RAYONIER INC
Form DEF 14A
April 03, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

RAYONIER INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Rayonier Inc.

2017 NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT

Thursday, May 18, 2017

4:00 p.m., Eastern Time

DoubleTree Hotel Jacksonville Riverfront

1201 Riverplace Blvd.

Jacksonville, Florida 32207

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Notice of 2017 Annual Meeting of Shareholders

April 3, 2017

Dear Shareholder,

You are cordially invited to attend Rayonier Inc. s 2017 Annual Meeting of Shareholders to be held on Thursday, May 18, 2017, at 4:00 p.m., local time, at the DoubleTree Hotel Jacksonville Riverfront, 1201 Riverplace Boulevard, Jacksonville, Florida 32207. At the meeting, our shareholders will be asked to:

- Elect the nine (9) director nominees named in the Proxy Statement to terms expiring in 2018;
- Approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in the accompanying Proxy Statement;
- Recommend, on a non-binding advisory basis, whether the vote on our named executive officers compensation should occur every one, two or three years;
- Approve the material terms under the Rayonier Non-Equity Incentive Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code;
- Approve the material terms under the Rayonier Incentive Stock Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code;
- Approve an Annual Limit on Awards to Non-Employee Directors under the Rayonier Incentive Stock Plan;
- Ratify the appointment of Ernst & Young, LLP as our independent registered public accounting firm for 2017; and
- Transact any other matters as may properly come before the meeting.

Shareholders of record at the close of business on March 17, 2017, are entitled to vote at the annual meeting and any postponement or adjournment thereof.

Once again, we are pleased to utilize the Securities and Exchange Commission (SEC) rules allowing us to furnish our proxy materials to you over the internet. We believe this allows us to provide the information you need in a more timely, efficient and cost-effective manner.

As always, your vote is very important. We urge you to please vote by internet, telephone or mail as soon as possible to ensure your vote is recorded promptly, even if you plan to attend the Annual Meeting.

Very truly yours,

David L. Nunes

President and Chief Executive Officer

Mark R. Bridwell

Vice President, General Counsel and Corporate Secretary

REVIEW THE PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Visit www.proxyvote.com

BY MAIL

Sign, date and return your proxy card or voting instruction form

BY TELEPHONE

Call the telephone number on your proxy card, voting instruction form or notice

IN PERSON

Attend the Annual Meeting in Jacksonville, FL

See page 52 for details

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 18, 2017: This Notice of Annual Meeting of Shareholders and Proxy Statement and the 2016 Annual Report are available at www.proxyvote.com.

Rayonier Inc. 225 Water Street Suite 1400 Jacksonville, FL 32202
Telephone (904) 357-9100 Fax (904) 357-9851

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2017 PROXY SUMMARY

This summary highlights information contained elsewhere in this Notice of Annual Meeting of Shareholders and Proxy Statement or in our corporate governance documents published on our website at www.rayonier.com. We encourage you to read this Notice of Annual Meeting of Shareholders and Proxy Statement in its entirety before voting. Throughout, the terms we, us, our, the Company, and Rayonier refer to Rayonier Inc.

$212.0M Net Income Attributable to Rayonier (359% increase over 2015)	$1.73 EPS (368% increase over 2015)	$217.8M Net Income (396% increase over 2015)	$203.8M Cash Provided by Operating Activities (15% increase over 2015)
$69.1M* Adjusted Net Income (36% increase over 2015)	$0.56* Adjusted EPS (40% increase over 2015)	$239.7M* Adjusted EBITDA (15% increase over 2015)	$144.3M* CAD (23% increase over 2015)

COMPANY PERFORMANCE HIGHLIGHTS

We are pleased with our strong performance in 2016 as well as the progress we made in furthering our strategic objectives. We achieved a number of significant milestones during the course of the year, in large part due to the continuing leadership of our executive officers and Board of Directors (Board), as well as the dedication and hard work of our employees. Key highlights of 2016 include:

- Repositioned our Pacific Northwest portfolio through the acquisition of 61,000 acres of well-stocked, mature timberlands and the concurrent disposition of 55,000 acres of predominantly pre-merchantable timber;

- In total, acquired 111,000 acres of high-quality timberlands in the U.S. for $366.5 million, thereby improving our long-term sustainable yield and cash flow potential;

- In total, completed Large Dispositions totaling 117,000 acres and $250 million, the proceeds of which were used (or remain available to use) for capital allocation purposes;

- Completed a recapitalization of our New Zealand joint venture, thereby lowering our overall cost of debt and increasing our equity stake in the JV from 65% to 77%;

- Closed on a new 10-year, $300 million dollar incremental term loan with a weighted average interest rate of approximately 2.8% (including the impact of interest rate swaps and estimated patronage payments), resulting in no significant debt maturities until 2022 and a weighted average debt maturity of 7 years;

- Implemented an internal restructuring and changes to our legacy defined-benefit pension plan, resulting in projected annual cost savings of approximately $5 million;

- Made significant progress on the Wildlight mixed-use community development project north of Jacksonville, which we expect will add significant value to our surrounding HBU land portfolio over time;

- Announced the consolidation of three offices into one newly-constructed headquarters building to be located in Wildlight and scheduled for completion in Summer 2017; and

- Returned $122.8 million to shareholders through dividends of $1.00 per share.

SHAREHOLDER ENGAGEMENT

We value shareholder engagement and each year interact with and seek input from our shareholders through various shareholder outreach activities. In 2016, our key shareholder engagement activities included five investor road shows, eight investor conferences, an Investor Day and our 2016 Annual Meeting of Shareholders (2016 Annual Meeting). These engagement activities are informative and help us to better understand our shareholders views and perspectives on our financial performance, business strategy, capital allocation strategy and public disclosures. We welcome investor input and we invite shareholder feedback. Our Investor Relations department is the point of contact for shareholder interaction with the Company. Shareholders may also access investor information about the Company in the Investor Relations section of our website (www.rayonier.com).

* Reconciliation of these non-GAAP financial measures can be found in Appendix C.

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CORPORATE GOVERNANCE HIGHLIGHTS

Rayonier s commitment to good corporate governance is integral to our business, the key elements of which are below:

+ Annual election of directors	+ Annual review of Board skills, characteristics and experiences	+ Majority voting of all directors	+ Diversity reflected in Board composition
+ 8 of our 9 director nominees are independent	+ Separation of Board Chairman and CEO	+ Annual Board member independence evaluations	+ Policy prohibiting hedging or pledging of our shares by executives and directors
+ Comprehensive Code of Conduct and Corporate Governance Guidelines	+ Board participation in executive succession planning	+ Regular executive sessions of Board and Board Committees	+ Compensation claw-back policy

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

Important information about the experience, qualifications, attributes and skills of each of the director nominees can be found beginning on page 5. Our Board recommends that you vote FOR each of the director nominees.

NAME	AGE	DIRECTOR SINCE	PRINCIPAL OCCUPATION	INDE-PENDENT	COMMITTEE MEMBERSHIPS AC	CC	NGC	OTHER PUBLIC CO. BOARDS
Richard D. Kincaid *(Chairman of the Board of Directors)*	55	2004	President & Founder of BeCause Foundation; Founder and Managing Member of Sage Vertical Gardens LLC	X	X	X		1
John A. Blumberg	57	2014	Co-Founder and Principal of Black Creek Group LLC; Principal of Dividend Capital Group LLC; Chairman of Mexico Retail Properties	X		X	X	1
	66	2014	President of Sackett Partners	X	Chair	X		2

Dod A. Fraser								
Scott R. Jones	58	2014	President of Forest Capital Partners	X		Chair	X	None
Bernard Lanigan, Jr.	69	2015	Founder, Chairman and CEO of Southeast Asset Advisors, Inc.; Founder and Chairman of Lanigan & Associates, P.C.	X	X		X	2
Blanche L. Lincoln	56	2014	Founder and Principal of Lincoln Policy Group	X	X		X	1
V. Larkin Martin	53	2007	Managing Partner of Martin Farm; Vice President of The Albemarle Corporation	X	X		Chair	1
David L. Nunes	55	2014	President and CEO of Rayonier Inc.					None
Andrew G. Wiltshire	59	2015	Founding Partner of Folium Capital LLC; Principal in the management and governance of private orchard and farming companies located in New Zealand	X	X	X		None
			Number of Committee Meetings in 2016		**9**	**5**	**3**	

AC Audit Committee CC Compensation and Management Development Committee
NGC Nominating & Corporate Governance Committee

PROPOSAL NO. 2 - NON-BINDING ADVISORY VOTE ON SAY ON PAY

Our shareholders have the opportunity to cast a non-binding advisory vote on the compensation of our named executive officers, as set forth in Proposal No. 2 starting on page 14. Last year, our shareholders expressed a high level of support for the compensation of our named executive officers, with 97.4% of the votes cast in favor of our compensation programs and practices. Accordingly, the Compensation and Management Development Committee (Compensation Committee) continued in 2016 to consistently adhere to its pay-for-performance philosophy and compensation program. Please refer to our Compensation Discussion and Analysis on page 15 for a detailed description of our compensation programs and practices. Our Board recommends that you vote FOR the non-binding advisory vote of the compensation of our named executive officers.

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PROPOSAL NO. 3 - NON-BINDING ADVISORY VOTE ON SAY ON FREQUENCY

Our shareholders have the opportunity to cast a non-binding advisory vote, pursuant to Section 14A of the Securities Exchange Act, as to how often the Company should include a say-on-pay proposal in our proxy statement. Please refer to page 33 for additional information. Our Board recommends that you vote to hold a non-binding advisory vote on our named executive officers compensation every year.

PROPOSAL NO. 4 - APPROVE THE RAYONIER NON-EQUITY INCENTIVE PLAN, AS AMENDED, FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE

Shareholders are being asked to approve, pursuant to Section 162(m) of the Internal Revenue Code of 1986, the material terms under the Rayonier Non-Equity Incentive Plan, as amended by our Compensation Committee on February 23, 2017.

The purpose of the Rayonier Non-Equity Incentive Plan is to provide a vehicle through which the Compensation Committee makes cash incentive awards to key personnel. The Rayonier Non-Equity Incentive Plan is implemented through bonus programs that may be adopted periodically by the Compensation Committee in its discretion. Please refer to page 34 for additional information. Our Board recommends that you vote FOR the Rayonier Non-Equity Incentive Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code.

PROPOSAL NO. 5 - APPROVE THE RAYONIER INCENTIVE STOCK PLAN, AS AMENDED, FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE

Shareholders are being asked to approve, pursuant to Section 162(m) of the Internal Revenue Code of 1986, the material terms under the Rayonier Incentive Stock Plan, as amended by our Compensation Committee on February 23, 2017. **We are not seeking approval of any additional shares for issuance under the Rayonier Incentive Stock Plan.** The purpose of the Rayonier Incentive Stock Plan is to attract and retain highly qualified employees and directors and to motivate and reward performance that will lead to sustained increases in shareholder value. The Rayonier Incentive Stock Plan furthers opportunities for share ownership by the Company s employees in order to increase their proprietary interest in the Company and, as a result, their interest in the Company s long-term success and their commitment to creating shareholder value. Please refer to page 38 for additional information. Our Board recommends that you vote FOR the Rayonier Incentive Stock Plan, as amended, for purposes of Section 162(m) of the Internal Revenue Code.

PROPOSAL NO. 6 - APPROVE AN ANNUAL LIMIT ON AWARDS TO NON-EMPLOYEE DIRECTORS UNDER THE RAYONIER INCENTIVE STOCK PLAN, AS AMENDED

Shareholders are being asked to approve an annual limit on the number of shares of stock that may be awarded to non-employee directors under the Rayonier Incentive Stock Plan, as set forth in Proposal 6 on page 44. Our Board recommends that you vote FOR an annual limit on awards to non-employee directors under the Rayonier Incentive Stock Plan, as amended.

PROPOSAL NO. 7 - RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We are seeking shareholder ratification for the appointment of Ernst & Young, LLP to serve as our independent registered public accounting firm for 2017. Please refer to page 45 for additional information. Our Board recommends that you vote FOR the ratification of Ernst & Young, LLP to serve as our independent registered public accounting firm for 2017.

HELPFUL INFORMATION & ONLINE RESOURCES

Beginning on page 51, you will find answers to frequently asked questions about proxy materials, voting, our annual meeting and company filings and reports.

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

ELECTION PROCESS

The Board is responsible for establishing overall corporate strategy and for overseeing management and the ultimate performance of the Company. The Board held eleven (11) meetings during fiscal year 2016. During fiscal year 2016, all directors attended at least 75% of the combined total of all Board meetings and all meetings of committees of the Board of which the director was a member. The Nominating and Corporate Governance Committee (Nominating Committee) of the Board has nominated the persons whose names are set forth below, all of whom are current directors. In the absence of a vote by a signed proxy, shares represented by the proxy will be voted FOR the election of each of these nominees to the Board.

DIRECTOR QUALIFICATIONS

We believe the members of our Board have the proper mix of relevant experience and expertise given the Company s businesses and REIT structure, together with a level of demonstrated integrity, judgment, leadership and collegiality, to effectively advise and oversee management in executing our strategy. There are no specific minimum qualifications for director nominees other than, as required by our Corporate Governance Principles, no director nominee may stand for election after he or she has reached the age of 72. However, in identifying or evaluating potential nominees, it is the policy of our Nominating Committee to seek individuals who have the knowledge, experience, diversity and personal and professional integrity to be most effective, in conjunction with the other Board members, in collectively serving the long-term interests of our shareholders. The criteria for Board membership are periodically evaluated by the Nominating Committee, taking into account the Company s strategy, geographic markets, regulatory environment and other relevant business factors, as well as changes in applicable laws or listing standards.

DIRECTOR NOMINATIONS

Shareholders are being asked to vote on the election of nine (9) directors to serve until the 2018 Annual Meeting of Shareholders and until their successors are duly elected and qualified. The Board has no reason to believe that any nominee will be unable to serve as a director. If, however, a nominee should be unable to serve at the time of the Annual Meeting, shares of Rayonier common stock (Common Shares) properly represented by valid proxies will be voted in connection with the election of a substitute nominee recommended by the Board. Alternatively, the Board may either allow the vacancy to remain unfilled until an appropriate candidate is located or may reduce the authorized number of directors to eliminate the unfilled seat.

If any incumbent nominee for director should fail to receive the required affirmative vote of a majority of the votes cast with regard to his or her election, our Corporate Governance Principles require the director to tender his or her resignation to the Board. The Nominating Committee would then consider such resignation and make a recommendation to the Board as to whether to accept or reject the resignation. The Company would publicly disclose the Board s decision and rationale within 90 days after receipt of the tendered resignation.

Set forth below is certain information concerning each of the director nominees, including age, experience, qualifications and professional highlights during at least the last ten (10) years, based on data furnished by such nominee.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE FOLLOWING NOMINEES.

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Richard D. Kincaid Northbrook, Illinois **Age:** 55 **Director Since:** 2004	**Board Committees:** Chair of the Board Audit Compensation	**Certain other public directorships:** Dividend Capital Diversified Property Fund

Professional Highlights:

President and Founder of BeCause Foundation, a non-profit corporation that supports the health, education, and welfare of children, since 2007; Founder, Managing Member of Sage Vertical Gardens LLC; investor and on the Board of Directors of five private early stage companies that are in social and digital media, healthcare, and video streaming industries; President, CEO and trustee of Equity Office Properties Trust until 2007

Mr. Kincaid has significant financial expertise together with broad experience in the real estate industry and a deep understanding of the structural and strategic implications of REIT status. We believe his experience and expertise are particularly well suited to assist the Board in understanding the opportunities and challenges presented by our REIT structure, as well as overseeing the Board s management of our real estate business and general financing decisions.

John A. Blumberg Denver, Colorado **Age:** 57	**Board Committees:** Compensation	**Certain other public directorships:** Dividend Capital Diversified Property Fund

Director Since: 2014	Nominating	

Professional Highlights:

Co-Founder and Principal of Black Creek Group LLC, a real estate investment firm, since 1993; Chairman of Mexico Retail Properties, since 2002; Manager of Dividend Capital Diversified Property Fund, since 2005; Chairman of the Board of Directors of Industrial Income Trust Inc., from 2009 to 2010

Mr. Blumberg has more than 30 years of real estate acquisition, development and redevelopment experience. He is particularly well suited to assist the Board in overseeing the Company s real estate business and development opportunities.

Dod A. Fraser	**Board Committees:**	**Certain other public directorships:**
Boca Grande, Florida	Chair of Audit	OCI GP LLC, general partner of OCI Partners LP
Age: 66	Compensation	Subsea 7 S.A.
Director Since: 2014		

Professional Highlights:

President of Sackett Partners, a consulting firm, since 2000; Managing Director and Group Executive, Global Oil and Gas, for Chase Manhattan Bank (now JPMorgan Chase & Co.), from 1995 to 2000

Mr. Fraser has substantial experience in debt and equity markets, bank markets, mergers and acquisitions, and risk oversight. He contributes strongly to the Board s oversight of the Company s overall financial performance, reporting and controls.

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Scott R. Jones

Needham, Massachusetts

Age: 58

Director Since: 2014

Board Committees:

Chair of Compensation

Nominating

Certain other public directorships:

None

Professional Highlights:

President of Forest Capital Partners, a forest investment firm, since 2000; President and Chief Executive Officer of Timberland Growth Corporation, a timberland REIT joint venture, from 1998 to 2000

Mr. Jones has substantial expertise in forest management, technology and innovations, as well as forest and real estate investments. He is particularly well suited to assist the Board in its investment decisions and oversee the management of the Company s forest resources and real estate businesses.

Bernard Lanigan, Jr.

Thomasville, Georgia

Age: 69

Director Since: 2015

Board Committees:

Audit

Nominating

Certain other public directorships:

Ruby Tuesday, Inc.

CONSOL Energy Inc.

Professional Highlights:

Chairman and Chief Executive Officer of Southeast Asset Advisors, Inc., a registered investment advisor and wealth management company, since 1991; Founder and Chairman of Lanigan & Associates, P.C., a certified public accounting and consulting firm, since 1974; Director of Texas Industries, Inc. from 2012 to 2014

Mr. Lanigan has leadership experience with large, complex and diverse organizations, a strong background in financial, accounting and tax matters and experience in strategic planning and risk assessment. His years of service on other public company boards provide him with additional perspectives from which to view the Company s operations and the Board s activities.

	Blanche L. Lincoln	Board Committees:	Certain other public directorships:
	Washington, District of Columbia **Age:** 56 **Director Since:** 2014	Audit Nominating	Entergy Corporation

Professional Highlights:

Founder and Principal of Lincoln Policy Group, a consulting firm helping companies navigate the legislative and regulatory processes of the federal government, since 2013; Special Policy Advisor at Alston & Bird LLP, from 2011 to 2013; U.S. Senator for the State of Arkansas, from 1999 to 2011; U.S. Representative for the State of Arkansas, from 1993 to 1997; serves on the Board of Trustees of Center for the Study of the Presidency and Congress (CSPC)

Ms. Lincoln s political experience, including in the areas of agriculture and forestry, is invaluable to the Board in helping the Company address a range of public policy and legislative trends.

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V. Larkin Martin

Courtland, Alabama

Age: 53

Director Since: 2007

Board Committees:

Chair of Nominating

Audit

Certain other public directorships:

Truxton Trust

Professional Highlights:

Managing Partner of Martin Farm and Vice President of The Albemarle Corporation, family businesses with interests in agriculture and timberland, since 1990; Chair of the Board of Directors of the Federal Reserve Bank of Atlanta, from 2007 to 2008

Ms. Martin has direct operating experience in the land-based businesses of agriculture and timberland management, particularly in the southeastern United States together with an understanding of national and regional financial markets. Ms. Martin s skill set adds substantial value to Board discussions regarding our forest resources business, as well as overall economic forces and trends impacting the Company.

David L. Nunes

Jacksonville, Florida

Age: 55

Director Since: 2014

Board Committees:

None

Certain other public directorships:

None

Professional Highlights:

President, Chief Executive Officer and Director of the Company, since 2014; Chief Executive Officer of Pope Resources/Olympic Resource Management, from 2002 to 2014

Mr. Nunes has more than three decades of forest products industry experience. He has served in key leadership positions at several timber and real estate companies, including Chief Executive Officer and President, and has substantial background in the areas of timberland management and investments, marketing, strategic planning, mergers and acquisitions and capital planning. We believe this experience and leadership make Mr. Nunes uniquely well suited to contribute to the Board s considerations of operational and strategic matters and to manage our core businesses.

Andrew G. Wiltshire

Blenheim, New Zealand

Age: 59

Director Since: 2015

Board Committees:

Audit

Compensation

Certain other public directorships:

None

Professional Highlights:

Founding Partner of Folium Capital LLC, since 2016; Management and governance of private orchard and farming companies with operations in New Zealand; Managing Director and Head of Alternative Assets at the Harvard Management Company, the investment company that is responsible for managing Harvard University s endowment and related financial assets, from 2001 to 2015

Mr. Wiltshire has extensive expertise in the areas of managing and investing in forestry, timberlands, real estate and natural resources. Mr. Wiltshire brings a valuable perspective to the Board s evaluation of investment opportunities and oversight of the Company s forest resources and real estate businesses.

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DIRECTOR COMPENSATION

OVERVIEW

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board. In setting director compensation, the Board considers the significant time commitment and the skills and experience level necessary for directors to fulfill their duties. Non-management director compensation is set by the Board at the recommendation of the Nominating Committee. Our directors are subject to minimum share ownership and share retention requirements as discussed in the Compensation Policies and Governance Practices section on page 22 under Stock Ownership Guidelines.

2016 / 2017 COMPENSATION PAID TO NON-MANAGEMENT DIRECTORS

Non-management director compensation is set by the Board at the recommendation of the Nominating Committee. For the 2016-2017 period, each non-management director received the following cash compensation (prorated for partial year service):

- annual cash retainer of $55,000, payable in equal quarterly installments;
- annual cash retainers to members of the Audit, Compensation and Nominating Committees of $13,500, $7,500 and $5,000, respectively, as compensation for committee meetings, payable in equal quarterly installments;
- additional annual cash retainers for the chairs of the Audit, Compensation and Nominating Committees of $18,000, $10,000 and $6,000, respectively, payable in equal quarterly installments;
- annual cash retainer for the Chairman of the Board of $55,000, payable in equal quarterly installments; and
- restricted stock award equivalent to $95,000 based on grant date value, vesting upon issuance and to be held until the earlier of four years from the date of issuance or a director s departure from the Board.

Directors may defer up to 100% of their cash compensation. Any deferred amounts are paid to the director in a single lump sum on the later of the date the director becomes 72 or the conclusion of the director s term, or upon termination as a director, if prior to age 72. Any deferred amounts earn interest at a rate equal to the Prime Rate as reported in *The Wall Street Journal* and is compounded annually.

DIRECTOR COMPENSATION TABLE

The following table provides compensation information for the one-year period ended December 31, 2016 for all individuals serving on our Board at any time during 2016.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	All Other Compensation ($)	Total ($)
Blumberg, John A.	67,500	95,021		162,521
Fraser, Dod A.	94,000(2)	95,021		189,021
Jones, Scott R.	82,500(2)(4)	95,021	1,158(5)	178,679
Kincaid, Richard D.	131,000(2)	95,021		226,021
Lanigan, Bernard Jr.	78,500(4)	95,021		173,521
Lincoln, Blanche L.	73,500	95,021		168,521
Martin, V. Larkin	79,500(2)	95,021		174,521
Nunes, David L. (3)				
Wiltshire, Andrew G.	81,000(4)	95,021		176,021

(1) Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. A discussion of the assumptions used in calculating these values may be found in Note 16 Incentive Stock Plans included in the notes to financial statements in our 2016 Annual Report on Form 10-K. All awards reflect the May 2016 awards of 3,706 shares of restricted stock to each director vesting immediately upon issuance of the grant, and which shares shall be required to be held until the earlier of four years from the grant or the departure of a director from the Company.

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(2) Includes $18,000 in Audit Chair fees for Mr. Fraser; $10,000 in Compensation Chair fees for Mr. Jones; $55,000 in Non-Executive Chairman fees for Mr. Kincaid and $6,000 in Nominating and Corporate Governance Chair fees for Ms. Martin.

(3) Mr. Nunes, as an executive officer of Rayonier, was not compensated for service as a director. See the Summary Compensation Table on page 24 for compensation information relating to Mr. Nunes during 2016.

(4) Includes $5,000 in special fees for additional contributions to the Board.

(5) Represents above market interest on deferred cash compensation during 2016. In 2015, Mr. Jones earned $82 of above market interest on his nonqualified deferred cash compensation.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES

Our Board operates under a set of Corporate Governance Principles, which include guidelines for determining director independence and consideration of potential director nominees. The Corporate Governance Principles can be found on the Company s website (www.rayonier.com). The Board, through the Nominating Committee, regularly reviews developments in corporate governance and best practices and, as warranted, modifies the Corporate Governance Principles, committee charters and key practices.

DIRECTOR INDEPENDENCE

The Company s Common Shares are listed on the New York Stock Exchange (NYSE). In accordance with NYSE rules, the Board makes affirmative determinations annually as to the independence of each director and nominee for election as a director. To assist in making such determinations, the Board has adopted a set of Director Independence Standards which conform to or are more exacting than the independence requirements set forth in the NYSE listing standards. Our Director Independence Standards are appended to the Company s Corporate Governance Principles, available at www.rayonier.com. In applying our Director Independence Standards, the Board considers all relevant facts and circumstances.

Based on our Director Independence Standards, the Board has affirmatively determined that all persons who have served as directors of our Company at any time since January 1, 2016, other than Mr. Nunes, are independent under applicable NYSE listing standards and SEC rules.

In addition, members of our Audit Committee and Compensation Committee are subject to certain additional independence criteria. Specifically, the Board has determined that each member of the Compensation Committee is independent within the meaning of Rule 10C-1 of the Securities Exchange Act of 1934 (Exchange Act) and qualifies as a non-employee director as defined in Rule 16b-3(b)(3) under the Exchange Act and as an outside director within the meaning of Section 162(m)(4)(C)(i) of the Internal Revenue Code of 1986, as amended. The Board has also determined that all of the Audit Committee members are independent within the meaning of the NYSE listing standards and Rule 10A-3 of the Exchange Act. For additional information regarding independence and qualifications of the Audit Committee, see the Report of the Audit Committee on page 46.

The Nominating Committee, on behalf of the Board, annually reviews any transactions undertaken or relationships existing between the Company and other companies with which any of our directors or Board nominees are affiliated. The Board determined that none of the transactions or relationships identified for 2016 were material to the Company, the other companies or the subject directors and Board nominees.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has three standing committees, the Audit Committee, Compensation Committee and Nominating Committee, each of which operates under a written charter available on the Investor Relations section of the Company s website (www.rayonier.com).

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Name of Committee and Members	Functions of the Committee	Number of Meetings in 2016
AUDIT: Dod A. Fraser, Chair Richard D. Kincaid Bernard Lanigan, Jr. Blanche L. Lincoln V. Larkin Martin Andrew G. Wiltshire	This committee is responsible for oversight of our accounting and financial reporting policies, processes and systems of internal control, including: discussing audited annual financial statements and quarterly financial statements with the Company and the independent auditors, as well as making a recommendation to the Board regarding the inclusion of same in the annual Form 10-K; reviewing with the independent auditors results of their annual audit of the Company s financial statements and audit of internal control over financial reporting, and the required communications under (i) Auditing Standards No. 16, and (ii) Public Company Accounting Oversight Board rules regarding the independence of the independent auditors; reviewing with management and the independent auditors (i) all significant issues, deficiencies and material weaknesses in the design or operation of internal controls, and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company s internal controls; reviewing with the independent auditors any audit problems or difficulties and the Company s response; resolving any disagreements between management and the independent auditors regarding financial reporting; reviewing with management and the independent auditors (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles, (ii) all critical accounting policies and practices and all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, (iii) alternative treatments within generally accepted accounting principles that have been discussed with management, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent auditors, (iv) the effect of regulatory and accounting initiatives, as well as any significant off-balance sheet structures, on the Company s financial statements, and (v) other material	9

written communications between the independent auditors and management; and

reviewing press releases, guidance, rating agency and investor presentations and other public disclosures of financial information, with particular attention to any use of pro forma or adjusted non-GAAP information.

COMPENSATION AND MANAGEMENT DEVELOPMENT:

Scott R. Jones, Chair

John A. Blumberg

Dod A. Fraser

Richard D. Kincaid

Andrew G. Wiltshire

This committee is responsible for overseeing the compensation and benefits of employees, including:

evaluating management performance, succession and development matters;

establishing executive compensation;

reviewing the Compensation Discussion and Analysis included in the annual proxy statement; 5

approving individual compensation actions for all senior executives other than our CEO; and

recommending compensation actions regarding our CEO for approval by our non-management directors.

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Name of Committee and Members	Functions of the Committee	Number of Meetings in 2016
NOMINATING AND CORPORATE GOVERNANCE: V. Larkin Martin, Chair John A. Blumberg Scott R. Jones Bernard Lanigan, Jr. Blanche L. Lincoln	This committee is responsible for advising the Board with regard to board structure, composition and governance, including: establishing criteria for Board nominees and identifying qualified individuals for nomination to become Board members, including considering potential nominees recommended by shareholders; recommending the composition of Board committees; overseeing processes to evaluate Board and committee effectiveness; recommending director compensation and benefits programs to the Board; overseeing our corporate governance structure and practices, including our Corporate Governance Principles; reviewing and approving changes to the charters of the other Board committees; and reviewing, approving, and overseeing transactions between the Company and any related person.	3

BOARD LEADERSHIP STRUCTURE AND OVERSIGHT OF RISK

Our governing documents allow the roles of Chairman of the Board and CEO to be filled by the same or different individuals. This approach allows the Board flexibility to determine whether the two roles should be separate or combined based upon the Company s needs and the Board s assessment of the Company s leadership from time to time. Although our Board regularly considers and is open to different structures as circumstances may warrant, the Board believes that the current arrangement of separating the roles of Chairman and CEO is in the best interest of the Company and its stockholders at this time because it provides the appropriate balance between strategy development and independent oversight of management.

Richard D. Kincaid currently serves as the Chairman of the Board as a non-executive and independent director. The responsibilities of the independent Chairman include, among other things:

- Serving as the leader of the Board and overseeing and coordinating the work of the Board and its committees;

- Serving as a liaison between the CEO, other members of senior management, the independent directors and the committee chairs;
- Being available to serve as an advisor to the CEO;
- Presiding at all meetings of the Board, including executive sessions of the independent directors;
- Setting meeting agendas for the Board;
- Approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Presiding at all meetings of the shareholders;
- Recommending to the Board agendas for shareholder meetings and providing leadership to the Board on positions the Board should take on issues to come before shareholder meetings;
- Participating in discussions with the Nominating Committee on matters related to Board and committee composition and with the Nominating Committee and the Compensation Committee on matters related to the hiring, evaluation, compensation and firing of, and succession planning for, the CEO; and
- If requested by major shareholders, the Board or the CEO, ensuring that he or she is available for consultation and direct communication with major shareholders or external groups.

The Board oversees risk management at Rayonier by annually appointing the members of an Enterprise Risk Management (ERM) Committee, which consist of senior executives. The ERM Committee is responsible for identifying and assessing the material risks facing the Company and providing periodic reports regarding such risks to the Audit Committee for review and evaluation of mitigation strategies. The Audit Committee then assigns ongoing Board level oversight responsibility for each material risk to either the full Board or the appropriate Board committee. The ERM Committee also completes an annual risk assessment with regard to the Company s overall compensation policies and

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practices, which is reviewed by the Compensation Committee. We believe that these governance practices, including the interaction of the various committees, facilitate effective Board oversight of our significant risks.

NON-MANAGEMENT DIRECTOR MEETINGS

Our non-management directors met separately in five (5) regularly scheduled meetings during 2016.

BOARD SELF-EVALUATION PROCESS

Pursuant to our Corporate Governance Principles, the Nominating Committee is responsible for establishing and overseeing a process for annual self-evaluation of the effective operation and performance of our Board of Directors and of each Board committee. We use a discussion-based process in which each director discusses privately with our Corporate Secretary opportunities to improve Board and committee performance, as well as any other topics or concerns the director may have. Each director may also provide feedback directly to the Chair of the Nominating Committee as part of this process. The results of the discussions are then reported to the Board and each committee utilizing a roundtable discussion format, and any necessary follow-up actions are developed.

DIRECTOR ATTENDANCE AT ANNUAL MEETING OF SHAREHOLDERS

Directors are encouraged, but not required, to attend the Annual Meeting of Shareholders. At the 2016 Annual Meeting, all directors were in attendance.

COMMUNICATIONS WITH THE BOARD

Shareholders and other interested parties who would like to communicate their concerns to one or more members of the Board, a Board committee, the Chairman or the independent non-management directors as a group may do so by writing to any such party or group at Rayonier, c/o Corporate Secretary, 225 Water Street, Suite 1400, Jacksonville, Florida 32202. 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 NOMINATION PROCESS

Potential director candidates may come to the attention of the Nominating Committee through current directors, management, shareholders and others. It is the policy of our Nominating Committee to consider director nominees submitted by shareholders based on the same criteria used in evaluating candidates for Board membership identified from any other source.

DIVERSITY

Our Nominating Committee has not adopted a formal diversity policy in connection with the consideration of director candidates or the selection of nominees. However, the Nominating Committee does utilize a skills-matrix to evaluate the specific personal and professional attributes of each director candidate versus those of the existing Board members to ensure diversity of experience and expertise among our directors. The Nominating Committee assesses such diversity through its annual assessment of Board structure and composition and review of the annual Board and committee performance evaluations.

RELATED PERSON TRANSACTIONS

Our Board has adopted a written policy designed to minimize potential conflicts of interest in connection with Company transactions with related persons. Our policy defines a Related Person to include any director, executive officer or person owning more than five percent of the Company s stock, any of their immediate family members and any entity with which any of the foregoing persons are employed or affiliated. A Related Person Transaction is defined as a transaction, arrangement or relationship in which the Company is a participant, the amount involved exceeds $120,000 and a Related Person has or will have a direct or indirect material interest. For 2016, no Related Person Transactions were submitted to the Nominating Committee for approval or ratification, and no transaction with any Related Person was identified.

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STANDARD OF ETHICS AND CODE OF CORPORATE CONDUCT

The Company s Standard of Ethics and Code of Corporate Conduct is available on the Company s website (www.rayonier.com).

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION; PROCESSES AND PROCEDURES

John A. Blumberg, Dod A. Fraser, Scott R. Jones, Richard D. Kincaid and Andrew G. Wiltshire each served as members of our Compensation Committee during the fiscal year ended December 31, 2016. No member of the Compensation Committee served as one of our officers or employees at any time during 2016 or had any Related Person Transaction or relationship required to be disclosed in this Annual Meeting of Shareholders and Proxy Statement. None of our executive officers serve, or served during 2016, as a member of the board of directors and compensation committee of a public company with at least one of its executive officers serving on our Board or Compensation Committee.

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PROPOSAL NO. 2 NON BINDING ADVISORY VOTE ON SAYON-PAY

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), the requirements of Section 14A of the Exchange Act and related SEC rules, and the preference expressed by a majority of our shareholders at our 2011 annual meeting, we are providing shareholders with an annual advisory vote on the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis (CD&A) beginning on page 15, and in the tables and other narrative disclosure in this Proxy Statement. As described in Proposal No. 3, at this year s Annual Meeting, we will once again be asking our shareholders to vote, on an advisory basis, on their preference for the frequency of future say-on-pay votes.

As described in detail in such disclosures, our executive compensation programs are designed to focus our senior leaders on the creation of long-term shareholder value. Our compensation programs provide a substantial majority of named executive officer compensation in the form of at risk performance-based incentives, consisting primarily of long-term stock-based awards. We believe this properly aligns the interests of our executives with those of our shareholders, and with the long-term objectives of the Company.

This proposal provides shareholders with the opportunity to endorse or not endorse our compensation arrangements for our named executive officers through the following resolution:

RESOLVED, that the Company s shareholders approve, on a non-binding advisory basis, the compensation of the named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission in the Company s Proxy Statement for the 2017 Annual Meeting of Shareholders (which disclosure includes the Compensation Discussion and Analysis, the executive compensation tables and related material).

While this vote is not binding on our Board, the Board values the opinions of our shareholders and will take into account the outcome of the vote when considering future executive compensation arrangements.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO APPROVE, ON A NON-BINDING ADVISORY BASIS, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

NAMED EXECUTIVE OFFICERS

Name	Title
David L. Nunes	President and Chief Executive Officer
Mark D. McHugh	Senior Vice President and Chief Financial Officer
Doug M. Long	Senior Vice President, U.S. Operations
Chris T. Corr	Senior Vice President, Real Estate and Public Affairs
Mark R. Bridwell	Vice President, General Counsel and Corporate Secretary

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COMPENSATION DISCUSSION AND ANALYSIS

This CD&A provides information about our 2016 compensation programs for our named executive officers.

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EXECUTIVE SUMMARY

OUR COMPENSATION PHILOSOPHY. Our compensation philosophy emphasizes pay for performance programs designed to reward superior financial performance and sustained increases in the value of our shareholders investment in Rayonier, while recognizing the need to maintain competitive base pay, retirement, health care, severance and other fixed compensation programs. We generally target total compensation levels consistent with the median of our peer group and survey benchmarks, with an emphasis on long-term incentive compensation. By providing a substantial portion of our named executive officers total targeted compensation in the form of long-term incentive awards, we seek to drive sustainable increases in our market valuation and to outperform our peers on a relative total shareholder return basis while promoting equity ownership to further align the interests of our executives with our shareholders.

SAY-ON-PAY. The Compensation Committee carefully considers the results of our shareholders advisory Say-on-Pay vote. Last year, in conjunction with the rollout of changes to our compensation program and governance practices, our shareholders expressed a high level of support for the compensation of our named executive officers, with 97.4% of the votes cast in favor of our compensation programs and practices.

COMPENSATION POLICIES AND GOVERNANCE PRACTICES SUMMARY.

WHAT WE DO	WHAT WE DON T DO
Pay for performance with focus on long-term value creation	û No employment agreements
Maintain robust share ownership and share retention requirements	û No single-trigger change in control provisions for equity awards
Maintain a comprehensive clawback policy	û No excise tax gross-ups
Avoid compensation practices that encourage inappropriate risk	û No hedging or pledging of Company stock
Engage an independent compensation consultant and conduct annual compensation review	û No excessive executive perquisites
Maintain an independent Compensation Committee	û No repricing of underwater options
Cap performance share awards payable if total shareholder return for the period is negative	

COMPONENTS OF EXECUTIVE COMPENSATION

PAY ELEMENT	DESCRIPTION AND PURPOSE
Base Salary	Fixed cash compensation that recognizes level of responsibilities, experience, expertise and individual performance Helps attract and retain talented executives Evaluated against external market data annually
Annual Bonus Program	At risk performance-based cash compensation that rewards achievement of key annual financial metrics and strategic initiatives

Long-Term Incentives

At risk performance-based stock compensation that encourages and rewards long-term performance

Two components:

- Performance shares (weighted 70%), which payout based on relative total shareholder return over a three-year performance period
- Time-based restricted stock (weighted 30%), which vests over five years (in one-third increments on the third, fourth and fifth anniversary of grant)

Aligns management interests with those of our investors

Promotes an ownership mentality that fosters the long-term perspective necessary for sustained success

Ultimate value of these awards depends upon our performance in delivering value to shareholders both in absolute terms through restricted stock and relative to our peers through performance shares

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Consistent with our compensation philosophy, a substantial majority of senior executive compensation is in the form of variable at risk pay, aligning compensation with performance and shareholder value. For 2016, the portion of total target compensation (which is comprised of base salary and targeted annual and long-term incentive award levels) allocated to variable at-risk compensation was 78% for our CEO and 63% on average for our other named executive officers.

2016 TARGET COMPENSATION MIX

We do not have specific pay ratios for our CEO as compared to our other senior executives, but the Compensation Committee does take into account internal pay equity factors to ensure that compensation differences within the Company are consistent with respect to different job levels and responsibilities. For example, the Compensation Committee believes that the CEO has substantially more responsibility and impact on shareholder value than any other named executive officer. Therefore, the Compensation Committee sets his total compensation at a level appreciably higher in relation to that of other named executive officers, but at a level the Compensation Committee believes is appropriate and reflective of market practice.

BASE SALARY. Base salary is a fixed compensation component intended to compensate our executives based on experience, expertise and job responsibilities. Each year, the Compensation Committee reviews the base salary of our CEO and each of his direct reports, including all of our named executive officers. In making adjustments to base salary levels, the Compensation Committee considers a number of factors including: external market data; the approved annual salary budget; level of responsibilities; experience and breadth of knowledge; and individual performance.

ANNUAL BONUS PROGRAM. We provide cash compensation in the form of an annual bonus incentive, adopted under the Rayonier Non-Equity Incentive Plan, which is designed to reward executives based on the Company s financial performance against key budgeted financial metrics, and the attainment of identified strategic objectives. For purposes of Section 162(m) of the Code, we use a funded bonus pool approach; whereby once threshold performance goals are reached, the bonus pool is funded at maximum, and the Compensation Committee uses its negative discretion to reduce that amount to the payout amount, if any, to which the named executive officer is entitled based on performance against our pre-established performance factors as described below. The annual bonus program provides for a target bonus award opportunity for each executive based on salary grade, expressed as a percentage of base salary. For 2016, the target bonus award opportunities for the named executive officers were as follows: Mr. Nunes, 100%; Mr. McHugh, 65%; Messrs. Long, Corr and Bridwell, 55%.

Bonus Plan Metrics. Under our 2016 Rayonier Annual Bonus Program (2016 Bonus Program), Recurring Cash Flow performance against budget is used to fund up to 120% of the overall bonus pool. The Compensation Committee believes that Recurring Cash Flow provides a strong measure of management performance, as it isolates the operational cash flow performance of the business excluding the impact of extraordinary items (both positive and negative) while also accounting for ongoing capital investment. Recurring Cash Flow is defined as Cash Available for Distribution plus interest expense, which eliminates the impact of capital structure decisions.

The bonus pool funding level for Recurring Cash Flow is calculated using the table below, interpolating values between the threshold, target and maximum levels, with zero payout for performance below threshold:

	Threshold	Target	Maximum
Percentage of Budgeted Recurring Cash Flow Achieved	80% of Budget	Budget	110% of Budget
Bonus Pool Funding Level	40% of Target Awards	100% of Target Awards	120% of Target Awards

A modifier is then applied based on the Compensation Committee s assessment of performance against identified strategic objectives and a quality of earnings assessment. This modifier can add or subtract up to 30 percentage points from the recurring cash flow payout level, resulting in a potential overall payout ranging from 0% to 150% of target awards. Our strategic objectives for 2016 centered around timberland acquisitions, optimizing our capital structure, growing our community development business, enhancing our rural land sales program, reducing overall G&A costs, business process improvements and enhancing transparency in our investor communications.

Under our bonus pool structure, individual awards can be adjusted down to 0% or up to +30% of the calculated payout level, not to exceed 150% of target awards, based on performance against individual performance objectives.

Measuring 2016 Results. Performance results under our annual bonus program are adjusted to take into account material unusual, nonrecurring and non-budgeted items impacting the bonus calculation. For 2016, our performance results were adjusted to exclude the impact of variance in cash taxes. This adjustment decreased Recurring Cash Flow results as a percent of budget by 0.7%. After the adjustment, our results generated a financial performance bonus pool of 120% of target. Payout at target award levels for 2016 required achievement of Recurring Cash Flow of $124.1 million, representing the annual budgeted amount approved by the Board in December 2015.

After assessing performance for 2016 against the identified strategic objectives, and after reviewing a detailed variance analysis of budget versus actual financial performance, the Compensation Committee approved a modifier of 30%, bringing the overall payout level to 150% of target awards for each named executive officer. In making this determination, the Compensation Committee was pleased with the capital allocation and portfolio management decisions made by management. It also factored in the progress made on various business process improvements, the projected $5 million reduction in annual G&A spending, the sale of the Townsend Bombing Range property, the New Zealand recapitalization, progress made against our real estate objectives, and enhancements in the transparency of our investor communications.

Final 2016 Bonus Awards. The final annual bonuses earned by our named executive officers for 2016 were approved by the Compensation Committee and, for Mr. Nunes, by our independent directors, in February 2017, and appear in the Summary Compensation Table on page 24, under the heading Non-Equity Incentive Plan Compensation. As discussed above, the bonus pool funding for 2016 was 150% of target.

LONG-TERM INCENTIVES. The Rayonier Incentive Stock Plan (Stock Plan) allows the Compensation Committee the flexibility to award long-term compensation incentives through a variety of equity-based awards. Long-term incentive awards allow us to offer a competitive overall compensation package, and also provide opportunities for share ownership by our executives in order to increase their proprietary interest in Rayonier and, as a result, their interest in our long-term success and commitment to creating shareholder value.

In 2016, the Compensation Committee chose to award performance shares (weighted 70%) and time-based restricted stock (weighted 30%). The Compensation Committee believes this mix provides a strong incentive to our executives to focus on the ongoing creation of shareholder value and to deliver sustained increases in the Company s market valuation and out-performance relative to our peers on a total shareholder return basis. The three-year vesting and payment periods for our performance share awards and the five-year vesting period for our restricted stock awards also provide a retention incentive for our executives. In setting the grant date value of target long-term incentives to be awarded to each named executive officer, the Compensation Committee considers external market pay data, performance and potential, as discussed below under Compensation Benchmarking.

The Compensation Committee may also award one-time equity grants for special purposes, such as new hire, promotion or retention. These awards typically take the form of time-vested restricted stock grants. Long-term incentive awards for 2016 are reflected in the Summary Compensation Table on page 24 and the Grants of Plan-Based Awards table on page 26.

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Performance Shares. The target award level is determined at the beginning of a 36-month performance period. Performance share awards were approved by the Compensation Committee (or, for the CEO, by our independent directors) in February 2016 and the performance period began on April 1, 2016 and ends on March 31, 2019.

The payout, if any, will be based on the level of economic return we produce for our shareholders (referred to as Total Shareholder Return, or TSR) relative to that produced by the 2016 Performance Share Peer Group, chosen by the Compensation Committee as those companies most likely to be considered operational competitors of Rayonier s core businesses.

TSR is calculated for the performance period based upon the return on a hypothetical investment in Rayonier shares versus the return on an equal hypothetical investment in each of the peer companies, in all cases assuming reinvestment of dividends. The 2016 Performance Share Award Program awards will be paid out, if at all, in April 2019 after the end of the performance period on March 31, 2019, based on our percentile TSR performance against the peer group, as follows:

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

The payout percentage is capped at 100% of target if Rayonier s TSR for the performance period is negative.

The 2016 Performance Share Peer Group includes a custom peer group of timber companies, weighted 80%, and real estate companies, weighted 20%, as shown below:

Custom Timber Peer Group (Weighted 80%)		
Catchmark Timber Trust	Plum Creek[(1)]	Potlatch Corporation
Deltic Timber	Pope Resources	Weyerhaeuser

Custom Real Estate Peer Group (Weighted 20%)		
Alexander & Baldwin, Inc.	Equity LifeStyle Properties	Mid-America Apartment Communities
American Campus Communities	Essex Property Trust Inc.	Omega Healthcare Investors Inc.
Apartment Investment & Mgmt Co	Forest City Enterprises	Post Properties Inc.
Avalonbay Communities Inc.	Forestar Group Inc.	Senior Housing Properties Trust
AV Homes, Inc.	HCP, Inc.	The St. Joe Company
Camden Property Trust	The Howard Hughes Corp	Sun Communities Inc.
Equity Residential		UDR, Inc.

OTHER COMPENSATION INFORMATION

EXECUTIVE PERQUISITES. In addition to benefits that are available broadly to our employees, Rayonier executive officers are eligible to participate in the Executive Physical Program. Each executive-level employee of the Company is encouraged to have a physical examination every year. The Company does not offer any other executive perquisites.

(1) Merged with Weyerhaeuser as of February 19, 2016.

RETIREMENT BENEFITS. We maintain the following plans and programs to provide retirement benefits to salaried employees, including the named executive officers, to the extent such employees are eligible participants under the plan terms:

- the Rayonier Investment and Savings Plan for Salaried Employees (our 401(k) plan);
- the Rayonier Excess Savings and Deferred Compensation Plan;
- the Retirement Plan for Salaried Employees of Rayonier;
- the Rayonier Excess Benefit Plan; and
- the Rayonier Salaried Retiree Medical Plan.

The benefits available under the plans listed above are intended to provide income replacement after retirement, primarily through distributions from a 401(k) or other deferred compensation plan. We place great value on the long-term commitment that many of our employees and named executive officers have made to us and wish to incentivize them to remain with the Company with a focus on building sustainable value over the long term. Therefore, the Company has determined that it is appropriate to provide employees with competitive retirement benefits as part of their overall compensation package.

Our defined contribution retirement plans are designed to encourage employees to take an active role in planning, saving and investing for retirement. As a supplement to our 401(k) plan, the Excess Savings and Deferred Compensation Plan is designed to provide eligible employees and executives with a convenient and efficient opportunity to save for retirement while deferring applicable income taxes until withdrawal. For a detailed description of the Excess Savings and Deferred Compensation Plan, see the discussion following the Nonqualified Deferred Compensation table on page 30.

Our defined benefit pension plans, the Retirement Plan for Salaried Employees of Rayonier and the Rayonier Excess Benefit Plan, were closed to new employees on January 1, 2006. On December 31, 2016, benefits under our defined benefit pension plans were frozen for all participants. No additional benefits will be accrued under these plans. Of our named executive officers, only Mr. Long is a participant in these plans. Our other named executive officers were hired after January 1, 2006 and are ineligible to participate. For detailed descriptions of our Retirement Plan for Salaried Employees and the Rayonier Excess Benefit Plan, see the discussion following the Pension Benefits table on page 29.

For those eligible participants who were employed prior to the January 1, 2006 freeze on new participants, the Rayonier Salaried Retiree Medical Program provides salaried employees eligible for retirement with access to a Company-sponsored healthcare plan funded entirely by the plan participants. This benefit is extended on an equivalent basis to all eligible retirees who are plan participants.

The Committee reviews these retirement benefits programs periodically to evaluate their continued competitiveness.

POST-TERMINATION AND CHANGE IN CONTROL BENEFITS

Severance Pay Plan. The Severance Pay Plan for Salaried Employees provides severance benefits to all salaried employees of Rayonier, including the named executive officers, in the event their employment is terminated (other than for cause and other non-qualifying terminations defined in the plan). Upon execution of a satisfactory separation agreement, the severance benefit available to our named executive officers ranges from 20 weeks to 26 weeks of base salary, plus an additional week of base salary for each year of service over one year.

Executive Severance Pay Plan. The Compensation Committee recognizes that, as with all publicly-traded corporations, there exists the possibility of a change in control of Rayonier and that the uncertainty created by that possibility could result in the loss or distraction of senior executives, to the detriment of Rayonier and our shareholders. The Executive Severance Pay Plan, referred to in this discussion as the Executive Plan, reflects the Compensation Committee s view that it is critical to encourage executive retention and that the continued attention and dedication of our senior executives be fostered, notwithstanding the possibility, threat, rumor or occurrence of a change in control of Rayonier. In addition, the Executive Plan is intended to align executive and shareholder interests by enabling executives to consider corporate transactions that may be in the best interests of our shareholders and other constituents without undue financial concern over whether the transaction would jeopardize the executives own employment.

The Executive Plan achieves these objectives by providing benefits to eligible executives designated by the Compensation Committee, which currently include all of our named executive officers, in the event of a change in control of the Company. Any benefits payable require a double-trigger, meaning in addition to a change in control, the executive must be involuntarily terminated (other than for cause) or resign for good reason before stock awards are vested. If the executive is involuntarily terminated (other than for cause) or resigns for good reason within 24 months of the change in control, he or she will be entitled to enhanced severance benefits, which depend on the executive s status as a Tier I or Tier II executive. The Executive Plan has no excise tax gross-up provision. The Executive Plan includes a best net benefit provision, which provides eligible executives with the greater of (1) the full benefit less the excise tax, with the executive personally responsible for paying the excise tax, or (2) a capped benefit, with the amount reduced just below the threshold for triggering the excise tax. The Compensation Committee reviews the Executive Plan annually and retains the discretion to terminate the Executive Plan, or to include or exclude any executive, including any named executive officer, at any time prior to a change in control. As of December 31, 2016, Messrs. Nunes, McHugh, Corr and Long are included as Tier I executives, and Mr. Bridwell is included as a Tier II executive.

The potential payments under the Executive Plan are calculated in the Potential Payments upon Termination or Change in Control table on page 31.

DECISION MAKING PROCESS

ROLE OF THE COMPENSATION COMMITTEE, MANAGEMENT AND ADVISORS. The Compensation Committee has responsibility for establishing our compensation philosophy and for monitoring our adherence to it. The Compensation Committee reviews and approves compensation levels for all executive officers as well as all compensation, retirement, perquisite and benefit programs applicable to such officers. The Compensation Committee establishes annual performance objectives for the CEO, evaluates his accomplishments and performance against those objectives, and, based on such evaluation, makes recommendations regarding his compensation for approval by the independent members of our Board. All of these functions are set forth in the Compensation Committee s Charter, which is available on our website (www.rayonier.com) located under the Corporate Governance tab on our Investor Relations page and is reviewed annually by the Compensation Committee.

The Compensation Committee s work is accomplished through a series of meetings, following a regular calendar schedule to ensure that all major elements of compensation are appropriately considered and that compensation and benefit programs are properly designed, implemented and monitored. Special meetings are held as needed to address matters outside the regular compensation cycle. Working with the Compensation Committee Chair, our Vice President, Human Resources prepares an agenda and supporting materials for each meeting. Our Vice President, Human Resources, and our Vice President, General Counsel and Corporate Secretary, along with Mr. Nunes, generally attend Committee meetings by invitation, but are excused for executive sessions. The Compensation Committee invites other members of management to attend meetings as it deems necessary to cover issues within their specific areas of expertise or responsibility.

The Compensation Committee also seeks advice and assistance from compensation consultants and outside counsel. The Compensation Committee has engaged a compensation consulting firm, Farient Advisors, to provide advice, relevant market data and best practices to consider when making compensation decisions, including decisions involving the CEO and the programs generally applicable to senior executives. Farient Advisors does not provide any services other than consulting services related to executive and Board compensation. The Compensation Committee has assessed the independence of our compensation consultant against the specific criteria under applicable SEC and NYSE rules and determined that no conflict of interest is or was raised by their work for the Compensation Committee.

COMPENSATION BENCHMARKING. In an effort to attract, motivate and retain a talented management team, the Compensation Committee studies market norms among our industry peers and comparably-sized general industry companies in an effort to provide a competitive compensation program that targets median (50th percentile of our peer group) compensation levels. Of course, variations from these general expectations may occur based on the expertise and experience level of a given executive as well as individual, Company and market factors.

In setting 2016 compensation levels for senior executives, including each of the named executive officers, the Compensation Committee reviewed median compensation levels at comparably sized general industry companies using a blend of two survey sources: (1) the TowersWatson CDB Executive Compensation Survey for companies with revenues of less than $1 billion; and (2) the US Mercer Benchmark Database Executive Compensation Survey database for companies with revenues between $400 million and $1 billion. See Appendix B for a list of companies included in the TowersWatson survey. Due to privacy reasons, Mercer does not provide a list of the companies included in a survey when using a special revenue cut.

For our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, Farient Advisors also provided the Compensation Committee compensation levels of our industry peer companies, as disclosed in each company s annual proxy statement. These companies, listed below, are evaluated each year and chosen by the Compensation Committee as those most likely to be considered operational competitors.

Compensation Benchmarking Peer Group		
Catchmark Timber Trust	Plum Creek	Potlatch Corporation
Deltic Timber	Pope Resources	Weyerhaeuser

In setting compensation levels, the Compensation Committee also considered total direct compensation in the context of the relatively short period of time each of the named executive officers has served in his or her respective role. For 2016, target total direct compensation (consisting of base salary, target annual bonus and target long-term incentive award) levels for our named executive officers fell below the median overall.

COMPENSATION POLICIES AND GOVERNANCE PRACTICES

STOCK OWNERSHIP GUIDELINES. We believe that share ownership requirements help to further focus the senior management team on the long-term success of our businesses and the interests of our shareholders. All executives at the Vice President level and above are required to acquire and hold, within five years after taking such position, Rayonier shares with a value equal to a designated multiple of their base salary as shown below:

Position	Ownership Requirement
Chief Executive Officer	6x
Executive Vice Presidents	3x
Senior Vice Presidents	2x
Vice Presidents	1x

We also require that each independent director, within four years of joining our Board, maintain a minimum ownership interest in Rayonier at a level equal to four times the director s annual equity retainer. Prior to satisfying his or her ownership requirement, a director or executive is prohibited from selling any Rayonier shares other than shares withheld or sold to satisfy taxes in connection with a performance share payout, restricted stock awards or stock option exercise. All of our directors and executive officers have met or are on track to meet their ownership requirements within the required period.

PROHIBITION ON HEDGING AND PLEDGING SHARE OWNERSHIP. Our executive officers and directors are not permitted to hedge their economic exposure to our common shares, to hold their ownership interests in our common shares in a margin account or to otherwise pledge their common shares as collateral for a loan. For a more detailed description, see the Share Ownership of Directors and Executive Officers section on page 48.

TAX CONSIDERATIONS. Section 162(m) of the Code precludes a public corporation from taking a deduction for compensation in excess of $1 million for certain of our named executive officers unless specific criteria are satisfied. The Compensation Committee considers the anticipated tax treatment to Rayonier and the named executive officers in its review and establishment of compensation programs and payments. However, deductibility of compensation is only one factor that the Compensation Committee takes into account in setting executive compensation terms and levels and the Compensation Committee retains the flexibility to award compensation that is not deductible in its discretion. In addition, Section 162(m) imposes a number of requirements that must be met for awards to qualify for deduction. Accordingly, there can be no assurance that performance-based awards will be fully deductible under all circumstances.

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CLAWBACK POLICY. We have an extensive Clawback Policy that provides the Compensation Committee discretion to recover incentive awards paid or outstanding in the event of a financial restatement or detrimental conduct. Detrimental conduct includes failure to comply with material policies of the Company, committing an illegal act in connection with the performance of a covered employees duties or taking any action or failing to take action which puts the Company at a material risk. The financial restatement provision of the plan applies to Section 16 Officers and allows the Compensation Committee to recover the difference between the incentive-based awards paid and the value that would have been paid had the relevant information been known at the time the award was paid. The detrimental conduct provision applies to a broader group of management and provides the Compensation Committee discretion to recover all or a portion of any incentive awards paid or outstanding during the prior 36 months.

REPORT OF THE COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE

The Compensation Committee has reviewed and discussed the CD&A required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, recommended to the Board that the CD&A be included in this Proxy Statement, which is incorporated by reference into the Company s 2016 Annual Report on Form 10-K filed with the SEC.

The Compensation and Management Development Committee:

Scott R. Jones, Chair
John A. Blumberg
Dod A. Fraser
Richard D. Kincaid
Andrew G. Wiltshire

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SUMMARY COMPENSATION TABLE

This table discloses compensation for 2016, 2015 and 2014 for Rayonier s Chief Executive Officer, Chief Financial Officer, and our three other most highly compensated executive officers.

Name and Principal Position	Year	Salary	Bonus (1)	Stock Awards (2) (3)	Option Awards (2)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (5)	All Other Compen-sation (6)	Total
David Nunes	2016	$ 637,500		$ 1,776,612		$ 956,250		$ 116,401	$ 3,486,763
President and Chief	2015	$ 587,520		$ 1,627,690		$ 705,024		$ 56,347	$ 2,976,581
Executive Officer	2014	$ 309,420	$ 250,000	$ 3,560,744		$ 440,064		$ 250,336	$ 4,810,564
Mark McHugh Senior Vice	2016	$ 387,500		$ 555,205		$ 377,813		$ 44,196	$ 1,364,714
President and Chief Financial	2015	$ 350,000		$ 542,582		$ 273,000		$ 168,506	$ 1,334,088
Officer	2014	$ 17,235		$ 350,132				$ 517	$ 367,884
Doug Long Senior Vice	2016	$ 300,000		$ 333,101		$ 247,500	$ 263,188	$ 15,261	$ 1,159,050
President, U.S.	2015	$ 245,833	$ 10,000	$ 244,166		$ 147,500	$ 76,896	$ 7,481	$ 731,876
Operations	2014	$ 153,037	$ 20,000		$ 19,692	$ 42,282	$ 147,835	$ 105,502	$ 488,348
Chris Corr Senior Vice	2016	$ 337,500		$ 444,153		$ 185,625	$ 722	$ 64,721	$ 1,032,721
President, Real Estate and Public	2015	$ 327,500		$ 434,054		$ 196,500	$ 558	$ 47,086	$ 1,005,698
Affairs	2014	$ 315,000	$ 150,000	$ 304,489	$ 80,091	$ 131,300	$ 174	$ 27,160	$ 1,008,214
Mark Bridwell Vice President,	2016	$ 315,000		$ 333,101		$ 259,875		$ 40,394	$ 948,370
General Counsel & Corporate	2015	$ 293,750		$ 325,555		$ 176,250		$ 26,467	$ 822,022
Secretary	2014	$ 246,350	$ 5,000	$ 237,956	$ 54,930	$ 123,800		$ 16,849	$ 684,885

(1) For Mr. Nunes, this amount represents his hiring bonus. For Mr. Long, the amounts represent a bonus associated with his promotion to Director, Atlantic Region in March 2014. Mr. Long s bonus was payable in two payments, $20,000 in 2014 and $10,000 in 2015. For Messrs. Corr and Bridwell, the amounts represent transaction and recognition bonuses paid in connection with the spin-off of Rayonier Advanced Materials Inc. (RYAM).

(2) Represents the aggregate grant date fair value for performance share, stock option and restricted stock awards, as applicable, computed in accordance with FASB ASC Topic 718 granted in 2016, 2015 and 2014. For 2016, the

Stock Awards column includes the grant date fair value of performance shares and restricted stock awards as follows:

	Performance Shares		Restricted Stock	
Mr. Nunes	$	1,296,616	$	479,997
Mr. McHugh	$	405,200	$	150,005
Mr. Long	$	243,108	$	89,993
Mr. Corr	$	324,154	$	119,999
Mr. Bridwell	$	243,108	$	89,993

For 2014, this amount also includes the incremental expense associated with the cancellation and replacement of the performance share awards granted in 2014 resulting from the spin-off of RYAM. Values for awards subject to performance conditions are computed based on probable outcome of the performance condition as of the grant date for the award. A discussion of the assumptions used in calculating these values may be found in the Incentive Stock Plans section included in the notes to our financial statements included in our Annual Reports on Form 10-K for 2016, 2015 and 2014.

(3) The following amounts reflect the grant date award value assuming that the highest level of performance is achieved under the 2016 Performance Share Award Program: Mr. Nunes, $2,239,985; Mr. McHugh, $700,008; Mr. Long, $419,985; Mr. Corr, $559,996; and Mr. Bridwell, $419,985.

(4) Represents awards under the 2016, 2015 and 2014 bonus programs discussed in the Compensation Discussion and Analysis beginning on page 15.

(5) For Mr. Long, these amounts represent the annual change in actuarial present value of the participant s pension benefit under the Company s retirement plans. For Mr. Corr, these amounts represent above market interest on non-qualified deferred compensation. Excess Base Salary and Annual Bonus Deferral account balances under our Excess Savings and Deferred Compensation Plan earn a rate of return equal to 10-Year Treasury Notes (adjusted monthly) plus 1.5 percent. Under SEC regulations, any returns on non-qualified deferred compensation in excess of 120% of the applicable federal long-term rate are considered above market interest and must be reported.

(6) For each year presented, these amounts include Company contributions to the Rayonier Investment and Savings Plan for Salaried Employees, our 401(k) Plan; Company contributions to the Rayonier Excess Savings and Deferred Compensation Plan; reimbursement of expenses incurred under the Senior Executive Tax and Financial Planning Program (program was discontinued in 2015); restricted stock dividends and accrued interest; relocation benefits and related tax gross-ups; and the costs of executive physical examinations. The amounts reflect 401(k) Plan Company contributions as follows: for 2016: Messrs. Nunes, McHugh, Corr and Bridwell, $17,490, and Mr. Long, $4,500; for 2015: Messrs. Nunes, Corr and Bridwell, $17,490, Mr. McHugh, $16,962 and Mr. Long, $5,565; for 2014: Mr. Nunes, $15,600; Mr. McHugh, $517; Mr. Long, $4,985; Mr. Corr, $17,160; and Mr. Bridwell, $15,431. The amounts reflect Excess Savings Company contributions as follows: for 2016: Mr. Nunes, $67,391, Mr. McHugh, $16,500, Mr. Long, $175, Mr. Corr, $16,494 and Mr. Bridwell, $13,164; for 2015: Mr. Nunes, $13,093; Mr. Corr, $8,400 and Mr. Bridwell, $3,536; for 2014: Mr. Bridwell, $1,418. For 2015, the amount reflects balances that were used prior to the discontinuation of tax and financial planning program as follows: Mr. Corr, $10,000 and Mr. Bridwell, $2,885. The amount reflects dividend equivalents associated with restricted stock as follows: for 2016: Mr. Nunes, $31,520, Mr. McHugh, $10,206, Mr. Long, $10,586, Mr. Corr, $30,471 and Mr. Bridwell, $9,740; for 2015: Mr. Nunes, 12,779 and Mr. Corr, $11,196. Mr. Nunes amount includes relocation benefits as follows: for 2014, $234,736 in relocation benefits, which includes $43,021 in related tax gross-ups; for 2015, $12,964 in relocation benefits, which includes $2,103 in related tax gross-ups. Mr. McHugh s amount for 2015 includes $147,284 in relocation benefits, which includes $41,647 in related tax gross-ups. Mr. Long s amount for 2014 includes $91,456 in relocation benefits, which includes $13,903 in related tax gross-ups. All amounts reflect actual expenses incurred and paid by the Company in providing these benefits.

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GRANTS OF PLAN-BASED AWARDS

This table discloses potential payouts under the 2016 Rayonier Annual Bonus Program and the 2016 Performance Share Award Program along with 2016 restricted stock awards for our named executive officers.