



Rayonier Reports First Quarter 2002 Earnings

April 22, 2002

JACKSONVILLE, Fla., Apr 22, 2002 (BUSINESS WIRE) -- Rayonier (NYSE:RYN) today reported first quarter net income of \$9.4 million, or 33 cents per share, compared to \$7.9 million, or 28 cents per share, in fourth quarter 2001 and \$12.3 million, or 45 cents per share, in last year's first quarter. Sales of \$276 million were up \$9 million from fourth quarter and comparable to first quarter 2001.

Lee Nutter, Chairman, President and CEO said: "Earnings improved from the fourth quarter due to lower costs in our Performance Fibers business, increased demand for high value cellulose specialty products, higher lumber prices and lower interest costs."

EBITDA (earnings before interest, taxes, depreciation, depletion, amortization and the non-cash cost of land sales) was \$75 million, or \$2.68 per share, compared to \$65 million, or \$2.33 per share, in the fourth quarter and \$78 million, or \$2.84 per share, in first quarter 2001. Free cash flow was \$27 million compared to \$3 million in the fourth quarter and \$32 million in first quarter 2001. Net debt at quarter-end was \$794 million, \$48 million lower than year-end 2001 and \$150 million below first quarter 2001. The net debt-to-capital ratio of 52.5 percent reflects a decline of 1.8 and 5.5 percentage points from year-end and first quarter 2001, respectively.

Performance Fibers

Sales of \$129 million and operating income of \$7 million were both \$4 million above fourth quarter. Sales rose primarily due to increased cellulose specialties volume while operating income improved due to the higher volume and lower manufacturing costs. After declining throughout 2001, first quarter fluff pulp prices held at fourth quarter levels. Compared to first quarter 2001, sales and operating income declined by \$10 million and \$8 million, respectively, primarily due to lower fluff pulp prices.

Timber and Land

Sales of \$63 million were \$6 million higher than fourth quarter while operating income of \$29 million was \$2 million lower. Sales were comparable to first quarter 2001 while operating income declined \$7 million due to lower timber volume and prices, partially offset by higher land sales.

Wood Products and Trading

Sales of \$89 million were comparable to fourth quarter. However, the operating loss of \$2 million reflected improvement of \$2 million and \$5 million compared to fourth quarter and first quarter 2001, respectively. Improved operating results were due to higher prices and lower manufacturing costs in lumber operations.

Other Items

Corporate and other expense of \$6 million was \$1 million above fourth quarter primarily due to higher stock price-based incentive compensation, partially offset by reorganization costs in the fourth quarter.

Interest expense of \$15 million was \$1 million and \$4 million below fourth quarter and first quarter 2001, respectively, primarily due to lower debt levels.

The effective tax rate was above the unusually low fourth quarter rate which included foreign exchange tax-related benefits.

Outlook

"Although global economic conditions remain soft," Nutter said, "we expect second quarter earnings, excluding the impact of the recently announced New Zealand transaction, to be somewhat higher than the first quarter due to increased land sales margins and improved costs in our Performance Fibers business."

Rayonier is the world's premier supplier of high performance specialty cellulose fibers and has 2.3 million acres of timberland in the U.S. and New Zealand. Approximately half of Rayonier's sales are outside the U.S. to customers in nearly 60 countries.

Comments about market trends and anticipated earnings are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The following important factors, among others, could cause actual results to differ materially from those expressed in the forward-looking statements: changes in global market trends and world events that could impact customer demand; interest rate and currency movements; fluctuations in demand for cellulose specialties, absorbent materials, timber, and wood products; the impact of such market factors on the company's timber sales in the U.S. and New Zealand; adverse weather conditions; changes in production costs for wood products and performance fibers, particularly for raw materials such as wood, energy and chemicals; unexpected delays in the closing of land sale transactions; and implementation or revision of governmental policies and regulations affecting the environment, import and export controls and taxes. For additional factors that could impact future results, please see the company's most recent Form 10-K on file with the Securities and Exchange Commission.

A conference call will be held on Tuesday, April 23 at 4:15 p.m. EDT to discuss these results. Interested parties are invited to listen to the live webcast by logging onto <http://www.rayonier.com> and following the link. Supplemental materials will be available at the website. A replay will also be available on the site shortly after the call. Also, investors may access the "listen only" conference call by dialing 913-981-5584.

For further information, visit the company's web site at <http://www.rayonier.com>. Complimentary copies of Rayonier press releases and other financial

documents are also available by mail or fax by calling 1-800-RYN-7611.

RAYONIER
FINANCIAL HIGHLIGHTS
MARCH 31, 2002 (unaudited)
(millions of dollars, except per share information)
Three Months Ended

	March 31, 2002	December 31, 2001	March 31, 2001
Profitability			
Sales	\$ 276.3	\$ 267.1	\$ 276.5
Operating income	\$ 28.2	\$ 25.3	\$ 37.9
Net income	\$ 9.4	\$ 7.9	\$ 12.3
Net income per diluted Common Share	\$ 0.33	\$ 0.28	\$ 0.45
Operating income as a percent of sales	10.2%	9.5%	13.7%
ROE (annualized) (a)	3.5%	2.2%	7.0%
Capital Resources and Liquidity			
EBITDA (b)	\$ 75.2	\$ 64.8	\$ 78.1
Free cash flow (c)	\$ 26.5	\$ 3.4	\$ 32.3
Decrease in borrowings	\$ 35.1	\$ 5.0	\$ 29.0
Debt	\$ 814.7	\$ 849.8	\$ 944.0
Net debt (d)	\$ 794.2	\$ 842.5	\$ 944.0
Net debt / capital	52.5%	54.3%	58.0%

(a) Major land sales are not annualized.

(b) EBITDA is defined as earnings from continuing operations before significant non-recurring items, provision for dispositions, interest expense, income taxes, depreciation, depletion, amortization and the non-cash cost of land sales.

(c) Free cash flow is defined as EBITDA plus or minus significant non-recurring items, changes in working capital and long-term assets and liabilities, less income taxes, interest expense, custodial capital spending, prior-year dividend levels and the non-cash cost of land sales.

(d) Net debt is defined as debt less cash invested of \$20.5, \$7.3 and \$0, at 3/31/02, 12/31/01 and 3/31/01, respectively.

RAYONIER
STATEMENTS OF CONSOLIDATED INCOME
MARCH 31, 2002 (unaudited)
(millions of dollars, except per share information)
Three Months Ended

	March 31, 2002	December 31, 2001	March 31, 2001
Sales	\$ 276.3	\$ 267.1	\$ 276.5
Costs and expenses			
Cost of sales	236.0	233.2	231.5
Selling and general expenses	11.5	11.7	7.6
Other operating expense (income)	0.6	(3.1)	(0.5)
Operating income	28.2	25.3	37.9
Interest expense	(15.2)	(16.2)	(18.9)
Interest and miscellaneous income (expense), net	0.3	0.7	(0.5)
Income before income taxes	13.3	9.8	18.5
Income tax expense	(3.9)	(1.9)	(6.2)

Net income	\$ 9.4	\$ 7.9	\$ 12.3
	=====	=====	=====
Net income per Common Share			
Basic EPS	\$ 0.34	\$ 0.29	\$ 0.45
	=====	=====	=====
Diluted EPS	\$ 0.33	\$ 0.28	\$ 0.45
	=====	=====	=====

Weighted average Common Shares
used for determining

Basic EPS	27,526,125	27,282,588	27,125,148
	=====	=====	=====
Diluted EPS	28,085,833	27,669,616	27,493,637
	=====	=====	=====

RAYONIER
BUSINESS SEGMENT SALES AND OPERATING INCOME
MARCH 31, 2002 (unaudited)
(millions of dollars)
Three Months Ended

	March 31,	December 31,	March 31,
	2002	2001	2001
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Sales

Performance Fibers

Cellulose specialties	\$ 90.6	\$ 86.6	\$ 90.0
Absorbent materials	38.7	38.9	49.0
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Total Performance Fibers	129.3	125.5	139.0
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Timber and Land

Timber	44.4	44.1	61.9
Land	19.1	13.0	1.2
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Total Timber and Land	63.5	57.1	63.1
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Wood Products and

Trading	89.2	87.9	83.8
Intersegment eliminations	(5.7)	(3.4)	(9.4)
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Total sales	\$ 276.3	\$ 267.1	\$ 276.5
	=====	=====	=====

Operating income (loss)

Performance Fibers	\$ 6.6	\$ 2.6	\$ 14.7
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Timber and Land

Timber	20.8	20.7	35.3
Land	8.6	10.8	0.8
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Total Timber and Land	29.4	31.5	36.1
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Wood Products

and Trading	(1.6)	(3.6)	(6.2)
Corporate and other	(6.2)	(5.2)	(6.7)
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Total operating income	\$ 28.2	\$ 25.3	\$ 37.9
	=====	=====	=====

RAYONIER
FUNDS FLOW SUMMARY
MARCH 31, 2002 (unaudited)
(millions of dollars)

Three Months Ended

	March 31, 2002	December 31, 2001	March 31, 2001
Net income	\$ 9.4	\$ 7.9	\$ 12.3
Depreciation, depletion and amortization	43.9	37.6	40.5
Non-cash cost of land sales	2.7	1.3	0.3
Subtotal	56.0	46.8	53.1
Capital expenditures	(17.1)	(18.7)	(21.0)
Working capital changes	(8.8)	(6.1)	4.7
Dividends	(9.9)	(9.8)	(9.8)
Share repurchases	-	-	-
All other	14.9	(7.2)	2.0
Decrease in borrowings	\$ 35.1	\$ 5.0	\$ 29.0

RAYONIER
SELECTED SUPPLEMENTAL FINANCIAL DATA
MARCH 31, 2002 (unaudited)
(millions of dollars, except per share information)
Three Months Ended

	March 31, 2002	December 31, 2001	March 31, 2001
Geographical Data (Non-U.S.)			
Sales			
New Zealand	\$ 27.3	\$ 34.3	\$ 24.0
Other	13.3	9.7	12.0
Total	\$ 40.6	\$ 44.0	\$ 36.0
Operating income (loss)			
New Zealand	\$ 0.2	\$ 2.9	\$ 0.6
Other	(1.4)	1.2	0.1
Total	\$ (1.2)	\$ 4.1	\$ 0.7
Timber and Land			
Sales			
Northwest U.S.	\$ 17.3	\$ 18.4	\$ 25.1
Southeast U.S.	35.6	28.2	31.7
New Zealand	10.6	10.5	6.3
Total	\$ 63.5	\$ 57.1	\$ 63.1
Operating income (loss)			
Northwest U.S.	\$ 12.8	\$ 13.0	\$ 20.1
Southeast U.S.	17.1	17.0	14.1
New Zealand	(0.5)	1.5	1.9
Total	\$ 29.4	\$ 31.5	\$ 36.1

EBITDA per Share			
Performance			
Fibers	\$ 0.86	\$ 0.81	\$ 1.22
Timber and Land	1.96	1.69	2.02
Wood Products			

and Trading	0.07	0.01	(0.11)
Corporate and other	(0.21)	(0.18)	(0.29)
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Total	\$ 2.68	\$ 2.33	\$ 2.84
	=====	=====	=====

RAYONIER
SELECTED OPERATING INFORMATION
MARCH 31, 2002 (unaudited)
Three Months Ended

-----	March 31,	December 31,	March 31,
-----	2002	2001	2001
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Performance Fibers

Sales Volume

Cellulose specialties,
in thousands of
metric tons

	104	99	103
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Absorbent materials,
in thousands of
metric tons

	70	68	72
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Production as a percent
of capacity

	96.3%	95.9%	98.6%
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Timber and Land

Sales volume - Timber

Northwest U.S., in
millions of board feet

	70	66	88
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Southeast U.S., in
thousands of short
green tons

	1,241	1,025	1,575
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New Zealand, in
thousands of metric
tons(1)

	287	449	292
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Timber sales volume - Intercompany

Northwest U.S., in
millions of board feet

	15	3	29
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Southeast U.S., in
thousands of short
green tons

	5	11	14
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New Zealand, in thousands
of metric tons(1)

	179	219	144
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Acres sold

	18,900	6,466	415
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Wood Products and Trading

Lumber sales volume, in
millions of board feet

	79	80	57
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Medium-density fiberboard
sales volume, in thousands
of cubic meters

	36	48	37
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Log trading sales volume
North America, in millions
of board feet

	27	23	49
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New Zealand, in thousands
of cubic meters

	211	286	214
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Other, in thousands of
cubic meters

	118	68	123
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(1) 2001 volume restated from cubic meters to metric tons

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