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

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): 12/10/2009

RAYONIER INC.

(Exact name of registrant as specified in its charter)

Commission File Number: 1-6780

North Carolina
(State or other jurisdiction of
incorporation)

13-2607329
(IRS Employer
Identification No.)

50 North Laura Street
Jacksonville, Florida
32202

(Address of principal executive offices, including zip code)

904-357-9100

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

2010 Annual Corporate Bonus Program

On December 10, 2009, the Compensation and Management Development Committee of the Rayonier Board of Directors (the "Compensation Committee") approved the Rayonier Annual Corporate Bonus Program for 2010 under the Rayonier Non-Equity Incentive Plan. The Bonus Program covers our named executive officers, who are referred to as Covered Executives, as well as other corporate and operating employees.

Under the Bonus Program, target bonus awards, calculated as a percentage of base salary at the end of the performance period, are established for each participant. A performance factor ranging from 0% to 200%, calculated based on performance against financial and strategic results, is applied to each participant's target bonus award to determine their formula award level. Individual formula award levels can be adjusted +/- 30% to reflect performance against individual performance objectives, with the exception of Covered Executives, whose formula award levels may be decreased, but not increased, to the extent determined by the Committee.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Bonus Program, a copy of which is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

2010 Class Performance Share Award Program

On December 10, 2009, the Compensation Committee also approved the Rayonier 2010 Performance Share Award Program under the Rayonier Incentive Stock Plan. The Performance Share Program provides for the payment of Rayonier shares ranging between 0% and 200% of target awards based on Rayonier's Total Shareholder Return performance against an identified peer group over a three year period.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Performance Share Program, a copy of which is filed as Exhibit 10.2 hereto and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit 10.1 2010 Annual Corporate Bonus Program

Exhibit 10.2 2010 Rayonier Performance Share Award Program

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RAYONIER INC.

Date: December 15, 2009

By: /s/ W. Edwin Frazier III

W. Edwin Frazier III
Senior Vice President, Chief Administrative Officer and
Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Description
EX-10.1	2010 Annual Corporate Bonus Program
EX-10.2	2010 Rayonier Performance Share Award Program

RAYONIER

ANNUAL CORPORATE BONUS PROGRAM

(as amended and restated December 10, 2009)

Rayonier

Annual Corporate Bonus Program

1. Purpose

This Rayonier Annual Corporate Bonus Program ("Bonus Program") is adopted pursuant to the Rayonier Non-Equity Incentive Plan (the "Plan") and is the vehicle through which the Compensation and Management Development Committee (the "Committee") of the Rayonier Board of Directors will make awards to key personnel that have an impact on the Company's achievement of annual or other short-term Performance Objectives.

The Bonus Program is effective for Performance Periods designated by the Committee until such time as the Bonus Program is modified or terminated.

2. Definitions

For purposes of the Bonus Program, the following terms have the indicated definitions. Terms not defined here have the same meaning as under the Plan.

- a. "Available Bonus Pool" means with respect to any Performance Period, the sum of the Preliminary Bonus Awards for all Designated Employees excluding Covered Executives, as adjusted by any change made by the Committee pursuant

to Section 4(d)(i); *provided that*, such sum shall not exceed the amount specified in Section 4(a).

- b. "Bonus Award" means the bonus payable in respect of a specified Performance Period to a Designated Employee determined in accordance with Section 4.
- c. "Bonus Program" means this Rayonier Annual Corporate Bonus Program, as it may be modified from time to time by the Committee.
- d. "Code" means the Internal Revenue Code of 1986, as it may be amended from time to time, and the applicable regulations thereunder.
- e. "Corporate Performance Factor" or "CPF" has the meaning set forth in Section 5.
- f. "Covered Executive" has the same meaning as set forth in the Plan.
- g. "Designated Employees" means with respect to any applicable Performance Period, the Covered Executives and other employees identified by Salary Grade 15 or higher, or otherwise, as designated by the Committee prior to the end of the first quarter of the Performance Period.
- h. "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- i. "Performance Period" means the Company's fiscal year or any other period designated by the Committee with respect to which Bonus Awards are granted.
- j. "Performance Bonus Award" is the Bonus Award determined in accordance with this Bonus Program and the Plan.
- k. "Plan" means the Rayonier Non-Equity Incentive Plan, pursuant to which this Bonus Program is adopted, or any successor thereto.
- l. "Preliminary Bonus Award" means:
 - i. for Designated Employees other than Covered Executives, the product of multiplying (a) the employee's Target Award times (b) the Corporate Performance Factor calculated in accordance with Exhibit A; and
 - ii. for Covered Executives, an amount equal to 200% of the executive's Target Award unless the Corporate Performance Factor is 0%, in which case the Preliminary Bonus Award will be zero.
- m. "Target Award" means with respect to a Designated Employee, the amount expressed as a percent of the Designated Employee's Performance Period end base salary.

3. Administration

The Committee shall administer the Bonus Program for all Designated Employees in accordance with the Plan, provided that, as specified in the Committee's Charter, the Bonus Award for the Chief Executive Officer shall be subject to review and approval by the independent members of the Board of Directors.

Before payment of any Bonus Award is made to a Covered Executive under this Bonus Program, the Committee shall have complied with the provisions of Section 4(d)(iv).

4. Procedures for Establishing and Determining Performance Bonus Awards

- a. *Maximum Bonus Pool for a Performance Period.* The aggregate amount payable as Bonus Awards for any Performance Period for all Designated Employees shall not exceed 200% of the sum of the Target Awards for all Executives.
- b. *Setting Performance Goals, Performance Objectives and Target Awards.* Not later than the end of the first quarter of each Performance Period (or by such earlier time as may be required in the future by the applicable provisions of the Code in the case of Covered Executives), the Committee shall:
 - i. Determine the Designated Employees by class or otherwise who will participate in the Bonus Program for the particular Performance Period;
 - ii. Determine the parameters of the Corporate Performance Factor to be applied for the Performance Period in accordance with Section 5(a) and substantially in the form set forth on Exhibit A;
 - iii. Establish the Target Award for the Performance Period for the Designated Employees covered by the Bonus Program by class or otherwise, including for each Covered Executive, by reference to a percent of base salary by Salary Grade at the end of the performance period as set forth on Exhibit B; and

- c. *Calculation of Performance Bonus Awards.* In the case of Designated Employees who are not Covered Executives, individual Performance Bonus Awards are determined based upon the Designated Employee's Preliminary Bonus Award, adjusted up to +/-30% based upon the Designated Employee's performance against identified individual objectives established for each Designated Employee; provided that, the sum of all Performance Bonus Awards for Designated Employees who are not Covered Executives cannot exceed the Available Bonus Pool. Notwithstanding any adjustments recommended in respect of a Designated Employee's performance against identified individual objectives, the Committee may increase or reduce the final Performance Bonus Award of any Designated Employee who is not a Covered Executive where it deems appropriate, in its sole discretion, subject to the aggregate limitation in Section 4(a) for all Bonus Awards. Covered Executive Performance Bonus Awards are calculated pursuant to (d)(ii) of this Section 4.
- d. *Certification of CPF and Finalization of Bonus Awards.* At the end of each Performance Period, the Committee shall:
- i. Review the calculation of the Available Bonus Pool and the Preliminary Bonus Award payout levels for all Designated Employees covered by the Bonus Program, and if the Committee deems necessary or appropriate, exercise its discretion to increase or decrease the Available Bonus Pool based on such factors as it may deem relevant. Preliminary Bonus Awards of Designated Employees that comprise the Available Bonus Pool will be adjusted proportionately in the event of such a discretionary adjustment. The Committee shall make such adjustments as provided for in Section 4 (c) to individual Performance Bonus Awards to Designated Employees who are not Covered Executives as the Committee deems appropriate in its discretion;
 - ii. With respect to each Covered Executives, determine the reductions if any to the Covered Executives' Preliminary Bonus Awards based upon the Committee's review of each Covered Executive's performance in terms of the CPF and performance against identified individual objectives established for each Covered Executive, with such determination in the sole negative discretion of the Committee;
 - iii. Establish the form of payment and the payment date for Bonus Awards for the Performance Period for Covered Executives as provided in Section 6; and
 - iv. Prior to the payment of a Bonus Award to any Covered Executive, certify by Committee resolution or otherwise in writing, in accordance with the requirements of Section 162(m) of the Code and Section 5(e)(B) of the Plan, whether the material terms for paying such Bonus Award in respect of the Performance Period have been achieved or met.

5. Corporate Performance Factor

- a. *Criteria for Establishing the CPF.* The "Corporate Performance Factor" shall consist of those Performance Goals permitted under the Plan that are selected by the Committee for the specified Performance Period, and weighted as designated by the Committee for such Performance Period so as to reflect Performance Objectives under the Plan. Such selection and weighting in determining the Corporate Performance Factor may be changed from time to time by the Committee consistent with the provisions of the Plan in respect of Covered Executives, *provided that* with respect to a particular Performance Period, the Corporate Performance Factor shall be established generally prior to the commencement of such Performance Period and in all events not later than the end of the first quarter of any Performance Period.
- b. *Initial CPF Performance Goals and Parameters.* The Corporate Performance Factor shall be computed as specified in Exhibit A hereto until changed by the Committee as provided in Section 5(a), with such adjustments to reported earnings for accounting rule changes, special non-recurring items, discontinued operations, and similar adjustments as are approved by the Committee made so as to provide consistent measurements of continuing corporate performance.

6. Payment of Bonus Awards

- a. *Entitlement to Payments Generally.* Subject to Sections 4(d)(iii) and (iv) for Covered Executives, Bonus Awards for a Performance Period shall be paid at such time as designated by the Committee following the closing of the Performance Period and its determination of the final Bonus Awards as provided in Section 4(d), to Designated Employees who are employed by the Company on the payment date or whose employment terminated as a result of death, disability or normal retirement following the end of the applicable Performance Period. The Chief Executive Officer shall determine if a pro-rated Bonus Award shall be paid to any Designated Employee, other than a Covered Executive, whose employment terminated as a result of death, disability or normal retirement during the applicable Performance Period. Except as provided in the previous sentence, the Committee shall determine in its sole discretion if a Bonus Award shall be paid to any Designated Employee who is not employed by the Company on the payment date.
- b. *Employment After Commencing of a Performance Period.* Subject to such modifications as may be approved by the Committee, Designated Employees who commence employment after the start of a Performance Period may be granted a Bonus Award determined pro-rata for the term of such employee's employment during the Performance Period. To the extent a new Designated Employee may become entitled to a Bonus Award hereunder, a Target Award

shall be computed for such Designated Employee to reflect such pro-rata participation and the Available Bonus Pool shall be adjusted to reflect such Target Award.

- c. *Form of Payment.* Bonus Awards shall be paid in cash, except that Bonus Awards that for Covered Executives may be paid in cash, stock, other stock-based or stock-denominated units or any combination thereof as determined by the Committee to the extent permitted by the Plan at the time, and subject to compliance with any applicable listing requirements and securities laws.
- d. *Timing of Payments.* Before payment of any Bonus Award is made to a Covered Executive under this Bonus Program, the Committee shall have complied with the provisions of Section 4(d)(iv). It is anticipated that for Designated Employees other than Covered Executives, if authorized by the Committee, payments of Bonus Awards can be based on preliminary data available in the last month of the Performance Period and made shortly after the end of the Performance Period, subject to confirmation following the close of the Performance Period by report to the Committee at its next regularly scheduled meeting following such payments indicating that payment was made in compliance with the terms of the Bonus Program. The time of payment shall be as determined by the Committee, though it is anticipated that payment shall be made so as not to have any payments under this program subject to the provisions of Section 409A of the Code.

7. Termination and Amendment

Subject to the provisions of the Plan, the Committee may terminate or amend the Bonus Program at any time.

8. Other Provisions

- a. No Designated Employee shall have any claim or right to be granted a Bonus Award under the Bonus Program until such Bonus Award is actually made. Neither the existence of this Bonus Program, nor any action taken hereunder, shall be construed as giving any Designated Employee any right to be retained in the employ of the Company or in any way interfere with or limit the right of the Company to terminate any Designated Employee's employment at any time. Nothing contained in this Bonus Program shall limit the ability of the Company to make payments or awards to Designated Employees under any other plan, agreement or arrangement in effect at time the Bonus Program is established or upon a subsequent date.
- b. No employee shall, at any time, have a right to become a Designated Employee in the Bonus Program for any Performance Period, for any reason, including notwithstanding the individual's having previously participated in the Bonus Program.
- c. The Company shall have the right to deduct from a Bonus Award or from any other amounts due the Designated Employee from the Company, any taxes or other amounts required or permitted to be withheld by law.
- d. No Designated Employee or any other party claiming an interest in amounts earned under the Bonus Program shall have any interest whatsoever in any specific asset of the Company. To the extent that any person or entity acquires a right to receive payments under the Bonus Program, such rights shall be that of an unsecured general creditor of the Company.
- e. All questions pertaining to the construction, regulation, validity and effect of the provisions of the Bonus Program shall be determined in the sole discretion of the Committee pursuant to the Plan.
- f. With the exception of payments made following the death of a Designated Employee, the rights and benefits of a Designated Employee hereunder are personal to the Designated Employee and shall not be subject to any voluntary or involuntary alienation, assignment, pledge, transfer, encumbrance, attachment, garnishment or other disposition.
- g. Bonus Awards under this Bonus Program shall not constitute compensation for the purpose of determining participation or benefits under any other plan of the Company unless specifically included as compensation in such plan.
- h. If any provision of this Bonus Program would cause a Performance Bonus Award not to constitute "qualified performance-based compensation" under Section 162(m) with respect to a Covered Executive, that provision shall be severed from, and shall be deemed not to be a part of, the Bonus Program, in respect of such Covered Executive but the other provisions hereof shall remain in full force and effect.
- i. In the *event* that changes are made to Section 162(m) to permit greater flexibility under the Bonus Program, the Committee may make any adjustments it deems appropriate.

(j) This Bonus Program is governed by the Plan, and the Committee reserves the full discretion provided for under the Plan in administering this Bonus Program.

9. Adoption Date

This Bonus Program was first adopted by the Committee on December 9, 2004 with application for Performance Periods commencing January 1, 2005, and amended and restated as herein provided on December 10, 2009, with

Administration

December 2009

Exhibit A

**RAYONIER
ANNUAL CORPORATE BONUS PROGRAM**

METHODOLOGY FOR COMPUTING THE
CORPORATE PERFORMANCE FACTOR
FOR THE 2010 PERFORMANCE PERIOD

2010 Performance Goals		Weighting
Financial Measures		80%
Net Income vs. Budget (weighted 50%)	NI divided by Budget NI	
CAD vs. Budget (weighted 50%)	CAD divided by Budget CAD Apply formula separately for actual cumulative CAD vs. budget for each quarter ending 3/31, 6/30, 9/30 and 12/31 within the Performance Period.	
Strategic Measures (as reviewed and approved by the Committee)		20%

Computation of the Corporate Payout Factor:

- Apply the Performance Goal calculation formula for Net Income and CAD as specified above.
- Multiply the results by the weighting for each financial measure and sum the results to determine the financial measures factor.
- Using the factor, determine the financial measures payout using the table below, interpolating values between the threshold, target and maximum levels.

	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
Factor	85%	100%	120%
Financial Payout	20%	100%	200%

- Multiply the financial payout by the financial measures weighting to determine the financial payout percentage.
- Once the Committee has determined the strategic measures payout levels ranging from 0% to 40%, add the strategic payout percentage results to the financial payout percentage results to determine the CPF. Note: The strategic payout for Corporate employees will be the average strategic payout results for Performance Fibers, Real Estate and Forest Resources.

Exhibit B

ANNUAL CORPORATE BONUS PROGRAM

TARGET BONUS FOR RAYONIER DESIGNATED EMPLOYEES

AS A PERCENT OF BASE SALARY*

<u>Salary Grade</u>	<u>Bonus Target %</u>
32	100
31	93
30	87
29	80
28	69
27	65
26	61
25	54
24	51
23	43
22	40
21	38
20	30
19	27
18	20
17	17
16	13
15	10

* Year-end Base Salary or Performance Period ending base salary as may be applicable.

Administration

December 2009

Rayonier

2010 Performance Share Award Program

The number of shares to which a participant could become entitled under the 2010 Performance Share Award Program (the "Program") can range from 30% to a maximum of 200% of the Target Award depending on Rayonier's total shareholder return ("TSR") performance for the three-year Performance Period of January 1, 2010 through December 31, 2012, as compared to the TSR performance of the designated peer group companies for the same period. There will be no payout if results fall below the 30th percentile performance threshold.

- TSR is defined as stock price appreciation plus the reinvestment of dividends on a quarterly basis. For purposes of performance measurement, TSR shall be the final reported figure as may be adjusted by the Committee for unusual items to avoid distortion in the operation of the Program.
- TSR over the 3-year period will be calculated by measuring the value of a hypothetical \$100 investment in Rayonier shares as compared to an equal investment in each of the peer group companies.
- TSR calculations of stock price appreciation will be the average of the closing prices of Rayonier common shares and that of each of the peer group companies for the 20 trading days preceding the starting and ending dates of the Performance Period.

The final number of shares in an Award will be determined as follows:

- The TSR performance of Rayonier and the peer group companies will be calculated and Rayonier's relative performance, on a percentile basis, is determined.
- The payout percentage of Target Award based on Rayonier's percentile TSR performance against the peer group companies will be calculated per the following table:

Percentile Rank	Award (Expressed As Percent of Target Award)
80 th and Above	200%
61 st - 79 th	100%, plus 5.0% for each incremental percentile position over the 60 th percentile
60 th	100%
31 st - 59 th	30%, plus 2.33% for each incremental percentile position over the 30 th percentile
30 th	30%
Below 30 th	0%

- The payout percentage may not exceed 100% of target awards if Rayonier's TSR for the Performance Period is negative.
- Payment, if any, is to be made in Rayonier Common Shares, and may be offset, to the extent allowed under applicable regulations, by the number of shares equal in value to the amount needed to cover associated tax liabilities.
- Dividend equivalents and interest will be paid in cash on the number of Rayonier Common Shares earned under the Program.
- Dividends equivalents and interest will be calculated by taking the dividends paid on one share of Rayonier Common Stock during the performance period times the number of shares awarded at the end of the period. Interest on such dividends will be earned at a rate equal to the prime rate as reported in the Wall Street Journal, adjusted and compounded annually, from the date such cash dividends were paid by the Company.
- Awards will be valued on January 14 following the end of the performance period. If January 14 falls on a non-trading day, awards will be valued on the next trading day. Awards, including dividends and interest, will be distributed to participants as soon as practicable following the valuation date.
- Target awards will be prorated in cases of retirement, death, or disability in accordance with Plan provisions.

2010 Performance Share Award Program

(January 1, 2010 - December 31, 2012)

Peer Group Companies

Buckeye Technologies

Cousins Properties

Deltic Timber

Domtar Corporation

Forestar

International Paper

Mead-Westvaco

Neenah Paper

Potlatch Corporation

Plum Creek

Sappi

St. Joe Company

Tembec

TimberWest

Weyerhaeuser

Administration

December 2009