SpinCo Entity (or members of their respective SAG) to sell, transfer, or otherwise dispose of or agree to, sell, transfer or otherwise dispose (including in any transaction treated for federal income tax purposes as a sale, transfer or disposition) of assets (including, any shares of capital stock of a Subsidiary) that, in the aggregate, constitute more than 30% of the gross assets of such SpinCo Entity or more than 30% of the consolidated gross assets of such SpinCo Entity and members of its respective SAG. The foregoing sentence shall not apply to (A) sales, transfers, or dispositions of assets in the Ordinary Course of Business, (B) any cash paid to acquire assets from an unrelated Person in an arm’s-length transaction, (C) any assets transferred to a Person that is disregarded as an entity separate

from the transferor for federal income tax purposes or (D) any mandatory or optional repayment (or pre-payment) of any indebtedness of such SpinCo Entity (or any member of its respective SAG). The percentages of gross assets or consolidated gross assets of such SpinCo Entity or its respective SAG, as the case may be, sold, transferred, or otherwise disposed of, shall be based on the fair market value of the gross assets of such SpinCo Entity and the members of its respective SAG as of the Closing Date. For purposes of this Section 8.02(b)(iv), a merger of a SpinCo Entity (or a member of its SAG) with and into any Person shall constitute a disposition of all of the assets of such SpinCo Entity or such member.

(c) Notwithstanding the restrictions imposed by Sections 8.02(b), during the Restriction Period, SpinCo may proceed with any of the actions or transactions described therein, if (i) SpinCo shall first have requested Rayonier to obtain a supplemental ruling in accordance with Section 8.03(a) of this Agreement to the effect that such action or transaction will not affect the Tax-Free Status of the Transactions and Rayonier shall have received such a supplemental ruling in form and substance reasonably satisfactory to it, (ii) SpinCo shall have provided to Rayonier an Unqualified Tax Opinion in form and substance reasonably satisfactory to Rayonier, or (iii) Rayonier shall have waived in writing the requirement to obtain such ruling or opinion. In determining whether a ruling or opinion is satisfactory, Rayonier shall exercise its discretion, in good faith, solely to preserve the Tax-Free Status of the Transactions and may consider, among other factors, the appropriateness of any underlying assumptions or representations used as a basis for the ruling or opinion and the views on the substantive merits. For the avoidance of doubt, SpinCo shall not be relieved of any indemnification obligation pursuant to Article V or otherwise under this Agreement as a result of having satisfied the requirements of clause (i), (ii) or (iii) of this Section 8.02(c).

(d) Certain Issuances of Capital Stock. If SpinCo proposes to enter into any Section 8.02(d) Acquisition Transaction or, to the extent SpinCo has the right to prohibit any Section 8.02(d) Acquisition Transaction, proposes to permit any Section 8.02(d) Acquisition Transaction to occur, in each case, during the Restriction Period, SpinCo, shall provide Rayonier, no later than ten (10) days following the signing of any written agreement with respect to any Section 8.02(d) Acquisition Transaction, with a written description of such transaction (including the type and amount of SpinCo capital stock to be issued in such transaction).

(e) Tax Reporting. Each of Rayonier and SpinCo covenants and agrees that it will not take, and will cause its respective Affiliates to refrain from taking, any position on any Income Tax Return that is inconsistent with the Tax-Free Status of the Transactions.

Section 8.03. Procedures Regarding Opinion and Rulings.

(a) If SpinCo notifies Rayonier that it desires to take one of the actions described in Sections 8.02(b) (a “Notified Action”), Rayonier shall cooperate with SpinCo and use its reasonable best efforts to seek to obtain, as expeditiously as possible, a supplemental ruling from the IRS or an Unqualified Tax Opinion for the purpose of permitting SpinCo to take the Notified Action unless Rayonier shall have waived the requirement to obtain such ruling or opinion. If such a ruling is to be sought, Rayonier shall apply for such ruling and Rayonier and SpinCo shall jointly control the process of obtaining such ruling. In no event shall Rayonier be required to file any ruling request under this Section 8.03(a) unless SpinCo represents that (i) it has read such

ruling request, and (ii) all information and representations, if any, relating to any member of the SpinCo Group, contained in such ruling request documents are (subject to any qualifications therein) true, correct and complete. SpinCo shall reimburse Rayonier for all reasonable costs and expenses incurred by the Rayonier Group in obtaining a ruling or Unqualified Tax Opinion requested by SpinCo within ten (10) days after receiving an invoice from Rayonier therefor.

(b) Rayonier shall have the right to obtain a supplemental ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Rayonier determines to obtain such ruling or opinion, SpinCo shall (and shall cause each SpinCo Entity to) cooperate with Rayonier and take any and all actions reasonably requested by Rayonier in connection with obtaining such ruling or opinion (including by making any representation or reasonable covenant or providing any materials requested by the IRS or the law firm issuing such opinion); provided that SpinCo shall not be required to make (or cause a SpinCo Entity to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control. In connection with obtaining such ruling, Rayonier shall apply for such ruling and shall have sole and exclusive control over the process of obtaining such ruling. Rayonier and SpinCo shall each bear its own costs and expenses in obtaining a ruling or Unqualified Tax Opinion requested by Rayonier.

(c) Except as provided in Sections 6.03(a) and (b) neither SpinCo nor any SpinCo Affiliate shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Restructuring or Distribution (including the impact of any transaction on the Restructuring or Distribution).

ARTICLE IX

COOPERATION

Section 9.01. General Cooperation.

The Parties shall each cooperate fully (and each shall cause its respective Subsidiaries to cooperate fully) with all reasonable requests in writing (“Information Request”) from another Party hereto, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of Tax Returns (including the preparation of Tax Packages), claims for Refunds, Tax Proceedings, and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of any of the Parties or their respective Subsidiaries covered by this Agreement and the establishment of any reserve required in connection with any financial reporting (a “Tax Matter”). Such cooperation shall include the provision of any information reasonably necessary or helpful in connection with a Tax Matter (“Information”) and shall include, without limitation, at each Party’s own cost:

(i) the provision of any Tax Returns of the Parties and their respective Subsidiaries, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;

- (ii) the execution of any document (including any power of attorney) in connection with any Tax Proceedings of any of the Parties or their respective Subsidiaries, or the filing of a Tax Return or a Refund claim of the Parties or any of their respective Subsidiaries;
- (iii) the use of the Party's reasonable best efforts to obtain any documentation in connection with a Tax Matter; and
- (iv) the use of the Party's reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents), documents, books, records or other information in connection with the filing of any Tax Returns of any of the Parties or their Subsidiaries.

Each Party shall make its employees, advisors, and facilities available, without charge, on a reasonable and mutually convenient basis in connection with the foregoing matters.

Section 9.02. Retention of Records. Rayonier and SpinCo shall retain or cause to be retained all Tax Returns, schedules and work papers, and all material records or other documents relating thereto in their possession, until sixty (60) days after the expiration of the applicable statute of limitations (including any waivers or extensions thereof) of the taxable periods to which such Tax Returns and other documents relate or until the expiration of any additional period that any Party reasonably requests, in writing, with respect to specific material records or documents. A Party intending to destroy any material records or documents shall provide the other Party with reasonable advance notice and the opportunity to copy or take possession of such records and documents. The Parties hereto will notify each other in writing of any waivers or extensions of the applicable statute of limitations that may affect the period for which the foregoing records or other documents must be retained.

ARTICLE X

MISCELLANEOUS

Section 10.01. Dispute Resolution.

(a) In the event of any dispute between the Parties as to any matter covered by this Agreement, the Parties shall agree as to whether such dispute shall be governed by the procedures set forth in Section 10.01(b) of this Agreement or in Article VII of the Separation and Distribution Agreement. If the Parties cannot agree within thirty (30) days from the time such dispute arises as to which procedure will govern such dispute, such disagreement shall be resolved pursuant to Article VII of the Separation and Distribution Agreement.

(b) With respect to any dispute governed by this Section 10.01(b), the Parties shall appoint a nationally recognized "Big Four" independent public accounting firm (other than the current auditing firm of Rayonier or SpinCo) (the "Accounting Firm") to resolve such dispute. The Parties shall cooperate in good faith in jointly selecting the Accounting Firm. If the Parties cannot agree on a nationally recognized firm within thirty (30) days from the time such dispute arises, the Parties shall appoint the firm Grant Thornton LLP to be the Accounting Firm. In this regard, the Accounting Firm shall make determinations with respect to the disputed items based

solely on representations made by Rayonier and SpinCo and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination in favor of one Party only. The Parties shall require the Accounting Firm to resolve all disputes no later than fifteen (15) days after the submission of such dispute to the Accounting Firm, but in no event later than the Due Date for the payment of Taxes or the filing of the applicable Tax Return, if applicable, and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all disputes in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the Past Practices of Rayonier and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The fees and expenses of the Accounting Firm shall be paid by the non-prevailing Party.

Section 10.02. Tax Sharing Agreements. All Tax sharing, indemnification and similar agreements, written or unwritten, as between Rayonier or a Rayonier Entity, on the one hand, and SpinCo or a SpinCo Entity, on the other (other than this Agreement, the Separation and Distribution Agreement, or any other Ancillary Agreement), shall be or shall have been terminated no later than the Effective Time and, after the Effective Time, none of Rayonier or a Rayonier Entity, or SpinCo or a SpinCo Entity shall have any further rights or obligations under any such Tax sharing, indemnification or similar agreement.

Section 10.03. Interest on Late Payments. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate per annum equal to the rate in effect for underpayments under Section 6621 of the Code from such due date to and including the earlier of the ninetieth (90th) day or the payment date and thereafter will accrue interest at a rate per annum equal to 9%.

Section 10.04. Survival of Covenants. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Effective Time and remain in full force and effect in accordance with their applicable terms, provided, however, that the representations and warranties and all indemnification for Taxes shall survive until sixty (60) days following the expiration of the applicable statute of limitations (taking into account all extensions thereof), if any, for assessment of the Tax that gave rise to the indemnification, provided, further, that, in the event that notice for indemnification has been given within the applicable survival period, such indemnification shall survive until such time as such claim is finally resolved.

Section 10.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner.

Section 10.06. Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties hereto with respect to the subject matter of this Agreement.

Section 10.07. No Third-Party Beneficiaries. Except as provided in Article V with respect to indemnified Parties, this Agreement is for the sole benefit of the Parties to this Agreement and their respective Subsidiaries and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.08. Specific Performance. 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 who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its 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 waived by the Parties to this Agreement.

Section 10.09. Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by the Parties to this Agreement. No waiver by any Party of any provision of this Agreement shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

Section 10.10. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (ii) references to the terms Article, Section, paragraph, clause, Exhibit and Schedule are references to the Articles, Sections, paragraphs, clauses, exhibits and schedules of this Agreement unless otherwise specified; (iii) the terms “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (iv) references to “\$” shall mean U.S. dollars; (v) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (vi) the word “or” shall not be exclusive; (vii) references to “written” or “in writing” include in electronic form; (viii) provisions shall apply, when appropriate, to successive events and transactions; (ix) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (x) Rayonier and SpinCo have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the

provisions in this Agreement or any interim drafts of this Agreement; and (xi) a reference to any Person includes such Person's successors and permitted assigns.

Section 10.11. Counterparts. This Agreement may be executed in one or more counterparts each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format (PDF) shall be as effective as delivery of a manually executed counterpart of any such Agreement.

Section 10.12. Coordination with Separation and Distribution Agreement. In the event of any inconsistency between this Agreement and the Separation and Distribution Agreement (or any Ancillary Agreement) with respect to matters addressed herein the provisions of this Agreement shall control (except to the extent set forth in Article X).

Section 10.13. Coordination with the Employee Matters Agreement. To the extent any covenants or agreements between the Parties with respect to employee withholding Taxes are expressly set forth in the Employee Matters Agreement, such Taxes shall be governed exclusively by the Employee Matters Agreement and not by this Agreement.

Section 10.14. 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 10.15. 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; 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 10.16. Notices. Any notice, demand, claim or other communication under this Agreement will be in writing and will be deemed to have been given (a) on delivery if delivered personally; (b) on the date on which delivery thereof is guaranteed by the carrier if delivered by a

national courier guaranteeing delivery with an fixed number of days of sending; or (c) on the date of facsimile transmission thereof if delivery is confirmed, but, in each case, only if addressed to the Parties in the following manner at the following addresses or facsimile numbers (or at the other address or other number as a Party may specify by notice to the others):

If to Rayonier, to:

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: (904) 598-2250

Rayonier Inc.
1301 Riverplace Boulevard, Suite 2300
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: (904) 357-9101

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Joshua M. Holmes
Facsimile: (212) 403-2000

If to SpinCo, to:

Rayonier Holding Company
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: General Counsel
Facsimile: [•]

Rayonier Holding Company
1301 Riverplace Boulevard, Suite [•]
Jacksonville, FL 32207
Attention: Chief Financial Officer
Facsimile: [•]

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Joshua M. Holmes

Section 10.17. Effective Date. This Agreement shall become effective only upon the occurrence of the Distribution.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

RAYONIER INC.

By _____
Name:
Title:

RAYONIER HOLDING COMPANY

By _____
Name:
Title:



[•], 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 Holding Company (“SpinCo”), which will contain Rayonier Inc.’s Performance Fibers segment. Rayonier Inc. (“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 HOLDING COMPANY LOGO]

[•], 2014

Dear Future Rayonier Holding Company Stockholder:

I am pleased to welcome you as a future stockholder of Rayonier Holding Company (“SpinCo”), whose common stock we intend to list on the New York Stock Exchange under the symbol “[•]”. 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 2012, we generated \$1.1 billion in sales and \$342 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,

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 JANUARY 29, 2014

INFORMATION STATEMENT

Rayonier Holding Company

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 Holding Company (“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 “[•].” 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	33
The Separation and Distribution	35
Dividend Policy	42
Capitalization	43
Selected Historical Combined Financial Data of Rayonier Holding Company	44
Unaudited Pro Forma Condensed Combined Financial Statements	45
Business	54
Management's Discussion and Analysis of Financial Condition and Results of Operation	64
Management	77
Directors	78
Compensation Discussion and Analysis	83
Director Compensation	84
Certain Relationships and Related Person Transactions	85
Material U.S. Federal Income Tax Consequences	94
Description of Material Indebtedness	97
Security Ownership of Certain Beneficial Owners and Management	98
Description of Rayonier Holding Company's Capital Stock	99
Where You Can Find More Information	103
Index to Financial Statements	104

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 Holding Company'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 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;

Table of Contents

- 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. 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 “[•].” 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 Holding Company
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 Holding Company 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 Holding Company, 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 Holding Company

Rayonier Holding Company (“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 earnings before interest, taxes, depreciation and amortization (or “EBITDA”) from \$192 million in 2008 to \$404 million in fiscal year 2012, representing a compound annual growth rate (or “CAGR”) of 20%. Revenue for fiscal year 2012 was \$1.1 billion. For a reconciliation of EBITDA to net income and cash flow from operations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator.”

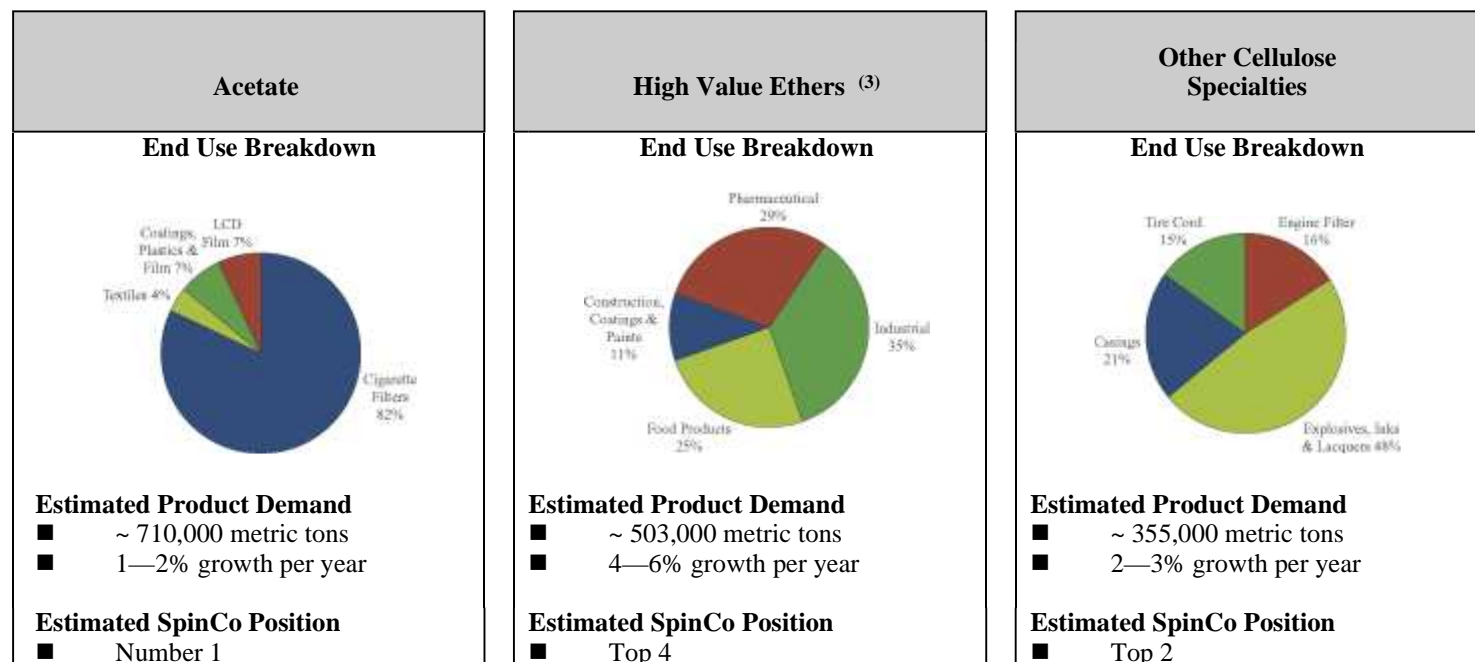
Table of Contents

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 2012 sales volume of approximately 503,000 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: Public information and privately commissioned studies

(1) Data from 2012.

(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 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.

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.

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 net income 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. From the beginning of fiscal 2008 through fiscal 2012, SpinCo has generated strong free cash flow from operations totaling \$570 million. SpinCo produced Adjusted EBITDA of \$404 million, \$339 million, \$258 million, \$226 million and \$192 million for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, respectively. During this five-year period, Adjusted EBITDA margins averaged 30%. 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 Free Cash Flow and Adjusted EBITDA to cash flow from operations and Adjusted EBITDA to net income, 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 Holding Company'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.
- 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.

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

Table of Contents

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 reflect the combined operations of SpinCo. SpinCo derived the summary combined income statement data for the nine months ended September 30, 2013 and 2012 and the summary combined balance sheet data as of September 30, 2013 from its unaudited interim combined financial statements, which are included elsewhere in this information statement. SpinCo derived the summary combined income statement data for the years ended December 31, 2012, 2011 and 2010, and summary combined balance sheet data as of December 31, 2012 and 2011, 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 September 30, 2012 and December 31, 2010 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 nine months ended September 30, 2013 and the year ended December 31, 2012 have 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 \$[•] 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 nine months ended September 30, 2013 and the year ended December 31, 2012 assumes the spin-off occurred on January 1, 2012. The unaudited pro forma condensed combined balance sheet data assumes the separation occurred on September 30, 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 Holding Company,” “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 Nine Months Ended September 30,			As of and for the Years Ended December 31,			
	Pro forma 2013	2013	2012	Pro forma 2012	2012	2011	2010
(dollar amounts in millions)							
Statement of Income Data:							
Sales	\$ 765	\$ 765	\$ 794	\$ 1,095	\$ 1,095	\$ 1,021	\$ 884
Operating income	218	218	253	342	342	283	201
Net income	169	169	182	242	242	214	159
Balance Sheet Data:							
Total assets	\$ 1,145	\$ 1,160	\$ 856	n/a	\$ 921	\$ 665	\$ 568
Property, plant and equipment, net	854	853	603	n/a	681	433	358
Statement of Cash Flows Data:							
Cash provided by operating activities (a)	n/a	\$ 189	\$ 197	n/a	\$ 305	\$ 258	\$ 408
Cash used for investing activities	n/a	(220)	(184)	n/a	(305)	(131)	(93)
Capital expenditures	n/a	(82)	(81)	n/a	(105)	(97)	(98)
Jesup mill cellulose specialties expansion project	n/a	(137)	(105)	n/a	(201)	(43)	—
Other Data:							
EBITDA (b)	n/a	\$ 270	\$ 295	n/a	\$ 404	\$ 339	\$ 258
Adjusted EBITDA (b)	n/a	\$ 270	\$ 295	n/a	\$ 404	\$ 339	\$ 258
Sales volumes (thousands of metric tons)							
Cellulose specialties	n/a	357	365	n/a	503	504	480
Absorbent materials	n/a	98	152	n/a	214	227	238
Commodity viscose	n/a	19	—	n/a	—	—	—
Total		<u>474</u>	<u>517</u>		<u>717</u>	<u>731</u>	<u>718</u>
(a) Cash provided by operating activities for 2010 includes \$205.2 million related to the Alternative Fuel Mixture Credit (“AFMC”), net of expenses, offset by a \$27.5 million pension contribution. See Note 7 — <i>Income Taxes</i> and Note 16— <i>Employee Benefit Plans</i> to the Combined Financial Statements for additional information.							
(b) For a reconciliation of EBITDA and Adjusted EBITDA to net income 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 Holding Company'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. Although SpinCo plans to gradually increase production in line with demand, the additional capacity could adversely affect product pricing. Actions by SpinCo's competitors and any excess production capacity could adversely affect SpinCo's business, 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.

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 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

Table of Contents

customer orders, and bankruptcy of customers, suppliers or other creditors. The occurrence of any of these events may adversely affect SpinCo's business, financial condition and results of operation.

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 fiscal year 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

Table of Contents

current production and limit its ability to increase production, and impose significant costs on SpinCo's 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. 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."

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

Table of Contents

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 [•], approximately [•] 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 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

Table of Contents

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 of equipment may need to be repaired or replaced periodically. The costs of repairing or replacing such

Table of Contents

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 Holding Company," "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 September 30, 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. However, many 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. If SpinCo is unable to obtain consents with respect to contracts with any of SpinCo's important contractual counterparties, the loss of these contracts could increase SpinCo's expenses or otherwise reduce SpinCo's profitability.

Risks Related to Rayonier Holding Company'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 "Securities Act"), unless the shares are owned by one of SpinCo's "affiliates," as that term is defined in Rule 405

Table of Contents

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 Holding Company'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.

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;
- 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 a New Company Prior to Rayonier Holding Company's Distribution

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 Holding Company 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-

Table of Contents

termination exercise rules, and other restrictions that applied to the original Rayonier stock option 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 Holding Company 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 "[•]." SpinCo has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

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 Holding Company'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 \$[•] 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.

Table of Contents

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 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 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.

Table of Contents

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 September 30, 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 September 30, 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 Holding Company," "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)	September 30, 2013	
	Actual	Pro Forma
Cash		
Cash and cash equivalents	\$ —	\$ —
Capitalization:		
Debt Outstanding		
Long-term debt	\$ —	\$ —
Net Investment		
Common stock	\$ —	\$ —
Additional paid-in capital	—	932
Retained earnings	1,365	—
Transfers to parent, net	(370)	—
Accumulated other comprehensive loss	(61)	(95)
Total net investment	934	837
Total capitalization	<u>\$ 934</u>	<u>\$ 837</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.

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF RAYONIER HOLDING COMPANY

The following selected financial data reflect the combined operations of SpinCo. SpinCo derived the selected combined income statement data for the nine months ended September 30, 2013 and 2012 and the selected combined balance sheet data as of September 30, 2013 from its unaudited interim combined financial statements, which are included elsewhere in this information statement. SpinCo derived the selected combined income statement data for the years ended December 31, 2012, 2011 and 2010, and the selected combined balance sheet data as of December 31, 2012 and 2011, 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, 2009 and 2008 and the selected combined balance sheet data as of September 30, 2012 and December 31, 2010, 2009 and 2008 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)	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
Statement of Income Data:							
Sales	\$ 765	\$ 794	\$ 1,095	\$ 1,021	\$ 884	\$ 841	\$ 800
Operating income (a)	218	253	342	283	201	373	135
Net income (a)	169	182	242	214	159	305	89
Balance Sheet Data:							
Total assets (b)	\$ 1,160	\$ 856	\$ 921	\$ 665	\$ 568	\$ 737	\$ 504
Property, plant and equipment, net	853	603	681	433	358	318	320
Other Operating Data:							
EBITDA (a) (c)	\$ 270	\$ 295	\$ 404	\$ 339	\$ 258	\$ 431	\$ 192
Alternative Fuel Mixture Credit	—	—	—	—	—	(205)	—
Adjusted EBITDA (c)	\$ 270	\$ 295	\$ 404	\$ 339	\$ 258	\$ 226	\$ 192
Sales volumes (thousands of metric tons)							
Cellulose specialties	357	365	503	504	480	464	471
Absorbent materials	98	152	214	227	238	270	253
Commodity viscose	19	—	—	—	—	—	—
Total	474	517	717	731	718	734	724

(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 net income 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 \$[•] 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 nine months ended September 30, 2013 and the year ended December 31, 2012 have been prepared as though the separation occurred on January 1, 2012. The unaudited pro forma condensed combined balance sheet at September 30, 2013 has been prepared as though the separation occurred on September 30, 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.

RAYONIER HOLDING COMPANY
UNAUDITED PROFORMA CONDENSED
COMBINED STATEMENT OF INCOME
For the Nine Months Ended September 30, 2013
(in millions of dollars, except for per share amounts)

	<u>As Reported</u>	<u>Debt</u>	<u>Pro Forma</u>
SALES	<u>\$ 765</u>	<u>\$ —</u>	<u>\$ 765</u>
Costs and expenses			
Cost of sales	516	—	516
Gross margin	249	—	249
Selling and general expenses	27		27
Other operating expense	4		4
OPERATING INCOME	<u>218</u>	<u>—</u>	<u>218</u>
Interest expense	—	— (a)	—
Interest and miscellaneous income, net	1	—	1
INCOME BEFORE INCOME TAXES	<u>219</u>	<u>—</u>	<u>219</u>
Income tax expense	50	— (b)	50
NET INCOME	<u>\$ 169</u>	<u>\$ —</u>	<u>\$ 169</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 HOLDING COMPANY
UNAUDITED PROFORMA CONDENSED
COMBINED STATEMENT OF INCOME
For the Year Ended December 31, 2012
(in millions of dollars, except for per share amounts)

	<u>As Reported</u>	<u>Debt</u>	<u>Pro Forma</u>
SALES	\$ 1,095	\$ —	\$ 1,095
Costs and expenses			
Cost of sales	716	—	716
Gross margin	379	—	379
Selling and general expenses	36	—	36
Other operating expense	1	—	1
OPERATING INCOME	342	—	342
Interest expense	—	— (a)	—
Interest and miscellaneous income, net	—	—	—
INCOME BEFORE INCOME TAXES	342	—	342
Income tax expense	100	— (b)	100
NET INCOME	<u>\$ 242</u>	<u>\$ —</u>	<u>\$ 242</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.

Table of Contents

RAYONIER HOLDING COMPANY
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
As of September 30, 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	96	—	—	—	—	96
Inventory	119	—	—	—	—	119
Deferred tax assets	30	—	—	—	(27) (g)	3
Prepaid and other current assets	36	—	—	—	—	36
Total current assets	<u>281</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(27)</u>	<u>254</u>
PROPERTY, PLANT AND EQUIPMENT						
Land	16	—	—	—	—	16
Buildings	177	—	—	—	—	177
Machinery and equipment	1,752	—	—	—	2	1,754
Construction in progress	16	—	—	—	—	16
Total property, plant and equipment, gross	1,961	—	—	—	2	1,963
Less—accumulated depreciation	<u>(1,108)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1)</u>	<u>(1,109)</u>
Total property, plant and equipment, net	853	—	—	—	1	854
OTHER ASSETS	26	11	—	—	—	37
TOTAL ASSETS	<u>\$ 1,160</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (26)</u>	<u>\$ 1,145</u>
LIABILITIES AND NET INVESTMENT						
CURRENT LIABILITIES						
Accounts payable	\$ 81	\$ —	\$ —	\$ —	\$ —	\$ 81
Current liabilities for dispositions and discontinued operations	—	8	—	—	—	8
Other current liabilities	30	1	—	—	3	34
Total current liabilities	<u>111</u>	<u>9</u>	<u>—</u>	<u>—</u>	<u>3</u>	<u>123</u>
LONG-TERM DEBT	—	—	—	—	—	—
NON-CURRENT LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	—	67	—	—	—	67
PENSION AND OTHER POSTRETIREMENT BENEFITS	51	—	50	—	—	101
DEFERRED INCOME TAXES	64	(28)	(20)	—	—	16
OTHER NON-CURRENT LIABILITIES	—	—	—	—	1	1
COMMITMENTS AND CONTINGENCIES						
NET INVESTMENT						
Common stock	—	—	—	—	—	—
Additional paid-in capital	—	—	—	—	932 (h)	932
Retained earnings	1,365	—	—	—	(1,365) (h)	—
Transfers to Rayonier, net	(370)	(37)	4	—	403 (h)	—
Accumulated other comprehensive loss	(61)	—	(34)	—	—	(95)
TOTAL NET INVESTMENT	<u>934</u>	<u>(37)</u>	<u>(30)</u>	<u>—</u>	<u>(30)</u>	<u>837</u>
TOTAL LIABILITIES AND NET INVESTMENT	<u>\$ 1,160</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (26)</u>	<u>\$ 1,145</u>

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Statements.

RAYONIER HOLDING COMPANY
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

- (a) Represents adjustments to interest resulting from the assumed incurrence of \$[•] billion of indebtedness in connection with the separation, as follows:

	Nine Months Ended September 30, 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	\$ [•]	\$ [•]

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 investment grade 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 both the nine months ended September 30, 2013, and the year ended December 31, 2012. 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 nine months ending September 30, 2013 and the year ended December 31, 2012, adjusted for the distribution ratio of [•] share of our 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 nine months ending September 30, 2013 and the year ended December 31, 2012, 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 the known 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.

RAYONIER HOLDING COMPANY
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

(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. 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	\$ (370)
Reclassification of SpinCo’s retained earnings	1,365
New assets and liabilities recorded on SpinCo’s books	(97)
New accumulated other comprehensive loss recorded on SpinCo’s books	34
Total additional paid-in capital	<u>\$ 932</u>

LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS

Included in the Unaudited Pro Forma Condensed Combined Balance Sheet at September 30, 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, 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 September 30, 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

RAYONIER HOLDING COMPANY
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

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 2013 through 2032, 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 the liabilities for dispositions and discontinued operations follows:

	September 30,	December 31,
	2013	2012
(dollars in millions)		
Balance, beginning of period	\$ 81.7	\$ 90.8
Expenditures charged to liabilities	(6.4)	(9.9)
Increase to liabilities	0.2	0.8
Balance, end of period	75.5	81.7
Less: Current portion	(8.4)	(8.1)
Non-current portion	<u>\$ 67.1</u>	<u>\$ 73.6</u>

Below are disclosures for specific site liabilities where current estimates exceed 10 percent of the total liabilities for dispositions and discontinued operations at September 30, 2013. An analysis of the activity for the nine months ended September 30, 2013 and the year ended December 31, 2012 is as follows:

	Activity (in millions)						September 30,
	(Reduction)			Increase to			
Sites	2011 Liability	Expenditures	Increase to Liabilities	2012 Liability	Expenditures	Liabilities	2013 Liability
Augusta, Georgia	\$ 13.9	\$ (0.8)	\$ (1.0)	\$ 12.1	\$ (0.7)	\$ —	\$ 11.4
Spartanburg, South Carolina	14.7	(0.9)	0.2	14.0	(0.9)	—	13.1
East Point, Georgia	11.0	(1.0)	0.9	10.9	(0.6)	—	10.3
Baldwin, Florida	9.7	(0.9)	0.3	9.1	(0.8)	—	8.3
Other SWP sites	26.3	(3.6)	(1.8)	20.9	(1.7)	—	19.2
Total SWP	75.6	(7.2)	(1.4)	67.0	(4.7)	—	62.3
Port Angeles, Washington	9.3	(1.7)	1.9	9.5	(0.8)	0.2	8.9
All other sites	5.9	(1.0)	0.3	5.2	(0.9)	—	4.3
TOTAL	\$ 90.8	\$ (9.9)	\$ 0.8	\$ 81.7	\$ (6.4)	\$ 0.2	\$ 75.5

A brief description of each of these sites is as follows:

Augusta, Georgia — Southern Wood Piedmont Company 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 September 30, 2013 was \$68 million. Liabilities are recorded to cover obligations for the estimated remaining remedial and monitoring activities through 2032.

RAYONIER HOLDING COMPANY
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Spartanburg, South Carolina — Southern Wood Piedmont Company 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. The cost estimate includes potential remediation of identified off-site areas which appear to have been impacted from a portion of the former operating plant. In 2012, Southern Wood Piedmont Company 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 September 30, 2013 was \$39.7 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2032.

East Point, Georgia — Southern Wood Piedmont Company 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, Southern Wood Piedmont Company entered into a consent order with the Environmental Protection Division of the Georgia Department of Natural Resources which requires that Southern Wood Piedmont Company 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 September 30, 2013 was \$21.6 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2032.

Baldwin, Florida — Southern Wood Piedmont Company 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 September 30, 2013 was \$21.4 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2026.

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 September 30, 2013 was \$42.0 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 both 2013 and 2014. Such costs will be charged against its 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.

RAYONIER HOLDING COMPANY
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

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 September 30, 2013, this amount could range up to \$29 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 earnings before interest, taxes, depreciation and amortization (or "EBITDA") from \$192 million in 2008 to \$404 million in fiscal year 2012, representing a CAGR of 20%. Revenue for fiscal year 2012 was \$1.1 billion. For a reconciliation of EBITDA to net income and cash flow from operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance Indicator."

Table of Contents

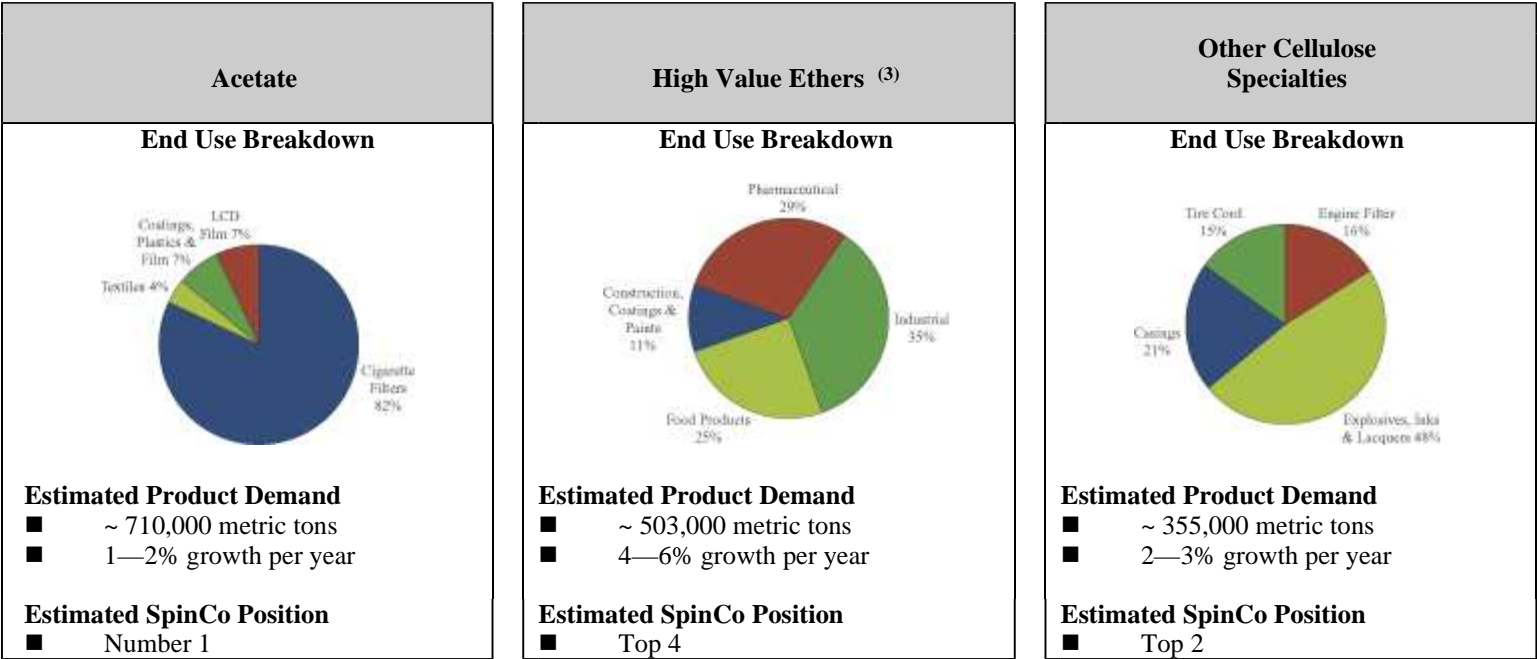
SpinCo categorizes its cellulose specialties into three product lines: acetate, high-value ethers and other cellulose specialties which account for 80%, 7% and 13% of its total cellulose specialties volume, respectively. SpinCo’s products are used primarily in the manufacture of a broad range of end-use 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 2012 sales volume of approximately 503,000 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: Public information and privately commissioned studies

(1) Data from 2012.

(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

Table of Contents

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.

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 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.

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

Table of Contents

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.

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

Table of Contents

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 net income 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. From the beginning of fiscal 2008 through fiscal 2012, SpinCo has generated strong free cash flow from operations totaling \$570 million. SpinCo produced Adjusted EBITDA of \$404 million, \$339 million, \$258 million, \$226 million and \$192 million for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 respectively. During this five-year period, Adjusted EBITDA margins averaged 30%. 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 Free Cash Flow and Adjusted EBITDA to cash flow from operations and Adjusted EBITDA to net income, 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

Table of Contents

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 Holding Company'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 viscose.

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.

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.

Table of Contents

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 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

Table of Contents

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 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 first half 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

Table of Contents

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.

Notice of Intent to Sue—Jesup Mill. In November of 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 letter. The allegations relate to the color and odor of treated effluent discharged into the Altamaha River by SpinCo's Jesup, Georgia mill.

The mill's treated effluent is discharged pursuant to a permit issued by the Environmental Protection Division of the Georgia Department of Natural Resources (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 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. Assuming that no resolution can be reached within the 60-day period specified in the letter, it is possible that Altamaha Riverkeeper will file a lawsuit against SpinCo in respect of its claims.

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. SpinCo intends to continue taking steps as necessary to protect SpinCo's intellectual property, including, when appropriate, filing patent applications for inventions that are deemed important to SpinCo's operations. SpinCo's U.S. patents generally have a duration of 20 years from the date of filing.

SpinCo currently employs approximately [•] people, of whom approximately [•] reside in the United States. Approximately [•] 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.

Costs for raw materials, energy and labor, including wood, chemicals, oil and natural gas, are the most significant contributors to operating expense. 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, including caustic soda (sodium hydroxide), sulfuric acid, sodium chlorate, and various deresinators are purchased under negotiated supply agreements with third parties.

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.

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 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, 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.

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.

Table of Contents

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, 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 by approximately 35,000 to 40,000 metric tons, an impact of approximately \$12 million to \$14 million, but providing the ability to produce more cellulose specialties in 2015.

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.

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 physical life of equipment, however, may be shortened by economic obsolescence caused by environmental regulation, competition or other causes. 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.

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 plans are currently closed to new participants. Pension expense attributable to SpinCo's two qualified pension plans was \$3.9 million in 2012. Pension expense attributable to SpinCo's participation in Rayonier's shared plans was \$9.1 million in 2012. 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 2012, a \$12.6 million return on assets was assumed based on an expected long-term rate of return of 8.5 percent. The actual return for 2012 was a gain of \$20.7 million, or 14 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 2012, SpinCo reviewed this assumption for reasonableness and determined that the 2012 long-term rate of return assumption did remain at 8.5 percent. At December 31, 2012, SpinCo's asset mix consisted of 66 percent equities, 31 percent bonds and three 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

Table of Contents

corporate bond rates into their calculations. The discount rate decreased from 4.20 percent at December 31, 2011 to 3.70 percent at December 31, 2012.

SpinCo's pension plans were underfunded by \$31 million at December 31, 2012, a \$2.5 million decline in funded status from December 31, 2011 due primarily to the decreased discount rate. SpinCo had no mandatory pension contributions and did not make discretionary contributions to its qualified pension plans in 2012 or 2011. SpinCo made discretionary contributions of \$27.5 million in 2010. 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.

In 2013, SpinCo expects pension expense to be above 2012 due to an increase in the amortization of actuarial losses resulting from a decrease 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	+ 0.3 million	+ 5.9 million
25 bp increase in discount rate	- 0.3 million	- 5.6 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 the nine months ended

Table of Contents

September 30, 2013 and 2012 and for each of the three years ended December 31, 2012, 2011 and 2010. 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 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 Holding Company's Results of Operations:

Financial Information (in millions)	Nine Months Ended September 30,		Years Ended December 31,		
	2013	2012	2012	2011	2010
Sales					
Performance fibers					
Cellulose specialties	\$ 680	\$ 680	\$ 935	\$ 824	\$ 686
Absorbent materials	66	114	159	196	195
Commodity viscose/Other	19	—	1	1	3
Total sales	\$ 765	\$ 794	\$ 1,095	\$ 1,021	\$ 884
Costs and expenses					
Cost of sales					
Materials, labor and other operating expenses	\$ 465	\$ 471	\$ 655	\$ 642	\$ 595
Depreciation and amortization	51	42	61	56	58
	516	513	716	698	653
Selling and general expenses	27	27	36	33	30
Other operating expenses	3	2	1	7	1
Total cost and expenses	\$ 546	\$ 542	\$ 753	\$ 738	\$ 684
Operating income	\$ 219	\$ 253	\$ 342	\$ 283	\$ 200
Income tax expense	50	71	100	69	41
Net income	\$ 169	\$ 182	\$ 242	\$ 214	\$ 159

Table of Contents

Results of Operations, Nine Months Ended September 30, 2013 versus September 30, 2012

Sales (in millions)

Nine Months Ended September 30,	2012	Changes Attributable to:		2013
		Price	Volume/ Mix	
Cellulose specialties	\$ 680	\$ 14	\$ (14)	\$ 680
Commodity viscose/other	—	—	19	19
Absorbent materials	114	(8)	(40)	66
Total sales	\$ 794	\$ 6	\$ (35)	\$ 765

Cellulose specialties prices improved in the first nine months of 2013 while volumes decreased due to the timing of customer orders. Absorbent materials sales decreased from the prior year period as prices and volumes declined, reflecting weakness in that market and our transition away from this business in conjunction with the completion of the cellulose specialties expansion project.

Operating Income (in millions)

<u>Operating Income (in millions)</u>		<u>Changes Attributable to:</u>				
		<u>Cellulose Specialties</u>				
Nine months ended September 30,	2012	Price	Volume	Cost/Mix	Other	2013
Total operating income	\$ 253	\$ 14	\$ (6)	\$ (9)	\$ (34)	\$ 218

Operating income declined \$35 million for the nine months ended September 30, 2013 due to the lower cellulose specialties volumes, the planned extended shutdown at the Jesup mill and higher wood and production costs. The 2013 results also reflect a product mix shift from absorbent materials to commodity viscose as a result of the cellulose specialties expansion project transition.

Selling, general and administrative expenses —Selling, general and administrative expenses of \$27 million for the nine months ended September 30, 2013 were comparable to the prior year period.

Income tax provision —SpinCo's effective tax rate for the first nine months of 2013 was 23 percent, compared to 28 percent for the same period of 2012. The effective tax rate declined as the tax benefit from the AFMC for CBPC exchange was higher in 2013 than 2012. See Note 5— *Income Taxes* to the Condensed Combined Financial Statements for additional information.

The total cost for the cellulose specialties expansion project at our Jesup mill was \$385 million. SpinCo expects to reach the full production rate of approximately 190,000 metric tons of new cellulose specialties capacity in 2017/2018 based on an expected cellulose specialties market annual growth rate of 50,000 metric tons. However, this timing could vary based on actual demand growth, additional capacity from competitors and market share changes. As production of cellulose specialties increases, SpinCo anticipates total sales and operating income to increase in the future as higher prices received on the additional cellulose specialties volumes more than offset expected cost increases of approximately 11 percent in 2013 and the net 70,000 metric ton reduction in overall production capacity.

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

Table of Contents

<u>Net Selling Price (\$/metric ton)</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>	<u>2012</u>
Cellulose specialties	\$ 1,636	\$ 223	\$ 1,859
Absorbent materials	844	(124)	720

Total sales increased \$74 million, or seven percent, in 2012 over 2011, primarily due to a 14 percent increase in cellulose specialties sales price driven by continued strong 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>Operating Income (in millions)</u>	<u>Changes Attributable to:</u>				<u>2012</u>
	<u>2011</u>	<u>Price</u>	<u>Mix</u>	<u>Cost/Other</u>	
Total operating income	\$ 283	\$ 86	\$ (3)	\$ (24)	\$ 342

In 2012, operating income improved from the prior year as higher cellulose specialties prices more than offset increased wood, chemical and labor costs, and higher depreciation. The 2011 results were also negatively impacted by a \$6 million write-off related to process equipment changes needed for the cellulose specialties expansion project.

Selling, general and administrative expenses —Selling, general and administrative expenses increased \$3 million, or eight percent in 2012 compared to 2011, primarily due to higher pension and postretirement plan costs associated with the participation in Rayonier Inc.'s plans.

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. See Note 7— *Income Taxes* to the Combined Financial Statements for additional information.

Results of Operations, 2011 versus 2010

<u>Sales (in millions)</u>	<u>2010</u>	<u>Changes Attributable to:</u>		<u>2011</u>
		<u>Price</u>	<u>Volume/ Mix</u>	
Cellulose specialties	\$ 686	\$ 105	\$ 33	\$ 824
Absorbent materials	195	10	(9)	196
Other	3	—	(2)	1
Total sales	\$ 884	\$ 115	\$ 22	\$ 1,021

<u>Net Selling Price (\$/metric ton)</u>	<u>2010</u>	<u>Increase/ (Decrease)</u>	<u>2011</u>
Cellulose specialties	\$ 1,427	\$ 209	\$ 1,636
Absorbent materials	800	44	844

Cellulose specialties sales improved as prices and volumes increased 15 percent and five percent from the prior year, respectively, reflecting strong demand and a production shift from absorbent materials to cellulose specialties. Absorbent materials sales were relatively consistent with 2010 as a six percent increase in prices, primarily from the first half of the year, offset a five percent decline in sales volumes from the production shift previously discussed.

Table of Contents

Operating Income (in millions)	2010	Changes Attributable to:			2011
		Price	Volume/ Mix	Cost/Other	
Total operating income	\$ 201	\$ 115	\$ 9	\$ (42)	\$ 283

In 2011, operating income improved from 2010 as increased cellulose specialties sales and absorbent materials prices more than offset higher chemical and transportation costs. The 2011 results were also negatively impacted by a \$6 million write-off related to process equipment changes needed for the cellulose specialties expansion project.

Selling, general and administrative expenses —Selling, general and administrative expenses increased \$3 million or nine percent in 2011 compared to 2010, primarily due to higher pension and postretirement plan costs associated with the participation in Rayonier's plans.

Income tax provision —SpinCo's income tax provision increased \$28 million, or 67 percent, in 2011 compared to 2010 due to higher operating income. The effective tax rate was 24.5 percent and 20.6 percent for the years ended December 31, 2011 and 2010, respectively. See Note 7— *Income Taxes* to the Combined Financial Statements for additional information.

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):

	Nine Months Ended September 30,		Years Ended December 31,		
	2013	2012	2012	2011	2010
Total cash provided by (used for):					
Operating activities (a)	\$ 189	\$ 197	\$ 305	\$ 258	\$ 408
Investing activities	(220)	(184)	(305)	(131)	(93)
Financing activities	31	(13)	—	(127)	(315)
Increase (decrease) in cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —

(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.

Cash Provided by Operating Activities

Cash provided by operating activities of \$189 million in the first nine months of 2013 decreased four percent from \$197 million over the corresponding period in the prior year. 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. The improvement in the 2012 period reflects favorable operating results. During 2011, cash provided by operating activities of \$258 million decreased 37 percent from \$408 million in 2010. 2010 included cash of \$205.2 million, net related to the AFMC offset by a \$27.5 million pension contribution.

Table of Contents

Cash Used for Investing Activities

Cash used for investing activities increased for the first nine months of 2013 over the prior year period primarily due to the higher spending on the Jesup Mill cellulose specialties expansion project.

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. Cash used for investing activities in 2011 increased from 2010 due to higher strategic capital spending for the cellulose specialties expansion project.

Cash Provided by (Used for) Financing Activities

Cash provided by investing activities increased for the first nine months of 2013 and full year 2012 compared to the respective prior year periods as cash flow to fund the cellulose specialties expansion project exceeded SpinCo's cash flow from operations resulting in a net contribution from Rayonier Inc. Cash used for financing activities in 2011 increased from 2010 as 2011 cash flow from operating results exceeded investing requirements. As such, excess cash flow was distributed to Rayonier.

Expected 2013 Expenditures

Capital expenditures in 2013 are forecasted to be between \$95 million and \$100 million, excluding the cellulose specialties expansion spending of \$141 million. SpinCo made no discretionary pension contributions in 2013, 2012 or 2011. SpinCo had no mandatory pension contributions due in 2013.

Performance Indicator

SpinCo uses the following non-GAAP measures: earnings before interest, taxes, depreciation, and amortization ("EBITDA"), Adjusted EBITDA and 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. Free Cash Flow is defined as cash provided by operating activities adjusted for capital expenditures, 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. Free Cash Flow, as defined, may not be comparable to similarly titled measures reported by other companies.

Table of Contents

Below is a reconciliation of Net Income to EBITDA and Adjusted EBITDA for the periods presented (in millions of dollars):

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
Net Income to EBITDA Reconciliation							
Net income	\$ 169	\$ 182	\$ 242	\$ 214	\$ 159	\$ 305	\$ 89
Income tax expense	50	71	100	69	41	68	47
Interest, net	—	—	1	—	—	—	—
Depreciation, depletion and amortization	51	42	61	56	58	58	56
EBITDA	\$ 270	\$ 295	\$ 404	\$ 339	\$ 258	\$ 431	\$ 192
Alternative fuel mixture credit	—	—	—	—	—	(205)	—
Adjusted EBITDA	<u>\$ 270</u>	<u>\$ 295</u>	<u>\$ 404</u>	<u>\$ 339</u>	<u>\$ 258</u>	<u>\$ 226</u>	<u>\$ 192</u>

Below is a reconciliation of Cash Flow from Operations to EBITDA and Adjusted EBITDA for the periods presented (in millions of dollars):

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
Cash Flow from Operations to EBITDA Reconciliation							
Cash flow from operations	\$ 189	\$ 197	\$ 305	\$ 258	\$ 408	\$ 128	\$ 147
Income tax expense	50	71	100	69	41	68	47
Interest, net	—	—	1	—	—	—	—
Change due to AFMC	—	—	—	—	(205)	205	—
Other balance sheet changes	31	27	(2)	12	14	30	(2)
EBITDA	\$ 270	\$ 295	\$ 404	\$ 339	\$ 258	\$ 431	\$ 192
Alternative fuel mixture credit	—	—	—	—	—	(205)	—
Adjusted EBITDA	<u>\$ 270</u>	<u>\$ 295</u>	<u>\$ 404</u>	<u>\$ 339</u>	<u>\$ 258</u>	<u>\$ 226</u>	<u>\$ 192</u>

Below is a reconciliation of Cash Flow from Operations to Free Cash Flow for the periods presented (in millions of dollars):

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
Cash Flow from Operations to Free Cash Flow Reconciliation							
Cash flow from operations (a)	\$ 189	\$ 197	\$ 305	\$ 258	\$ 408	\$ 128	\$ 147
Capital expenditures	(82)	(81)	(105)	(97)	(98)	(59)	(67)
Alternative fuel mixture credit	—	—	—	—	(205)	—	—
Tax (benefit)/deficit due to AFMC	(19)	(12)	(12)	(21)	(24)	12	—
Free Cash Flow	<u>\$ 88</u>	<u>\$ 104</u>	<u>\$ 188</u>	<u>\$ 140</u>	<u>\$ 81</u>	<u>\$ 81</u>	<u>\$ 80</u>

Table of Contents

(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 \$[•] million to Rayonier as described in “Certain Relationships and Related Person 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 September 30, 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			
		2013	2014-2015	2016-2017	Thereafter
Environmental obligations (a)	\$ 31	\$ 16	\$ 15	\$ —	\$ —
Postretirement obligations (b)	13	1	2	3	7
Operating leases (c)	24	1	2	4	17
Purchase obligations (d)	36	2	17	17	—
Total contractual cash obligations	\$ 104	\$ 20	\$ 36	\$ 24	\$ 24

Table of Contents

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.

- (a) 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.
- (b) Includes operating leases related to property, plant and equipment, office and the Jesup mill natural gas transportation contract.
- (c) Purchase obligations include obligations with Interfor to purchase wood chips for use at SpinCo’s Jesup mill.

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 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 2012, 2011 and 2010, SpinCo spent the following for capital projects related to environmental compliance for ongoing operations:

<u>(in millions)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Jesup mill consent order (a)	\$ 25	\$ 3	\$ 18
Cellulose specialties expansion project (b)	16	5	—
Other (c)	12	10	5
Total	<u>\$ 53</u>	<u>\$ 18</u>	<u>\$ 23</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 \$31 million for the years 2013 through 2015.
- (b) Environmental compliance expenditures are included in estimated costs to complete the cellulose specialties expansion project. During 2013, environmental compliance spending related to the cellulose specialties expansion project is expected to approximate \$16 million.
- (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 \$8 million in 2013.

Table of Contents

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, 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 2013 to 2017.

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, 2012, 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 January 29, 2014 regarding the individual who is expected to serve as SpinCo's Chairman, President and Chief Executive Officer following the distribution. Additional executive officers will be appointed prior to the distribution, and Spinco will include information concerning those executive officers 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

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.

DIRECTORS**Board of Directors Following the Separation**

The following table sets forth information as of January 29, 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 one

Table of Contents

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 fiscal 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.

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

The four individuals, in addition to Mr. Boynton, expected to be SpinCo's named executive officers as of the separation will be identified in a subsequent amendment to this information statement. Prior to the effectiveness of the registration statement of which this information statement is a part, information regarding the compensation of those individuals by Rayonier will be disclosed in accordance with the rules and regulations of the SEC.

DIRECTOR COMPENSATION

Prior to the effectiveness of the registration statement of which this information statement is a part, information regarding the expected compensation of SpinCo non-employee directors following the separation will be disclosed in accordance with the rules and regulations of the SEC.

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 \$[•] 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;

Table of Contents

- any breach by Rayonier of the separation agreement or any of the ancillary agreements; and
- 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”).

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 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 that provide the same benefits as those provided by Rayonier to SpinCo allocated employees immediately prior to the separation through at least December 31, 2015, subject to changes that are no less favorable to participants than the terms of the corresponding Rayonier arrangements immediately prior to the separation or as required by applicable law.

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.

Retirement and Deferred Compensation Programs

In connection with the separation, SpinCo expects to establish a tax-qualified defined benefit pension plan for salaried employees, a tax-qualified defined contribution savings plan for salaried employees, a non-qualified excess benefit plan and a non-qualified excess savings and deferred compensation plan. As described above, until December 31, 2015, these plans will provide the same benefits to those in effect in the corresponding Rayonier plans immediately prior to the separation, subject to changes that are no less favorable to participants than the terms of the corresponding Rayonier plans immediately prior to the separation or as required by applicable law. In addition, effective as of the separation, SpinCo will assume all assets and liabilities of two defined benefit pension plans in which only SpinCo allocated employees are or were eligible to participate.

Welfare Plans

Rayonier will retain liability for claims incurred under the Rayonier health and welfare plans prior to the distribution date by Rayonier allocated employees, and SpinCo will assume liability for claims incurred under the Rayonier health and welfare plans prior to the distribution date by SpinCo allocated employees. As of the separation, SpinCo allocated employees will be eligible to commence participation in SpinCo health and welfare plans in accordance with the terms and conditions of the SpinCo plans as in effect from time to time.

Table of Contents

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 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

Table of Contents

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 or upon the other party experiencing certain insolvency events. 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 (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 the licensee, 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;

Table of Contents

- 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.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 \$[•] 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			
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 HOLDING COMPANY'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 (along with the applicable provisions of Delaware law) 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.

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.

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 "[•]."

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 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.

Table of Contents**INDEX TO FINANCIAL STATEMENTS**

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-1
Audited Combined Financial Statements of Rayonier Holding Company	
Combined Statement of Income and Comprehensive Income for the years ended December 31, 2012, 2011 and 2010	F-2
Combined Balance Sheets at December 31, 2012 and 2011	F-3
Combined Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010	F-4
Notes to Combined Financial Statements	F-5
Schedule II - Valuation and Qualifying Accounts (Combined)	F-26
Unaudited Interim Condensed Combined Financial Statements of Rayonier Holding Company	
Condensed Combined Statements of Income and Comprehensive Income for the nine months ended September 30, 2013 and 2012	F-27
Condensed Combined Balance Sheets at September 30, 2013 and December 30, 2012	F-28
Condensed Combined Statements of Cash Flows for the nine months ended September 30, 2013 and 2012	F-29
Notes to Unaudited Interim Condensed Combined Financial Statements	F-30

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 Holding Company, (“SpinCo”) as of December 31, 2012 and 2011, and the related combined statements of income and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2012. Our audit 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 Holding Company, (“SpinCo”) at December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, 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
January 29, 2014

RAYONIER HOLDING COMPANY
COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31,
(Thousands of dollars)

	2012	2011	2010
SALES	<u>\$ 1,095,376</u>	<u>\$ 1,021,416</u>	<u>\$ 884,425</u>
Costs and Expenses			
Cost of sales	<u>715,707</u>	<u>697,918</u>	<u>652,524</u>
Gross margin	<u>379,669</u>	<u>323,498</u>	<u>231,901</u>
Selling and general expenses	<u>35,684</u>	<u>33,110</u>	<u>30,491</u>
Other operating expense, net	<u>2,003</u>	<u>7,434</u>	<u>873</u>
OPERATING INCOME	<u>341,982</u>	<u>282,954</u>	<u>200,537</u>
Interest and miscellaneous income, net	<u>507</u>	<u>98</u>	<u>15</u>
INCOME BEFORE INCOME TAXES	<u>342,489</u>	<u>283,052</u>	<u>200,552</u>
Income tax expense	<u>100,393</u>	<u>69,234</u>	<u>41,410</u>
NET INCOME	<u>242,096</u>	<u>213,818</u>	<u>159,142</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Gain (loss) from pension and postretirement plans, net of income tax (expense) benefit of (\$233), \$10,159 and \$385	<u>406</u>	<u>(17,675)</u>	<u>(671)</u>
Total other comprehensive income (loss)	<u>\$ 406</u>	<u>\$ (17,675)</u>	<u>\$ (671)</u>
COMPREHENSIVE INCOME	<u><u>\$ 242,502</u></u>	<u><u>\$ 196,143</u></u>	<u><u>\$ 158,471</u></u>

[Table of Contents](#)

RAYONIER HOLDING COMPANY
COMBINED BALANCE SHEETS
As of December 31,
(Thousands of dollars)

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, less allowance for doubtful accounts of \$140 and \$140	77,476	83,455
Inventory	116,991	104,873
Deferred tax assets	3,648	4,600
Prepaid and other current assets	20,505	17,549
Total current assets	<u>218,620</u>	<u>210,477</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	15,130	12,487
Buildings	127,946	120,836
Machinery and equipment	1,375,221	1,274,447
Construction in progress	263,317	104,947
Total property, plant and equipment, gross	1,781,614	1,512,717
Less—accumulated depreciation	<u>(1,100,868)</u>	<u>(1,079,236)</u>
Total property, plant and equipment, net	680,746	433,481
OTHER ASSETS	<u>21,235</u>	<u>21,206</u>
TOTAL ASSETS	<u><u>\$ 920,601</u></u>	<u><u>\$ 665,164</u></u>
LIABILITIES AND NET INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	\$ 65,944	\$ 71,447
Accrued taxes	8,355	2,438
Accrued payroll and benefits	12,269	11,411
Accrued customer incentives	8,805	8,069
Other current liabilities	346	449
Total current liabilities	<u>95,719</u>	<u>93,814</u>
PENSION AND OTHER POSTRETIREMENT BENEFITS	51,981	47,770
DEFERRED INCOME TAXES	47,147	48,694
OTHER NON-CURRENT LIABILITIES	1,050	950
COMMITMENTS AND CONTINGENCIES		
NET INVESTMENT		
Retained earnings	1,196,127	954,031
Transfers to Parent, net	(406,753)	(415,019)
Accumulated other comprehensive loss	<u>(64,670)</u>	<u>(65,076)</u>
TOTAL NET INVESTMENT	724,704	473,936
TOTAL LIABILITIES AND NET INVESTMENT	<u><u>\$ 920,601</u></u>	<u><u>\$ 665,164</u></u>

See Notes to Combined Financial Statements.

Table of Contents

RAYONIER HOLDING COMPANY
COMBINED STATEMENTS OF CASH FLOWS
For the Years Ended December 31,
(Thousands of dollars)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES			
Net income	\$ 242,096	\$ 213,818	\$ 159,142
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	60,909	56,128	57,616
Stock-based incentive compensation expense	8,227	7,954	8,252
Deferred income taxes	(827)	(2,694)	17,408
Amortization of losses from pension and postretirement plans	7,134	4,976	4,091
Loss from sale/disposal of property, plant and equipment	2,319	7,498	993
Other	(1,725)	566	(21)
Changes in operating assets and liabilities:			
Receivables	5,979	(12,030)	19,172
Inventories	(12,118)	(6,690)	(17,797)
Accounts payable	(9,019)	9,185	2,015
Alternative fuel mixture credit receivable	—	—	215,460
Contribution to pension plans	—	—	(27,500)
Accrued customer incentives	736	(1,690)	(15,885)
Uncertain tax positions	—	(16,000)	(258)
All other operating activities	1,502	(3,289)	(15,171)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>305,213</u>	<u>257,732</u>	<u>407,517</u>
INVESTING ACTIVITIES			
Capital expenditures	(105,406)	(96,526)	(98,356)
Jesup mill cellulose specialties expansion project	(201,359)	(42,894)	—
Other	1,513	8,526	4,878
CASH USED FOR INVESTING ACTIVITIES	<u>(305,252)</u>	<u>(130,894)</u>	<u>(93,478)</u>
FINANCING ACTIVITIES			
Net payments from (to) Parent	39	(126,838)	(314,039)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>39</u>	<u>(126,838)</u>	<u>(314,039)</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>\$ 23,090</u>	<u>\$ 19,574</u>	<u>\$ 11,048</u>

RAYONIER HOLDING COMPANY
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 Holding Company (“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.

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 could have occurred if it operated as an independent stand-alone company, including a change in capital structure

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

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.

Events and transactions subsequent to the balance sheet date have been evaluated through January 29, 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-performance cellulose fibers with two production facilities in Jesup, Georgia and Fernandina Beach, Florida, which had a combined annual capacity of approximately 745,000 metric tons as of December 31, 2012. 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 63 percent of performance fiber sales are to export customers, primarily in Asia and Europe.

Cellulose specialties —SpinCo is a producer of specialty cellulose products, 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.

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. In 2011, SpinCo began a capital project, the cellulose specialties expansion project, to convert a fiber line at the Jesup, Georgia mill from absorbent materials to cellulose specialties. The cellulose specialties expansion project added approximately 190,000 metric tons of cellulose specialties capacity, bringing total cellulose specialties capacity to about 675,000 metric tons. Production of cellulose specialties is expected to gradually increase to capacity by 2016/2017. Upon the completion of the cellulose specialties expansion project in June 2013, SpinCo exited the absorbent materials business (about 260,000 metric ton capacity).

SpinCo operates in one reportable business segment: Performance Fibers. See Note 4 — *Segment and Geographical Information* to the Combined Financial Statements for further discussion.

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

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 Sheet, “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. SpinCo 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 (Loss) was \$59.2 million, \$55.7 million and \$57.3 million for the years ended December 31, 2012, 2011 and 2010, 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

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

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 \$8.2 million and \$1.0 million for the years ended December 31, 2012 and 2011 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.

Financial Instruments

SpinCo is exposed to various market risks, primarily commodity prices. SpinCo's objective is to partially mitigate the economic impact of these market risks. Derivatives are used, as noted below, in accordance with policies and procedures approved by the Audit Committee of the Rayonier board of directors and are managed by a Rayonier senior executive committee, whose responsibilities include initiating, managing and monitoring resulting exposures. SpinCo does not enter into such financial instruments for trading or speculative purposes.

Derivative financial instruments such as commodity swap agreements are recognized in the financial statements and measured at fair value. Transactions that provide for the forward purchase or sale of raw materials are not included in the financial statements until physical delivery of the product, as these transactions are done in the normal course of business and qualify for the normal purchases and sales scope exception provided under generally accepted accounting principles.

SpinCo periodically enters into commodity forward contracts to fix some of its fuel oil and natural gas costs at its performance fibers mills. The forward contracts partially mitigate the risk of a change in performance fibers margins resulting from an increase or decrease in fuel oil and natural gas prices. SpinCo's commodity agreements do not qualify for hedge accounting and are marked to market. Gains or losses resulting from the valuation are recorded in "Other operating income, net."

Revenue Recognition

SpinCo generally recognizes revenues 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.

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

Revenue from domestic sales is recorded when title passes which, depending on the contract, is either at time of shipment or when the customer receives goods. Foreign sales are recorded when the customer or agent receives the goods and title passes.

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, 2012 and 2011 all pension plans were in a liability position due to an underfunded status. 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 HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

SpinCo'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 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.

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 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 \$0.7 million and \$0.5 million as of December 31, 2012 and 2011, respectively.

Four customers in the Performance Fibers segment represented 21 percent, 17 percent, 14 percent and 14 percent of SpinCo's combined sales in 2012, respectively. Three customers in the Performance Fibers segment represented 21 percent, 16 percent and 15 percent of SpinCo's combined sales in 2011, respectively, and three customers in the Performance Fibers segment represented 20 percent, 15 percent and 15 percent of SpinCo's combined sales in 2010.

	Sales by Product Line		
	2012	2011	2010
Performance Fibers			
Cellulose specialties	\$ 934,622	\$ 824,114	\$ 685,556
Absorbent materials	158,688	196,153	195,437
Other (a)	2,066	1,149	3,432
Total Sales	<u>\$ 1,095,376</u>	<u>\$ 1,021,416</u>	<u>\$ 884,425</u>

(a) Other includes wood chips, bark and shavings.

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

	Sales by Destination (a)					
	2012	%	2011	%	2010	%
United States	\$ 406,948	38	\$ 380,656	38	\$ 349,976	40
China	235,987	21	223,192	22	170,368	19
Europe	181,505	16	172,869	17	151,710	17
Japan	169,695	15	158,511	15	129,139	15
Latin America	52,508	5	36,100	3	35,044	4
Other Asia	27,101	3	20,482	2	20,882	2
Canada	3,735	—	8,594	1	9,935	1
All other	17,897	2	21,012	2	17,371	2
Total Sales	<u>\$ 1,095,376</u>	<u>100</u>	<u>\$ 1,021,416</u>	<u>100</u>	<u>\$ 884,425</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 (Loss) 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 (Loss) were \$17.4 million, \$15.2 million and \$13.9 million for the years ended December 31, 2012, 2011 and 2010, 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, 2012 and 2011, capitalized software costs were \$3.0 million and \$3.2 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.

The 2010 Combined Statement of Income and Comprehensive Income (Loss) includes a tax credit of \$24.3 million recorded in “income tax expense” for black liquor produced and used in 2009, which was not eligible for the AFMC. In 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 \$12.2 million and

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

\$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:

	2012	2011	2010
Current	\$ 101,220	\$ 71,928	\$ 24,002
Deferred	(827)	(2,694)	17,408
Total	<u>\$ 100,393</u>	<u>\$ 69,234</u>	<u>\$ 41,410</u>

A reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate was as follows:

	2012	2011	2010
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Domestic manufacturing production deduction	(3.2)	(3.3)	(2.3)
CBPC for AFMC exchange	(3.6)	(1.9)	(12.2)
Unrecognized tax benefit adjustment	—	(5.7)	—
Other	1.1	0.4	0.1
Income tax rate as reported	<u>29.3%</u>	<u>24.5%</u>	<u>20.6%</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:

	2012	2011
Gross deferred tax assets:		
Pension, postretirement and other employee benefits	\$ 18,679	\$ 17,562
Tax credit carryforwards	2,693	3,012
Total gross deferred tax assets	21,372	20,574
Less: Valuation allowance	(1,201)	(945)
Total deferred tax assets after valuation allowance	20,171	19,629
Gross deferred tax liabilities:		
Accelerated depreciation	(62,107)	(63,353)
Other	(1,563)	(370)
Total gross deferred tax liabilities	(63,670)	(63,723)
Net deferred tax liability	<u>\$ (43,499)</u>	<u>\$ (44,094)</u>
Current portion of deferred tax asset	\$ 3,648	\$ 4,600
Noncurrent portion of deferred tax liability	(47,147)	(48,694)
Net deferred tax liability	<u>\$ (43,499)</u>	<u>\$ (44,094)</u>

Table of Contents

RAYONIER HOLDING COMPANY NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

Included above are tax credit carryforwards as of December 31, 2012:

<u>Item</u>	<u>Gross Amount</u>	<u>Valuation Allowance</u>	<u>Expiration</u>
Tax credit carryforwards	\$ 2,693	\$ (1,201)	2013 -

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>2012</u>	<u>2011</u>	<u>2010</u>
Balance at January 1,	\$ —	\$ 16,000	\$ 16,000
Decreases related to prior year tax positions	—	(16,000) (a)	—
Balance at December 31,	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,000</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.

SpinCo records interest (and penalties, if applicable) related to unrecognized tax benefits in non-operating expenses. During the years ended December 31, 2012, 2011, and 2010, 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	2009 – 2012
State of Florida	2005 – 2006, 2009 – 2012
State of Georgia	2009 – 2012

8. INVENTORY

As of December 31, 2012 and 2011, SpinCo’s inventory included the following:

	<u>2012</u>	<u>2011</u>
Finished goods	\$ 96,005	\$ 82,006
Work in progress	2,718	3,907
Raw materials	15,919	17,062
Manufacturing and maintenance supplies	2,349	1,898
Total inventory	<u>\$ 116,991</u>	<u>\$ 104,873</u>

RAYONIER HOLDING COMPANY
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, 2012 is shown below.

	Retained Earnings	Transfers (to)/from Parent, net	Accumulated Other Comprehensive Income/(Loss)	Net Investment
Balance, December 31, 2009	\$ 581,071	\$ 9,653	\$ (46,730)	\$ 543,994
Net income	159,142	—	—	159,142
Net transfers to parent company	—	(305,788)	—	(305,788)
Net loss from pension and postretirement plans	—	—	(671)	(671)
Balance, December 31, 2010	\$ 740,213	\$ (296,135)	\$ (47,401)	\$ 396,677
Net income	213,818	—	—	213,818
Net transfers to parent company	—	(118,884)	—	(118,884)
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
Net transfers from parent company	—	8,266	—	8,266
Net gain from pension and postretirement plans	—	—	406	406
Balance, December 31, 2012	<u>\$1,196,127</u>	<u>\$ (406,753)</u>	<u>\$ (64,670)</u>	<u>\$ 724,704</u>

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 from/(to) parent” on the Combined Statements of Cash Flows.

	2012	2011	2010
Transfers (to)/from Parent, net per the Combined Statement of Changes in Net Investment	\$ 8,266	\$(118,884)	\$(305,788)
Non-cash adjustments:			
Stock-based compensation	(8,227)	(7,954)	(8,251)
Net payments from/(to) parent per the Combined Statements of Cash Flows	<u>\$ 39</u>	<u>\$(126,838)</u>	<u>\$(314,039)</u>

RAYONIER HOLDING COMPANY
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, 2010	\$ (47,401)
Other comprehensive loss before reclassifications	(20,835)
Amounts reclassified from accumulated other comprehensive loss (a)	3,160
Net other comprehensive loss	(17,675)
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	<u>\$ (64,670)</u>

- (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:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Loss on sale or disposal of property plant and equipment (a)	\$ 2,319	\$ 7,498	\$ 993
Miscellaneous income	(316)	(64)	(120)
Total	<u>\$ 2,003</u>	<u>\$ 7,434</u>	<u>\$ 873</u>

- (a) 2011 included a \$5.5 million write-off related to process equipment changes needed for the cellulose specialties expansion project.

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.

13. GUARANTEES

At December 31, 2012, SpinCo was liable for certain contingent obligations under various contractual arrangements. The fair value of these obligations is de minimus.

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

14. COMMITMENTS

SpinCo leases certain buildings, machinery and equipment under various operating leases. Total rental expense for operating leases amounted to \$1.6 million, \$1.1 million and \$0.8 million in 2012, 2011 and 2010, respectively.

At December 31, 2012, the future minimum payments under non-cancellable operating leases were as follows:

	Operating Leases
2013	\$ 1,680
2014	1,181
2015	580
2016	558
2017	492
Thereafter through 2018	186
	<u>\$ 4,677</u>

15. INCENTIVE STOCK PLANS

At December 31, 2012, Rayonier had equity awards outstanding under two stock-based employee compensation plans. The 1994 Rayonier Incentive Stock Plan (“the 1994 Plan”) provided for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, performance shares and restricted stock, subject to certain limitations. Rayonier no longer issues shares under the 1994 Plan. In 2010, the Rayonier Incentive Stock Plan (“the Stock Plan”) was approved, which 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, 2012, a total of 7.0 million shares were available for future grants under the Stock Plan.

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:

	2012	2011	2010
Selling and general expenses	\$ 7,561	\$ 7,150	\$ 8,252
Cost of sales	666	804	—
Total share-based compensation expense	<u>\$ 8,227</u>	<u>\$ 7,954</u>	<u>\$ 8,252</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.

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

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, 2012, there was \$0.1 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 1.5 years.

The following table summarizes the activity of Rayonier's restricted shares granted to employees of SpinCo for the three years ended December 31:

	2012	2011	2010
Restricted shares granted	600	5,625	1,950
Weighted average price of restricted shares granted	\$ 44.34	\$ 44.45	\$ 29.07
<i>(Amounts in millions)</i>			
Intrinsic value of restricted stock outstanding (a)	\$ 0.3	\$ 0.3	\$ 1.2
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	\$ —

(a) Intrinsic value of restricted stock outstanding is based on the market price of Rayonier's stock at December 31, 2012, 2011 and 2010.

The following table summarizes the 2012 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, 2011	5,625	\$ 44.45
Granted	600	44.34
Vested	—	—
Non-vested restricted shares at December 31, 2012	6,225	44.44

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

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, 2012, 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 1.9 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:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rayonier common shares reserved for performance shares	57,000	61,980	71,310
Weighted average fair value of performance share units granted	\$ 56.36	\$ 51.71	\$ 39.19
<i>(Amounts in millions)</i>			
Intrinsic value of outstanding performance share units (a)	\$ 4.8	\$ 3.9	\$ 2.3
Fair value of performance shares vested	\$ 2.5	\$ 0.5	\$ 1.4
Cash used to pay the minimum withholding tax requirements in lieu of receiving common shares	\$ 0.4	\$ 0.3	\$ 0.4

- (a) Intrinsic value of outstanding performance share units is based on the market price of Rayonier's stock at December 31, 2012, 2011 and 2010.

The following table summarizes the 2012 activity of Rayonier performance shares granted to employees of SpinCo:

	<u>Number of Units</u>	<u>Weighted Average Grant Date Fair Value (per common share)</u>
Outstanding performance share units at December 31, 2011	86,715	\$ 39.02
Granted	28,500	56.36
Units distributed	(23,130)	21.76
Cancelled	—	—
Outstanding performance share units at December 31, 2012	<u>92,085</u>	48.72

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

Table of Contents

RAYONIER HOLDING COMPANY NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

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, 2012:

	2012	2011	2010
Expected volatility	36.9%	51.3%	51.7%
Risk-free rate	0.4%	1.0%	1.4%

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:

	2012	2011	2010
Expected volatility	39.3%	38.2%	37.8%
Dividend yield	3.6%	3.9%	4.7%
Risk-free rate	1.3%	2.6%	3.2%
Expected life (in years)	6.4	6.5	6.7
Fair value per share of options granted	\$11.85	\$9.99	\$7.06
Fair value of options granted (in millions)	0.7	0.6	0.6

The following table summarizes the 2012 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, 2011	420,218	\$ 26.24	3.9	\$ 7.7
Granted	58,680	44.42	—	—
Exercised	(120,669)	22.17	—	—
Cancelled	(4,655)	37.54	—	—
Options outstanding at December 31, 2012	353,574	\$ 30.49	6.0	\$ 7.5
Options vested and expected to vest	353,382	\$ 30.49	6.0	\$ 7.5
Options exercisable at December 31, 2012	283,360	\$ 28.35	5.5	\$ 6.7

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

A summary of additional information pertaining to Rayonier stock options granted to employees of SpinCo is presented below:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<i>(Amounts in millions)</i>			
Intrinsic value of options exercised (a)	\$ 3.6	\$ 2.5	\$ 2.8
Fair value of options vested	\$ 0.6	\$ 0.5	\$ 0.5

(a) Intrinsic value of outstanding stock options is based on the market price of Rayonier's stock at December 31, 2012, 2011 and 2010.

As of December 31, 2012, there was \$0.4 million of unrecognized compensation costs related to SpinCo's stock options. This cost is expected to be recognized over a weighted period of 1.9 years.

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.

Table of Contents

RAYONIER HOLDING COMPANY 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	
	2012	2011	2012	2011
Change in Projected Benefit Obligation				
Projected benefit obligation at beginning of year	\$ 175,605	\$ 152,511	\$ 20,177	\$ 16,620
Service cost	2,651	2,296	823	604
Interest cost	7,260	7,838	757	783
Actuarial loss	12,670	20,879	1,262	3,683
Plan amendments	—	—	—	(631)
Employee contributions	—	—	1,009	1,116
Benefits paid	(8,317)	(7,919)	(2,027)	(1,998)
Projected benefit obligation at end of year	<u>\$ 189,869</u>	<u>\$ 175,605</u>	<u>\$ 22,001</u>	<u>\$ 20,177</u>

Change in Plan Assets				
Fair value of plan assets at beginning of year	\$ 146,994	\$ 150,910	\$ —	\$ —
Actual return on plan assets	20,681	4,470	—	—
Employer contributions	—	—	1,018	882
Employee contributions	—	—	1,009	1,116
Benefits paid	(8,317)	(7,919)	(2,027)	(1,998)
Other expense	(585)	(467)	—	—
Fair value of plan assets at end of year	<u>\$ 158,773</u>	<u>\$ 146,994</u>	<u>\$ —</u>	<u>\$ —</u>

Funded Status at End of Year:				
Net accrued benefit cost	<u>\$ (31,096)</u>	<u>\$ (28,611)</u>	<u>\$ (22,001)</u>	<u>\$ (20,177)</u>

Amounts recognized in the Combined

Balance Sheets consist of:				
Current liabilities	\$ —	\$ —	\$ (1,116)	\$ (1,018)
Noncurrent liabilities	(31,096)	(28,611)	(20,885)	(19,159)
Net amount recognized	<u>\$ (31,096)</u>	<u>\$ (28,611)</u>	<u>\$ (22,001)</u>	<u>\$ (20,177)</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		
	2012	2011	2010	2012	2011	2010
Net losses	\$ (5,234)	\$ (29,757)	\$ (3,216)	\$ (1,262)	\$ (3,683)	\$ (227)
Prior service (cost) benefit	—	—	(1,704)	—	631	—

RAYONIER HOLDING COMPANY
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		
	2012	2011	2010	2012	2011	2010
Amortization of losses	\$ (5,326)	\$ (3,229)	\$ (2,246)	\$ (491)	\$ (383)	\$ (300)
Amortization of prior service cost	(1,292)	(1,339)	(1,465)	(25)	(25)	(80)

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	
	2012	2011	2012	2011
Prior service (cost) credit	\$ (6,999)	\$ (8,291)	\$ 193	\$ 167
Net losses	(84,657)	(84,749)	(10,379)	(9,608)
Deferred income tax benefit	33,455	33,959	3,717	3,446
AOCI	<u>\$ (58,201)</u>	<u>\$ (59,081)</u>	<u>\$ (6,469)</u>	<u>\$ (5,995)</u>

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:

	2012	2011
Projected benefit obligation (a)	\$ 189,869	\$ 175,605
Accumulated benefit obligation	189,869	175,605
Fair value of plan assets	158,773	146,994

(a) The actuarial estimate of the Jesup and Fernandina projected benefit obligation does not include future compensation levels. Therefore, the projected benefit obligation equals the accumulated benefit obligation for these plans.

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		
	2012	2011	2010	2012	2011	2010
Components of Net Periodic Benefit Cost						
Service cost	\$ 2,651	\$ 2,296	\$ 2,158	\$ 823	\$ 604	\$ 529
Interest cost	7,260	7,838	7,855	757	783	809
Expected return on plan assets	(12,660)	(12,882)	(10,637)	—	—	—
Amortization of prior service cost	1,292	1,339	1,465	25	25	80
Amortization of losses	5,326	3,229	2,246	491	383	300
Net periodic benefit cost	<u>\$ 3,869</u>	<u>\$ 1,820</u>	<u>\$ 3,087</u>	<u>\$ 2,096</u>	<u>\$ 1,795</u>	<u>\$ 1,718</u>

Table of Contents

RAYONIER HOLDING COMPANY NOTES TO COMBINED FINANCIAL STATEMENTS (Dollar amounts in thousands unless otherwise stated)

The estimated pre-tax amounts that will be amortized from AOCI into net periodic benefit cost in 2013 are as follows:

	Pension	Postretirement
Amortization of loss	\$ 6,212	\$ 754
Amortization of prior service cost	1,293	25
Total amortization of AOCI loss	<u>\$ 7,505</u>	<u>\$ 779</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		
	2012	2011	2010	2012	2011	2010
Assumptions used to determine benefit obligations at December 31:						
Discount rate	3.70%	4.20%	5.25%	3.60%	4.10%	5.10%
Assumptions used to determine net periodic benefit cost for years ended December 31:						
Discount rate	4.20%	5.25%	5.80%	4.10%	5.10%	5.50%
Expected long-term return on plan assets	8.50%	8.50%	8.50%	n/a	n/a	n/a

At December 31, 2012, the pension plans' discount rate was 3.7 percent, which closely approximates interest rates on high-quality, long-term obligations. Effective December 31, 2012, 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 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	
	2012	2011
Health care cost trend rate assumed for next year	7.50%	8.00%
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:

	1 Percent	
Effect on:	Increase	Decrease
Total of service and interest cost components	\$ 1,771	\$ (1,423)
Accumulated postretirement benefit obligation	23,667	(20,577)

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

Investment of Plan Assets

SpinCo's pension plans' asset allocation at December 31, 2012 and 2011, and target allocation ranges by asset category are as follows:

Asset Category	Percentage of Plan Assets		Target Allocation Range
	2012	2011	
Domestic equity securities	41%	44%	40-45%
International equity securities	25%	20%	20-30%
Domestic fixed income securities	26%	28%	25-30%
International fixed income securities	5%	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, 2012 or 2011.

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, 2012 and 2011.

Asset Category	Fair Value at December 31, 2012			Fair Value at December 31, 2011		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Domestic equity securities	\$ 25,077	\$ 37,751	\$ 62,828	\$ 64,054	\$ —	\$ 64,054
International equity securities	25,625	13,453	39,077	28,701	—	28,701
Domestic fixed income securities	—	40,124	40,124	—	39,895	39,895
International fixed income securities	7,795	—	7,795	7,150	—	7,150
Real estate fund	5,054	—	5,054	4,895	—	4,895
Short-term investments	14	3,879	3,895	117	2,181	2,299
Total	\$ 63,565	\$ 95,207	\$158,773	\$ 104,917	\$ 42,076	\$ 146,994

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.

RAYONIER HOLDING COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollar amounts in thousands unless otherwise stated)

There have been no changes in the methodology used during the years ended December 31, 2012 and 2011.

Cash Flows

Expected benefit payments for the next ten years are as follows:

	Pension Benefits	Postretirement Benefits
2013	\$ 9,134	\$ 1,116
2014	9,587	1,222
2015	9,994	1,276
2016	10,484	1,339
2017	10,879	1,356
2018 - 2022	58,512	6,843

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 \$9.1 million, \$5.8 million, and \$3.3 million for 2012, 2011, and 2010, respectively, for its allocation of costs related to these plans. As of December 31, 2012 and 2011, there were no required contributions outstanding.

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 \$2.0 million, \$1.8 million and \$1.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. Rayonier Hourly and Salaried Defined Contribution Plans include Rayonier common shares with a fair market value of \$89.4 million and \$85.4 million at December 31, 2012 and 2011, 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, 2012, 2011, and 2010 were \$0.8 million, \$0.6 million and \$0.4 million, respectively.

17. QUARTERLY RESULTS FOR 2012 and 2011 (Unaudited)

	Quarter Ended				Total Year
	March 31	June 30	Sept. 30	Dec. 31	
2012					
Sales	\$ 252,139	\$ 253,651	\$ 288,632	\$ 300,954	\$ 1,095,376
Operating Income	74,895	80,280	97,582	89,225	341,982
Net Income	50,684	62,344	68,741	60,327	242,096
2011					
Sales	\$ 251,390	\$ 233,083	\$ 256,510	\$ 280,433	\$ 1,021,416
Operating Income	72,198	67,582	71,530	71,644	282,954
Net Income	48,972	49,940	66,565	48,341	213,818

RAYONIER HOLDING COMPANY
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS (COMBINED)
Years Ended December 31, 2012, 2011, and 2010
(In Thousands)

Description	Balance at Beginning of Year	Charged to Cost and Expenses	Deductions (1)	Balance at End of Year
Allowance for doubtful accounts:				
Year ended December 31, 2012	\$ 140	\$ —	\$ —	\$ 140
Year ended December 31, 2011	\$ 140	\$ —	\$ —	\$ 140
Year ended December 31, 2010	\$ 853	\$ —	\$ (713)	\$ 140

(1) Primarily payments and adjustments to required reserves.

RAYONIER HOLDING COMPANY
CONDENSED COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2013 and 2012
(Unaudited)
(Thousands of dollars)

	Nine Months Ended September 30,	
	2013	2012
SALES	\$ 764,876	\$ 794,421
Costs and Expenses		
Cost of sales	515,842	513,105
Gross margin	249,034	281,316
Selling and general expenses	26,894	27,046
Other operating expense, net	3,761	1,512
OPERATING INCOME	218,379	252,758
Interest and miscellaneous income, net	292	201
INCOME BEFORE INCOME TAXES	218,671	252,959
Income tax expense	49,704	71,190
NET INCOME	168,967	181,769
OTHER COMPREHENSIVE INCOME		
Amortization of pension and postretirement plans, net of income tax expense of \$2,299 and \$1,920	3,999	3,342
Total other comprehensive income	\$ 3,999	\$ 3,342
COMPREHENSIVE INCOME	<u>\$ 172,966</u>	<u>\$ 185,111</u>

See Notes to Condensed Combined Financial Statements.

RAYONIER HOLDING COMPANY
CONDENSED COMBINED BALANCE SHEETS
As of September 30, 2013 and December 31, 2012
(Unaudited)
(Thousands of dollars)

	September 30, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable, less allowance for doubtful accounts of \$140 and \$140	96,256	77,476
Inventory	118,909	116,991
Deferred tax assets	29,942	3,648
Prepaid and other current assets	36,008	20,505
Total current assets	281,115	218,620
PROPERTY, PLANT AND EQUIPMENT		
Land	16,483	15,130
Buildings	177,091	127,946
Machinery and equipment	1,752,132	1,375,221
Construction in progress	15,756	263,317
Total property, plant and equipment, gross	1,961,462	1,781,614
Less—accumulated depreciation	(1,107,965)	(1,100,868)
Total property, plant and equipment, net	853,497	680,746
OTHER ASSETS	25,736	21,235
TOTAL ASSETS	<u>\$ 1,160,348</u>	<u>\$ 920,601</u>
LIABILITIES AND NET INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	\$ 80,511	\$ 65,944
Accrued taxes	6,821	8,355
Accrued payroll and benefits	12,196	12,269
Accrued customer incentives	10,771	8,805
Other current liabilities	464	346
Total current liabilities	110,763	95,719
PENSION AND OTHER POSTRETIREMENT BENEFITS	50,822	51,981
DEFERRED INCOME TAXES	63,714	47,147
OTHER NON-CURRENT LIABILITIES	1,077	1,050
COMMITMENTS AND CONTINGENCIES (Note 10, 11 and 12)		
NET INVESTMENT		
Retained earnings	1,365,094	1,196,127
Transfers to Parent, net	(370,451)	(406,753)
Accumulated other comprehensive loss	(60,671)	(64,670)
TOTAL NET INVESTMENT	933,972	724,704
TOTAL LIABILITIES AND NET INVESTMENT	<u>\$ 1,160,348</u>	<u>\$ 920,601</u>

See Notes to Condensed Combined Financial Statements.

RAYONIER HOLDING COMPANY
CONDENSED COMBINED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30,
(Unaudited)
(Thousands of dollars)

	Nine Months Ended September 30,	
	2013	2012
OPERATING ACTIVITIES		
Net income	\$ 168,967	\$ 181,769
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	51,142	41,579
Stock-based incentive compensation expense	4,845	6,649
Deferred income taxes	(12,027)	(3,571)
Amortization of losses from pension and postretirement plans	6,298	5,263
Loss from sale/disposal of property, plant and equipment	1,260	1,783
Other	(583)	836
Changes in operating assets and liabilities:		
Receivables	(18,780)	(7,482)
Inventories	(1,918)	(902)
Accounts payable	10,263	(20,075)
Accrued customer incentives	1,966	1,551
All other operating activities	(22,623)	(10,781)
CASH PROVIDED BY OPERATING ACTIVITIES	188,810	196,619
INVESTING ACTIVITIES		
Capital expenditures	(81,540)	(81,170)
Jesup mill cellulose specialties expansion project (gross purchases of \$140,820 and \$130,718, net of purchases on account of \$3,428 and \$25,936)	(137,392)	(104,782)
Other	(1,335)	1,910
CASH USED FOR INVESTING ACTIVITIES	(220,267)	(184,042)
FINANCING ACTIVITIES		
Net payments from (to) Parent	31,457	(12,577)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	31,457	(12,577)
CASH AND CASH EQUIVALENTS		
Change in cash and cash equivalents	—	—
Balance, beginning of year	—	—
Balance, end of year	<u>\$ —</u>	<u>\$ —</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Non-cash investing activity:		
Capital assets purchased on account	<u>\$ 27,394</u>	<u>\$ 49,121</u>

See Notes to Condensed Combined Financial Statements.

RAYONIER HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

1. SEPARATION AND BASIS OF PRESENTATION

The Separation

On January 27, 2014, Rayonier Inc. (“Rayonier”) announced approval by its board of directors to pursue the separation of its performance fibers segment into a stand-alone, publicly traded corporation. This separation is expected to be completed in accordance with a separation and distribution agreement between Rayonier and the performance fibers segment to be known as Rayonier Holding Company (“SpinCo”). Rayonier intends to distribute, on a pro-rata basis, all of the shares of SpinCo common stock to the Rayonier shareholders as of the record date of the distribution. SpinCo was incorporated in Delaware as a wholly owned subsidiary of Rayonier on January 16, 2014. The separation is subject to market conditions, customary regulatory approvals, the receipt of an affirmative Internal Revenue Service ruling and opinion from outside tax counsel with respect to the tax-free nature of the separation, and final approval by Rayonier board of directors.

Basis of Presentation

The unaudited condensed combined financial statements and notes have been prepared in accordance with U.S generally accepted accounting principles for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these financial statements and notes reflect all adjustments (all of which are normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. These statements and notes should be read in conjunction with the financial statements and supplementary data included in SpinCo’s Audited Combined Financial Statements for the year ended December 31, 2012.

This interim financial information was prepared 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 (See “The Separation” above). 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 systems. 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.

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 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

RAYONIER HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

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.

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.

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 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.

Rayonier assets specifically identified and assigned to SpinCo include all of Rayonier's performance fibers 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 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 other post-retirement plans. The pension and OPEB liabilities were estimated using the same actuarial assumptions as those used in the consolidated Rayonier financial statements for active and retired hourly and salaried employees of SpinCo.

Events and transactions subsequent to the balance sheet date have been evaluated through January 29, 2014, the date these combined financial statements were issued, for potential recognition or disclosure in the combined financial statements.

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 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. See Note 8— *Accumulated Other Comprehensive Loss* to the Condensed Combined Financial Statements

2. SEGMENT 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.

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

RAYONIER HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

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.

	Sales by Product Line	
	For the Nine Months Ended September 30,	
	2013	2012
Performance Fibers		
Cellulose specialties	\$ 680,074	\$ 679,535
Absorbent materials	66,237	114,051
Commodity viscose/other (a)	18,565	835
Total Sales	\$ 764,876	\$ 794,421

(a) Other includes wood chips, bark and shavings.

Depreciation expense reflected in cost of sales in the Condensed Combined Statements of Income was \$50.5 million and \$41.2 million for the nine months ended September 30, 2013 and 2012, respectively.

3. RELATED PARTY TRANSACTIONS

As discussed in Note 1— *Separation and Basis of Presentation* , the Condensed 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 Condensed Combined Statements of Income and Comprehensive Income were \$12.5 million and \$13.2 million for the nine months ended September 30, 2013 and 2012, respectively.

4. 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 September 30, 2013 and December 31, 2012, capitalized software costs were \$2.4 million and \$3.0 million, respectively.

5. 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 is a \$0.50 per gallon refundable tax credit (which is not taxable), while the CBPC is 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 original 2009 tax return.

In the first quarter of 2013 management approved the exchange of approximately 120 million gallons of black liquor for the CBPC previously claimed for the AFMC, resulting in a \$18.8 million tax benefit. In the third quarter 2012, management approved the exchange of approximately 22 million gallons, bringing the total number of gallons approved for the first nine months of 2012 to 82 million. The impact of the exchanges in 2012 was \$2.6 million and \$11.7 million for the quarter and year-to-date periods, 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.

RAYONIER HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

Provision for Income Taxes

SpinCo's effective tax rate for the first nine months of 2013 was 23 percent, compared to 28 percent for the same period of 2012. The effective tax rate was below the 35 percent U.S. statutory tax rate due the higher AFMC/CBPC exchange and higher research credits for the nine months ended 2013.

6. INVENTORY

As of September 30, 2013 and December 31, 2012, SpinCo's inventory included the following:

	2013	2012
Finished goods	\$ 101,656	\$ 96,005
Work in progress	3,304	2,718
Raw materials	11,726	15,919
Manufacturing and maintenance supplies	2,223	2,349
Total inventory	\$ 118,909	\$ 116,991

7. NET INVESTMENT

An analysis of the changes in Net Investment for each of the periods presented is shown below.

	Retained Earnings	Transfers (to)/from Parent, net	Accumulated Other Comprehensive Income/(Loss)	Net Investment
Balance, December 31, 2011	\$ 954,031	\$ (415,019)	\$ (65,076)	\$ 473,936
Net income	242,096	—	—	242,096
Net transfers from parent company	—	8,266	—	8,266
Net gain from pension and postretirement plans	—	—	406	406
Balance, December 31, 2012	\$ 1,196,127	\$ (406,753)	\$ (64,670)	\$ 724,704
Net income	168,967	—	—	168,967
Net transfers from parent company	—	36,302	—	36,302
Amortization of pension and postretirement plans	—	—	3,999	3,999
Balance, September 30, 2013	\$ 1,365,094	\$ (370,451)	\$ (60,671)	\$ 933,972

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 from/(to) parent" on the Condensed Combined Statement of Cash Flows.

	September 30, 2013
Transfers (to)/from Parent, net per the Combined Statement of Changes in Net Investment	\$ 36,302
Non-cash adjustments:	
Stock-based compensation	(4,845)
Net payments from/(to) parent per the Condensed Combined Statements of Cash Flows	\$ 31,457

RAYONIER HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

8. 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, 2012	(64,670)
Other comprehensive loss before reclassifications	—
Amounts reclassified from accumulated other comprehensive loss (a)	3,999
Net other comprehensive income	3,999
Balance as of September 30, 2013	\$ (60,671)

- (a) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 12—*Employee Benefit Plans* to the Condensed Combined Financial Statements for additional information.

9. OTHER OPERATING EXPENSE, NET

The following table provides the composition of Other operating expense, net for the nine months ended September 30:

	2013	2012
Loss on sale or disposal of property plant and equipment	\$ 1,260	\$ 1,783
Legal settlement	2,825	—
Miscellaneous income	(324)	(271)
Total	\$ 3,761	\$ 1,512

10. 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 HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

11. COMMITMENTS

At September 30, 2013, the future minimum payments under non-cancellable operating leases were as follows:

	Operating Leases (a)	Purchase Obligations (b)
Remaining 2013	\$ 420	2,024
2014	1,181	8,222
2015	580	8,345
2016	1,756	8,469
2017	2,545	8,597
Thereafter	17,466	—
	<u>\$ 23,948</u>	<u>\$ 35,657</u>

- (a) Operating leases include leases on buildings, machinery and equipment under various operating leases and a Jesup mill natural gas transportation lease.
- (b) Purchase obligations include obligations with Interfor to purchase wood chips for use at SpinCo's Jesup mill.

12. 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.

The net pension and postretirement benefit costs that have been recorded are shown in the following tables:

	Pension		Postretirement	
	Nine Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Components of Net Periodic Benefit Cost				
Service cost	\$ 2,092	\$ 1,937	\$ 742	\$ 598
Interest cost	5,175	5,305	564	570
Expected return on plan assets	(9,386)	(9,252)	—	—
Amortization of prior service cost	969	944	19	18
Amortization of losses	4,871	3,892	439	408
Net periodic benefit cost	<u>\$ 3,721</u>	<u>\$ 2,826</u>	<u>\$ 1,764</u>	<u>\$ 1,594</u>

In 2013, SpinCo has no mandatory pension contribution requirements and does not expect to make any discretionary contributions. SpinCo had no mandatory pension contributions and did not make discretionary contributions to its qualified pension plans in 2012.

RAYONIER HOLDING COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

Shared Pension and Postretirement Plans

Certain SpinCo employees participate in defined benefit pension and postretirement health and life insurance plans sponsored by Rayonier, which include participants of other Rayonier subsidiaries. SpinCo recorded expense of \$7.4 million and \$6.6 million for the nine months ending September 30, 2013 and 2012, respectively, for its allocation of costs related to these plans. As of September 30, 2013 and December 31, 2012, there were no required contributions outstanding.