Rayonier

Value From The Ground Up™

Second Quarter 2011
Financial Presentation Material

Safe Harbor

Certain statements in this document regarding anticipated financial outcomes including earnings guidance, if any, business and market conditions, outlook and other similar statements relating to Rayonier's future financial and operational performance, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "anticipate" and other similar language. Forward-looking statements are not guarantees of future performance and undue reliance should not be placed on these statements.

The following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the effect of the current economic downturn, which is impacting many areas of our economy, including the housing market, availability and cost of credit, and demand for our products and real estate; the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events, including political changes in particular regions or countries; the uncertainties of potential impacts of climate-related initiatives; changes in energy and raw material prices, particularly for our Performance Fibers and wood products businesses; impacts of the rising cost of fuel, including the cost and availability of transportation for our products, both domestically and internationally, and the cost and availability of third party logging and trucking services; unanticipated equipment maintenance and repair requirements at our manufacturing facilities; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations, including laws regarding air emissions and water discharges, remediation of contaminated sites, timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products and raw materials such as wood, energy and chemicals; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; the ability to complete like-kind exchanges of property; changes in key management and personnel; our ability to continue to qualify as a REIT and to fund distributions using cash generated through our taxable REIT subsidiaries; changes in tax laws that could reduce the benefits associated with REIT status; and potential legal challenges that could reduce the benefits associated with the alternative fuel mixture credit and the cellulosic biofuel producer credit discussed in the Company's most recent annual report on Form 10-K.

In addition, specifically with respect to our Real Estate business, the following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical nature of the real estate business generally, including fluctuations in demand for both entitled and unentitled property; the current downturn in the housing market, the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control; the potential for legal challenges to entitlements and permits in connection with our properties; unexpected delays in the entry into or closing of real estate transactions; the existence of competing developers and communities in the markets in which we own property; the pace of development and the rate and timing of absorption of existing entitled property in the markets in which we own property; changes in the demographics affecting projected population growth and migration to the Southeastern U.S.; changes in environmental laws and regulations, including laws regarding water withdrawal and management and delineation of wetlands, that may restrict or adversely impact our ability to sell or develop properties; the cost of the development of property generally, including the cost of property taxes, labor and construction materials; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

Additional factors are described in the company's most recent Form 10-K and 10-Q reports on file with the Securities and Exchange Commission. Rayonier assumes no obligation to update these statements except as is required by law.

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Financial Highlights
($ Millions – Except EPS)

	2Q 2011	1Q 2011	2Q 2010
Profitability			
Sales	357	358	312
Operating income	79	88	56
Net income	56	58	39
Earnings Per Share:			
Diluted EPS	0.67	0.70	0.48
Average diluted shares (millions)	84.1	82.9	81.1
Pro Forma EPS - adjusted for the August 2011 3-for-2 stock split * :			
Diluted EPS	0.45	0.47	0.32
Average diluted shares (millions)	126.2	124.3	121.6

	Six Months Ended June 30,		
	2011	2010	
Capital Resources and Liquidity			
Cash Provided by Operating Activities	195	356	
Cash Used for Investing Activities	(71)	(77)	
Cash Used for Financing Activities	(160)	(10)	
Adjusted EBITDA **	232	201	
Cash Available for Distribution (CAD) **	134	303	***
	6/30/2011	12/31/2010	
Debt	697	768	
Debt / Capital	35%	38%	
Cash	314	349	

* On July 22, 2011, the Board of Directors approved a 3-for-2 stock split in the form of a stock dividend. The additional shares will be distributed on August 24, 2011 to shareholders of record on August 10, 2011.

** Non-GAAP measures (see pages 6 and 17-20 for definitions and reconciliations).

*** CAD for the six months ended June 30, 2010 includes a $189 million refund for the alternative fuel mixture credit.

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Variance Analysis – 1Q 11 to 2Q 11
($ Millions)

	Operating Income	
2011 1Q	**$**	**88**
Variance		
Forest Resources		
- Price		2
- Volume		2
- Impact of forest fires		(3)
Real Estate		(2)
Performance Fibers		
- Price		11
- Volume		(8)
- Cost / Other		(8)
Wood Products		(1)
Other Operations		(2)
2011 2Q	**$**	**79**

Variance Analysis – 2Q 10 to 2Q 11
($ Millions)

	Operating Income	
	Quarter	Year-to-date
2010 2Q (Adjusted)*	**$ 56**	**$ 121**
Variance		
Forest Resources		
- Price	8	16
- Volume	1	(1)
- Impact of forest fires	(3)	(3)
- Costs / Other	(3)	(6)
Real Estate	1	(9)
Performance Fibers		
- Price	37	70
- Volume	(1)	4
- Costs / Other	(10)	(17)
Wood Products	(5)	(5)
Other Operations	(2)	(1)
Corporate/Other	-	(2)
2011 2Q	**$ 79**	**$ 167**

* Non-GAAP measure (See page 18 for reconciliation).

Cash Available for Distribution*

($ Millions – Except Per Share Data)

	Six Months Ended June 30,			
	2011		2010	
Cash Available for Distribution (CAD)				
Cash provided by operating activities	$	195	$	356 **
Capital expenditures ***		(65)		(71)
Change in committed cash		-		10
Excess tax benefits on stock-based compensation		5		4
Other		(1)		4
Cash Available for Distribution	$	134	$	303
Shares outstanding		81,205,635		80,253,894
CAD per share	$	1.65	$	3.78
Dividends per share	$	1.08	$	1.00

* Non-GAAP measure (See page 17 for definition).

** Cash provided by operating activities for the six months ended June 30, 2010 includes a $189 million refund for the alternative fuel mixture credit.

*** Capital expenditures excludes strategic acquisitions. Through June 30, 2011, strategic acquisitions totaled $13 million for timberland acquisitions and $4 million for the Jesup mill cellulose specialties expansion.

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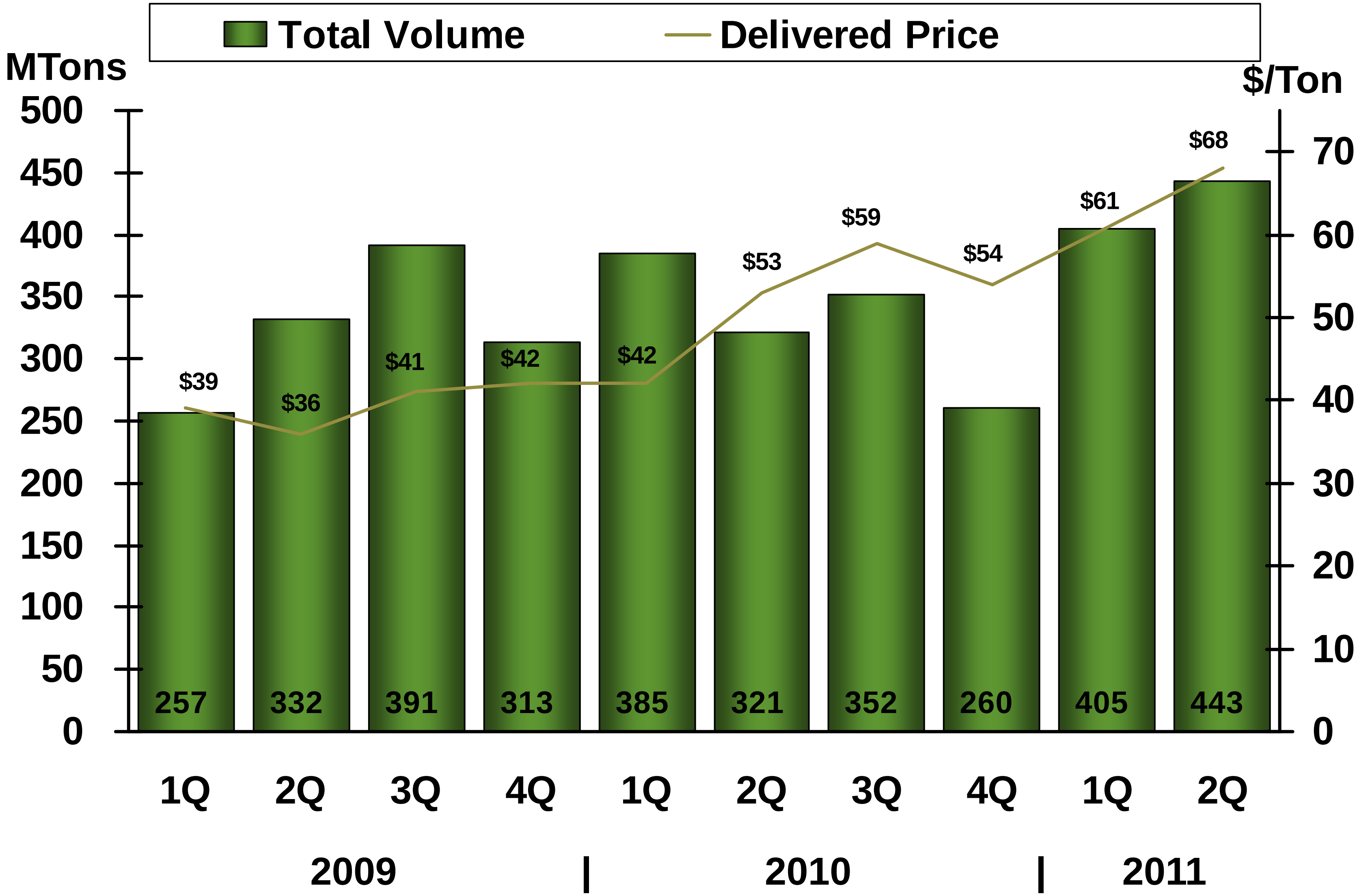
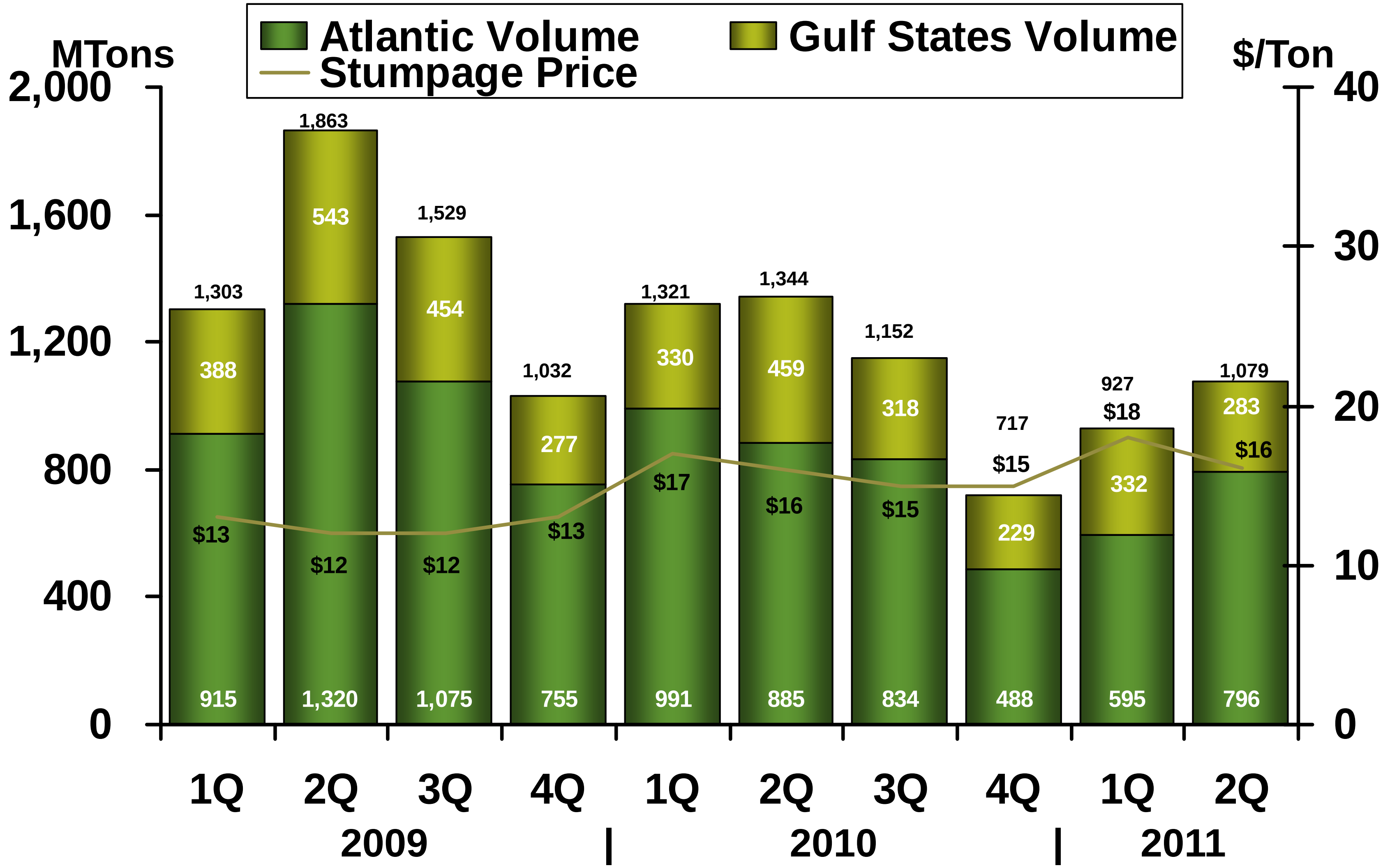
Markets and Operations

Northern U.S. Timber Sales *



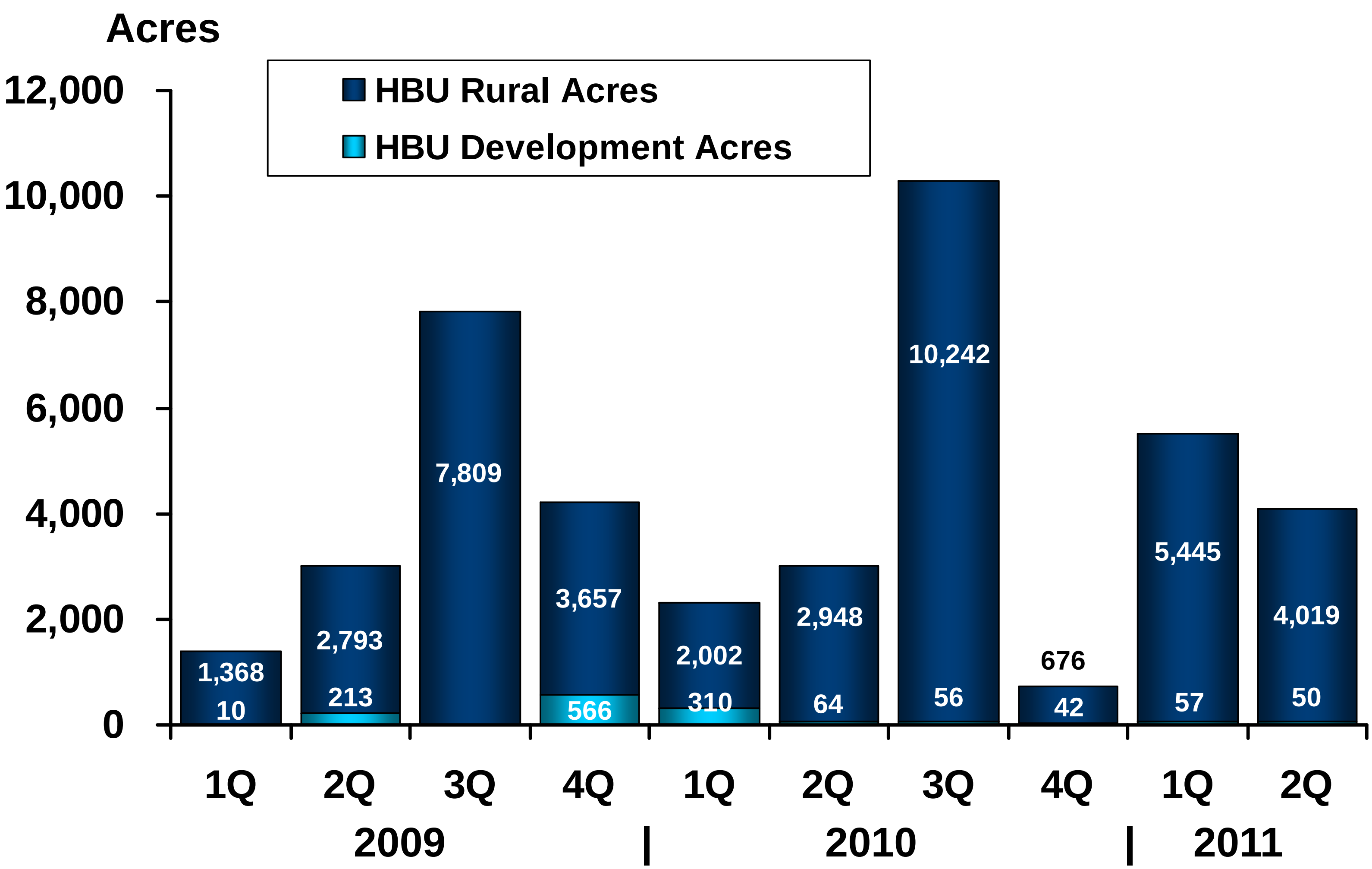
* Chart includes timber sales from Washington state which represent nearly all of the Company's Northern region sales.

U.S. Pine Timber Sales *

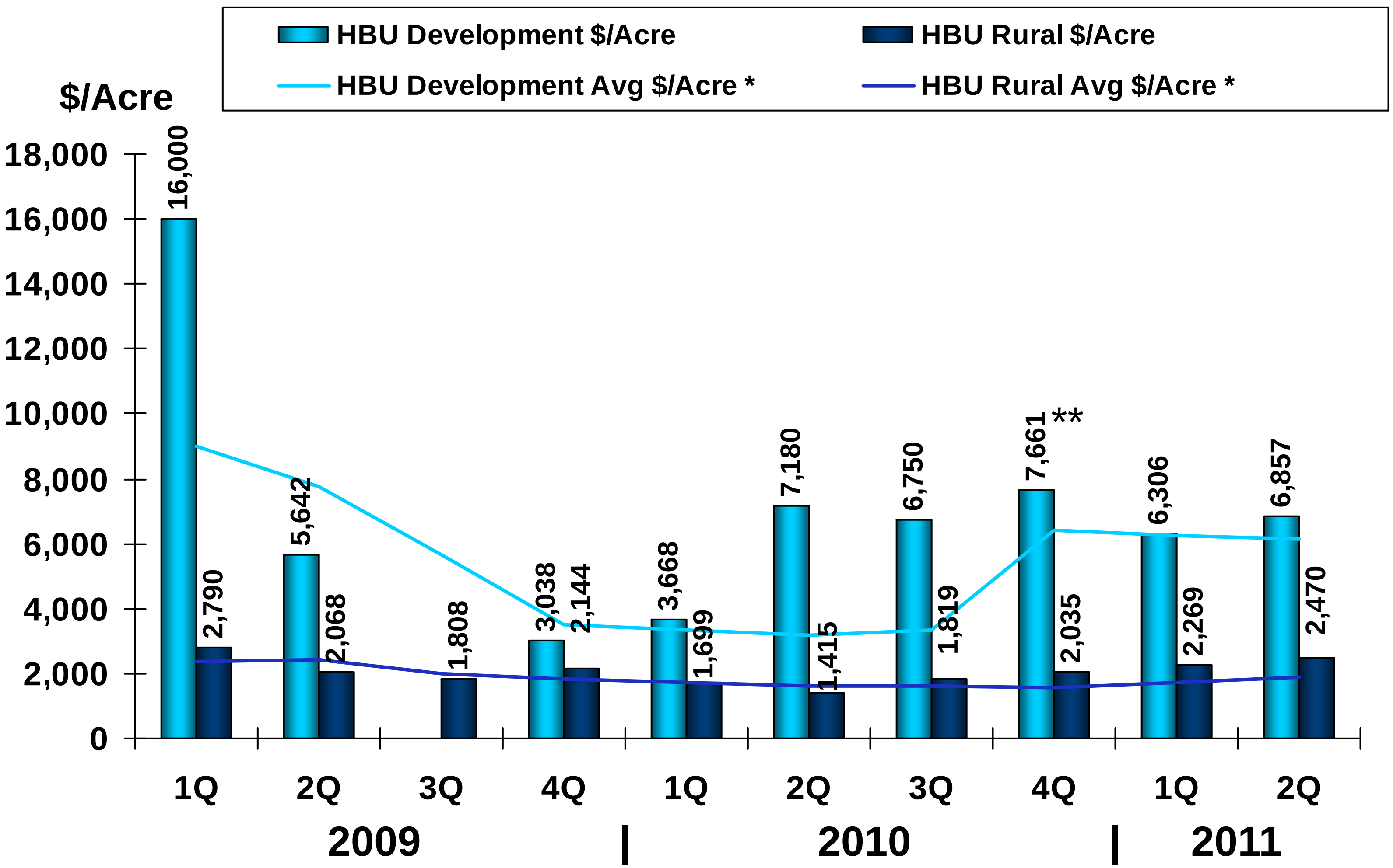


* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Oklahoma and Texas) regions.

HBU Real Estate Acres - Sales



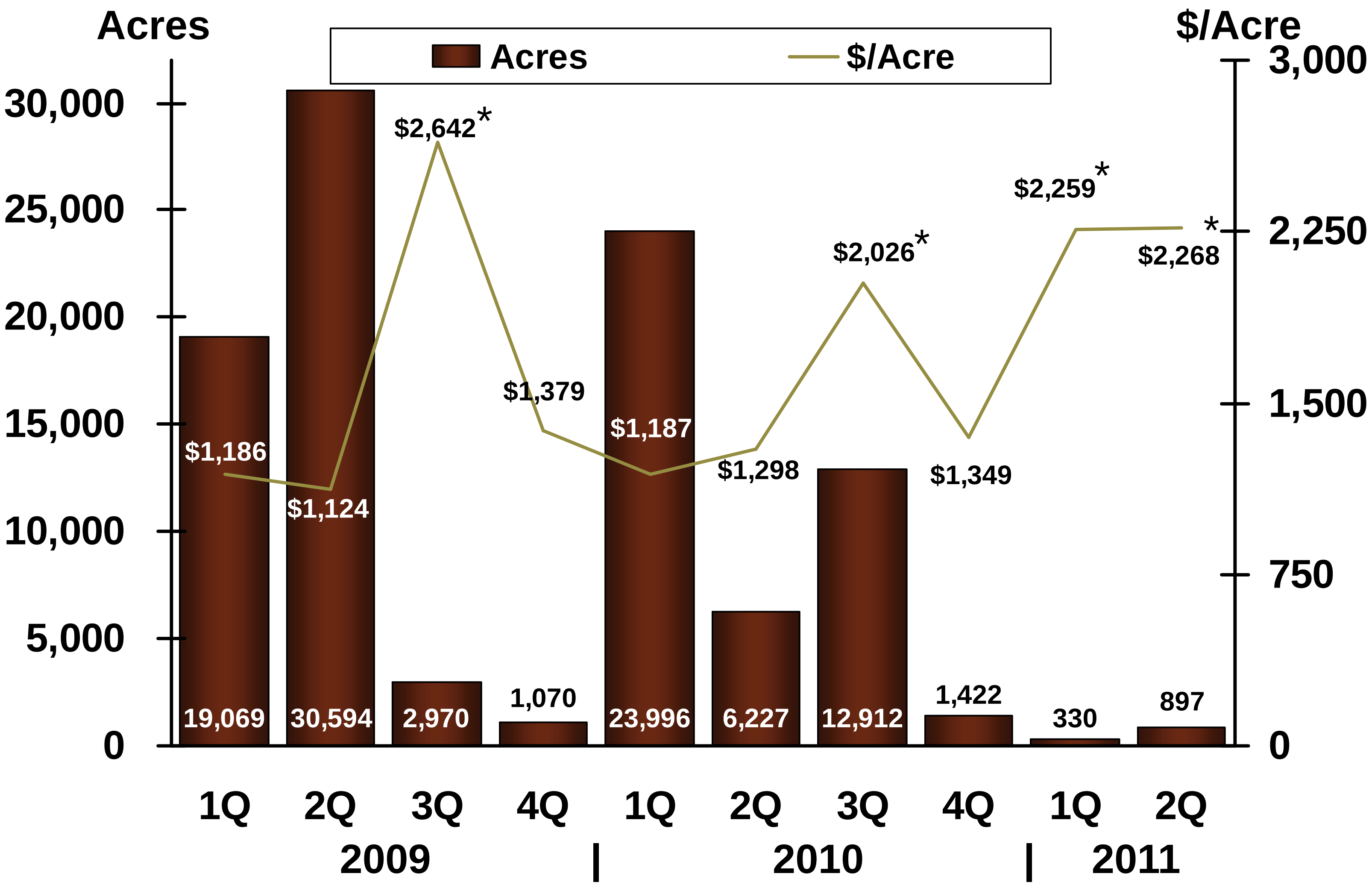
HBU Real Estate Sales Prices



* Four quarter rolling weighted average.

** Excludes $1.6 million easement sale.

Non-Strategic Timberland Acres - Sales



* Period includes a proportionately higher percentage of sales in the Pacific Northwest where the price per acre is traditionally higher than the Southeast.

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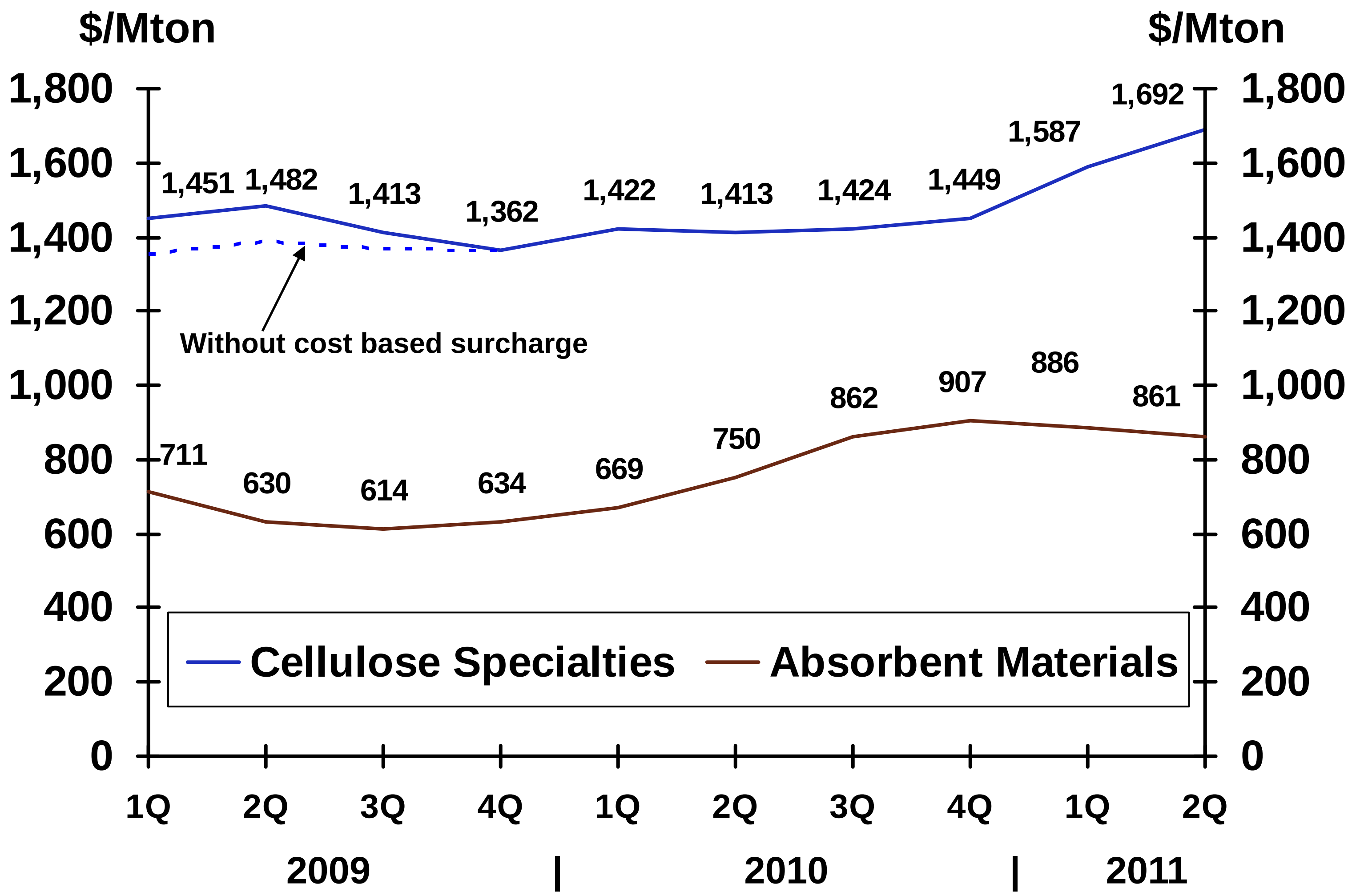
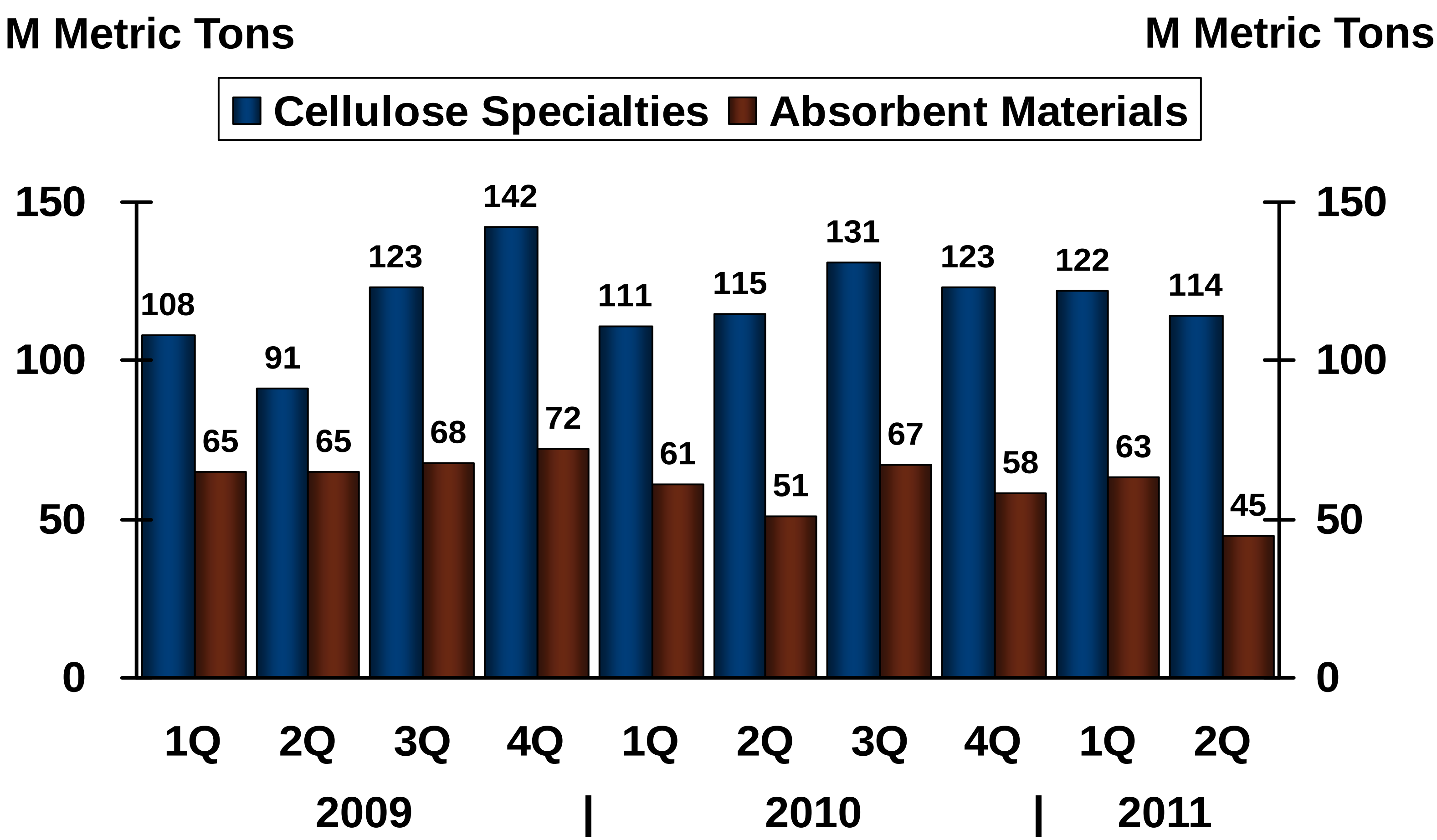
Performance Fibers Net Selling Prices



Performance Fibers Sales Volumes



Earnings Per Share

($ / Share)

	Adjusted *		Actual	
	2011	2010	2011	2010
First Quarter	$ 0.70	$ 0.56	$ 0.70	$ 0.71
Second Quarter	0.67	0.48	0.67	0.48
Third Quarter		0.77		0.77
Fourth Quarter		0.43		0.72
Full Year	$2.85 - $3.10 **	$ 2.24		$ 2.68

* First Quarter 2010 adjusted earnings per share excludes a $0.15 benefit for the gain on sale of a portion of the Company's interest in the New Zealand joint venture. Fourth Quarter 2010 adjusted earnings per share excludes a $0.29 benefit from the cellulosic biofuel producer credit. Adjusted earnings per share is a non-GAAP measure, see page 18 for reconciliation.

** Excludes a $16 million tax benefit to be recognized in third quarter 2011 related to the taxability of the alternative fuel mixture credit.

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Appendix

Definitions of Non-GAAP Measures

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization and the non-cash cost basis of real estate sold. Adjusted EBITDA is a non-GAAP measure used by our Chief Operating Decision maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities adjusted for capital spending, the tax benefits associated with certain strategic acquisitions, the change in committed cash, and other items which include cash provided by discontinued operations, proceeds from matured energy forward contracts, excess tax benefits on stock based compensation and the change in capital expenditures purchased on account. CAD is a non-GAAP measure of cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions net of associated financing. CAD is not necessarily indicative of the CAD that may be generated in future periods.

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Reconciliation of Reported to Adjusted Earnings

($ Millions – Except EPS)

	Three Months Ended				Six Months Ended	
	Dec 31, 2010		Mar 31, 2010		June 30, 2010	
	$	Per Diluted Share	$	Per Diluted Share	$	Per Diluted Share
Operating Income	$ 57		$ 77		$ 133	
Gain on sale of portion of New Zealand JV Interest	-		(12)		(12)	
Adjusted Operating Income	**$ 57**		**$ 65**		**$ 121**	
Net Income	$ 59	$ 0.72	$ 57	$ 0.71	$ 96	$ 1.18
Cellulosic Biofuel Producer Credit	(24)	(0.29)	-	-	-	-
Gain on sale of portion of New Zealand JV Interest	-	-	(12)	(0.15)	(12)	(0.14)
Adjusted Net Income	**$ 35**	**$ 0.43**	**$ 45**	**$ 0.56**	**$ 84**	**$ 1.04**

Adjusted EBITDA by Segment

($ Millions)

Three Months Ended	Forest Resources	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
June 30, 2011							
Operating income (loss)	$ 12	$ 5	$ 71	$ (1)	$ (1)	$ (7)	$ 79
Depreciation, depletion and amortization	16	2	12	1	-	-	31
Non-cash cost of real estate sold	-	2	-	-	-	-	2
Adjusted EBITDA	$ 28	$ 9	$ 83	$ -	$ (1)	$ (7)	$ 112
March 31, 2011							
Operating income	$ 11	$ 7	$ 76	$ -	$ 1	$ (7)	$ 88
Depreciation, depletion and amortization	15	3	13	1	-	-	32
Non-cash cost of real estate sold	-	-	-	-	-	-	-
Adjusted EBITDA	$ 26	$ 10	$ 89	$ 1	$ 1	$ (7)	$ 120
June 30, 2010							
Operating income	$ 9	$ 4	$ 45	$ 4	$ 1	$ (7)	$ 56
Depreciation, depletion and amortization	17	3	12	1	-	-	33
Non-cash cost of real estate sold	-	1	-	-	-	-	1
Adjusted EBITDA	$ 26	$ 8	$ 57	$ 5	$ 1	$ (7)	$ 90

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Adjusted EBITDA by Segment

($ Millions)

Six Months Ended	Forest Resources		Real Estate		Performance Fibers		Wood Products		Trading		Corporate and other		Total	
June 30, 2011														
Operating Income (loss)	$	23	$	12	$	147	$	(1)	$	-	$	(14)	$	167
Depreciation, depletion and amortization		31		5		24		2		-		1		63
Non-cash cost of real estate sold		-		2		-		-		-		-		2
Adjusted EBITDA	$	54	$	19	$	171	$	1	$	-	$	(13)	$	232
June 30, 2010														
Adjusted Operating Income *	$	17	$	22	$	90	$	4	$	1	$	(13)	$	121
Depreciation, depletion and amortization		34		12		28		3		-		-		77
Non-cash cost of real estate sold		-		3		-		-		-		-		3
Adjusted EBITDA	$	51	$	37	$	118	$	7	$	1	$	(13)	$	201

* Adjusted operating income is a non-GAAP measure, see page 18 for reconciliation.

Forest Resources Supplemental Financial Data
($ Millions)

	Three Months Ended			Six Months Ended	
	June 30, 2011	Mar. 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Forest Resources					
Sales					
Atlantic	$ 18	$ 13	$ 20	$ 31	$ 42
Gulf States	7	8	10	16	17
Northern	29	24	17	53	32
New Zealand *	3	3	2	5	5
Total	$ 57	$ 48	$ 49	$ 105	$ 96
Operating income					
Atlantic	$ -	$ 2	$ 3	$ 2	$ 8
Gulf States	-	-	3	-	6
Northern	11	8	2	18	2
New Zealand /Other	1	1	1	3	1
Total	$ 12	$ 11	$ 9	$ 23	$ 17

* Represents timberland management fees for services provided to the Matariki Forestry Group ("Matariki") of which Rayonier has a 26 percent equity interest.

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Selected Operating Information

	Three Months Ended			Six Months Ended	
	June 30, 2011	Mar. 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Forest Resources					
Sales Volume, in thousands of short green tons					
Atlantic	863	645	984	1,508	2,057
Gulf States	299	346	465	645	800
Northern	476	436	322	912	714
	1,638	1,427	1,771	3,065	3,571
Real Estate					
Acres sold					
HBU Development	50	57	64	107	374
HBU Rural	4,019	5,445	2,948	9,464	4,950
Non-Strategic Timberlands	897	330	6,227	1,227	30,223
Total	4,966	5,832	9,239	10,798	35,547
Performance Fibers					
Sales Volume, in thousands of metric tons					
Cellulose specialties	114	122	115	236	226
Absorbent materials	45	63	51	109	112
Lumber					
Sales volume,					
in millions of board feet	70	56	65	126	120

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Market Price and Dividend History

($ / Share)

	High		Low		Dividends	
2011						
Second Quarter	$	67.32	$	59.46	$	0.54
First Quarter	$	62.72	$	52.92	$	0.54
2010						
Fourth Quarter	$	54.52	$	48.20	$	0.54
Third Quarter	$	51.29	$	43.14	$	0.50
Second Quarter	$	50.72	$	41.57	$	0.50
First Quarter	$	46.41	$	39.70	$	0.50
2009						
Fourth Quarter	$	43.92	$	37.88	$	0.50
Third Quarter	$	45.00	$	33.63	$	0.50
Second Quarter	$	41.79	$	29.35	$	0.50
First Quarter	$	32.40	$	22.28	$	0.50

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Dividends Per Share

($ / Share)

	Pre-split 2011	Pre-split 2010
First Quarter	$ 0.54	$ 0.50
Second Quarter	0.54	0.50
Third Quarter *	0.60	0.50
Fourth Quarter **	0.60	0.54
Dividend Per Share	$ 2.28	$ 2.04

	Post-split *** 2011	Post-split *** 2010
First Quarter	$ 0.36	$ 0.33
Second Quarter	0.36	0.33
Third Quarter *	0.40	0.33
Fourth Quarter **	0.40	0.36
Dividend Per Share	$ 1.52	$ 1.35

* On July 22, 2011, the Board of Directors approved an increase in the quarterly dividend from $0.54 per share to $0.60 per share on a pre-split basis effective starting with the September 30, 2011 dividend.

** Assuming maintenance of the quarterly dividend amount in fourth quarter 2011.

*** On July 22, 2011, the Board of Directors approved a 3-for-2 stock split in the form of a stock dividend. The additional shares will be distributed on August 24, 2011 to shareholders of record on August 10, 2011.

Wood Products
Southeast Lumber Sales