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

FORM 10-Q

(Mark One)

(x) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1994

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to ....

COMMISSION FILE NUMBER 1-6780

RAYONIER INC.

Incorporated in the State of North Carolina
I.R.S. Employer Identification Number l3-2607329

l177 Summer Street, Stamford, Connecticut 06905-5529
(Principal Executive Office)

Telephone Number: (203) 348-7000

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 months and (2) has been subject to such filing requirements for the past 90 days.

YES (X) NO ( ).

As of August 5, 1994, there were outstanding 29,569,307 Common Shares of the Registrant.

RAYONIER INC.

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PART I. FINANCIAL INFORMATION

Item l. Financial Statements

The following unaudited financial statements reflect, in the opinion of Rayonier Inc. (the Company), all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the results of operations, the financial position and the cash flows for the periods presented. Certain reclassifications have been made to prior year's financial statements to conform to current year presentation. For a full description of accounting policies, see notes to financial statements in the l993 annual report on Form l0-K.

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
(unaudited)
(thousands of dollars, except per share data)

	Second Quarter		Six Months Ended June 30,	
	1994	1993	1994	1993
Sales	$250,770	$256,575	$508,497	$472,895
Costs and expenses				
Cost of sales	210,222	201,577	409,354	374,836
Selling and general expenses	7,545	7,001	14,253	13,701
Other operating income, net	(2,228)	(753)	(1,513)	(1,041)
Total costs and expenses	215,539	207,825	422,094	387,496
Operating income	35,231	48,750	86,403	85,399
Interest expense	(7,845)	(5,848)	(14,591)	(11,222)
Interest and miscellaneous income, net	751	216	1,284	595
Minority interest	(6,295)	(5,996)	(17,371)	(12,236)
Income before income taxes	21,842	37,122	55,725	62,536
Income taxes	(7,728)	(12,332)	(19,892)	(20,926)
Net income	$ 14,114	$ 24,790	$ 35,833	$ 41,610
Net income per Common Share	$0.48	$0.84	$1.21	$1.41
Weighted average Common Shares outstanding	29,670,364	29,565,392	29,652,744	29,565,392

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)
(thousands of dollars)

ASSETS

	June 30, 1994	December 31, 1993
CURRENT ASSETS		
Cash and short-term investments	$ 9,357	$ 5,989
Accounts receivable, less allowance for doubtful accounts of $4,446 and $4,268	108,906	82,696
Inventories		
Finished goods	47,902	46,516
Work in process	19,355	16,235
Raw materials	44,047	44,057
Manufacturing and maintenance supplies	28,730	26,751
Total inventories	140,034	133,559
Deferred income taxes	7,749	10,498
Prepaid timber stumpage	71,014	55,770
Other current assets	11,357	10,752
Total current assets	348,417	299,264
OTHER ASSETS	26,979	24,025
TIMBER STUMPAGE	20,271	12,480
TIMBER, TIMBERLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	470,816	470,077
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings, machinery and equipment	1,176,141	1,149,447
Less - accumulated depreciation	507,576	480,518
Net property plant and equipment	668,565	668,929
TOTAL ASSETS	$1,535,048	$1,474,775

LIABILITIES AND COMMON SHAREHOLDERS' EQUITY

	June 30, 1994	December 31, 1993
CURRENT LIABILITIES		
Accounts payable	$ 84,269	$ 67,783
Bank loans and current maturities of long-term debt	34,223	182,003
Accrued taxes	8,779	2,480
Accrued payroll and benefits	22,359	18,525
Other current liabilities	29,821	39,776
Current reserves for dispositions and discontinued operations	23,772	27,280
Total current liabilities	203,223	337,847
DEFERRED INCOME TAXES	128,237	126,176
LONG-TERM DEBT	503,937	316,138
NONCURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS (Net of discontinued operations' assets of $12,485 and $12,986)	30,836	35,920
OTHER NONCURRENT LIABILITIES	16,571	15,741
MINORITY INTEREST	20,687	36,649
COMMON SHAREHOLDERS' EQUITY		
Common Shares, 60 million shares authorized, 29,569,307 and 29,565,392 shares issued and outstanding	157,490	157,426
Retained earnings	474,067	448,878

Total common shareholders' equity	631,557	606,304
TOTAL LIABILITIES AND COMMON SHAREHOLDERS' EQUITY	$1,535,048	$1,474,775

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
For Six Months Ended June 30, 1994 and 1993
(unaudited)
(thousands of dollars)

	1994	1993
OPERATING ACTIVITIES		
Net income	$ 35,833	$ 41,610
Non-cash items included in income		
Depreciation, depletion and amortization	45,448	38,431
Deferred portion of provision for income taxes	2,451	5,557
Increase (decrease) in other noncurrent liabilities	830	(429)
Change in accounts receivable, inventories and accounts payable	(16,199)	(35,846)
Increase in prepaid timber stumpage	(15,244)	(22,276)
Increase in accrued taxes	6,299	10,436
Change in reserves for dispositions and discontinued operations	(2,252)	-
Other changes in working capital	(6,726)	(1,590)
Cash from operating activities	50,440	35,893
INVESTING ACTIVITIES		
Capital expenditures net of sales and retirements of $220 and $84	(45,823)	(32,204)
Expenditures for dispositions and discontinued operations, net of tax benefits of $2,359 and $6,843	(3,981)	(11,546)
Change in other assets and long-term timber stumpage	(10,745)	(4,858)
Cash used for investing activities	(60,549)	(48,608)
FINANCING ACTIVITIES		
Issuance of debt	188,000	78,635
Repayments of debt	(147,981)	(48,893)
Dividends	(10,644)	(24,472)
Issuance of common shares	64	-
(Decrease) increase in minority interest	(15,962)	598
Cash used for financing activities	13,477	5,868
CASH AND SHORT-TERM INVESTMENTS		
Increase (decrease) during the period	3,368	(6,847)
Balance at beginning of period	5,989	10,731
Balance at end of period	$ 9,357	$ 3,884
Supplemental disclosures of cash flow information		
Cash paid (received) during the period for		
Interest	$ 15,685	$ 12,566
Income taxes, net of refunds	$ 11,316	$ (3,822)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The amounts and relative contributions to sales and operating income attributable to each of Rayonier's business segments for the quarters and six months ended June 30, 1994 and 1993 were as follows (thousands of dollars):

	Second Quarter,		Six Months Ended June 30,	
Sales	1994	1993	1994	1993
Timber and Wood Products:				
Log Trading and Merchandising	$ 85,117	$104,432	$160,709	$175,241
Timberlands Management and Stumpage (Standing Timber)	35,007	31,279	90,286	63,337
Wood Products	21,155	10,204	40,383	20,296
Total Before Intrasegment Eliminations	141,279	145,915	291,378	258,874
Intrasegment Eliminations	(5,334)	(2,762)	(9,830)	(7,266)
Total Timber and Wood Products	135,945	143,153	281,548	251,608
Specialty Pulp Products:				
Chemical Cellulose	74,114	68,726	145,121	134,551
Fluff and Specialty Paper Pulps	41,518	46,740	83,566	93,176
Total Specialty Pulp Products	115,632	115,466	228,687	227,727
Intersegment Eliminations	(807)	(2,044)	(1,738)	(6,440)
Total Sales	$250,770	$256,575	$508,497	$472,895
Operating Income				
Timber and Wood Products	$ 37,938	$ 52,081	$ 91,428	$ 89,890
Specialty Pulp Products	(1,001)	(1,122)	(469)	1,381
Corporate and Other	(1,749)	(1,951)	(4,652)	(3,864)
Intersegment Eliminations	43	(258)	96	(2,008)
Total Operating Income	$ 35,231	$ 48,750	$ 86,403	$ 85,399

Results of Operations

Sales and Operating Income

Sales of $251 million for the second quarter of 1994 were $6 million or 2 percent lower than the second quarter of 1993, however operating income of $35 million for the quarter decreased $14 million or 28 percent from last year's level primarily as a result of reduced margins in export log activities. Sales for the six months ended June 30, 1994 were $508 million, increasing $36 million or 8 percent from the prior year with first half operating income of $86 million increasing $1 million.

Timber and Wood Products

Timber and Wood Products sales of $136 million in the second quarter were down $7 million or 5 percent from the same period of 1993. Operating income for the quarter of $38 million was down $14 million from the prior year primarily due to lower margins on logs sold from North America. Lower prices and reduced export volume in the Company's North American log trading and merchandising business more than offset increased wood products sales and margins. Standing timber sales from the Company's U.S. timberlands improved as harvest price increases offset a small decline in volume. In New Zealand, log prices remain below last year as a result of softening in Far East export markets. Despite these generally weaker markets, sales activity was sufficient to support a continuing increase in harvest volume from Company owned forests in New Zealand.

Sales for the first half of $282 million increased $30 million over 1993's comparable period with operating income for the segment of $91 million increasing slightly over 1993's level. Strong first quarter activity in the Company's Northwest U.S. timberland management region, where first quarter volume and prices were significantly greater than that of the prior year, offset reduced second quarter log trading income resulting in comparable first half operating income levels.

Specialty Pulp Products

Second quarter sales for the Specialty Pulp Products segment of $116 million were equal to that of the prior year's level with improved sales volumes offsetting lower chemical cellulose and fluff pulp prices. Operating income was close to break-even in the second quarter, and slightly ahead of the second quarter of 1993. Some production shortfalls occurred following spring maintenance shutdowns at both the Jesup, Georgia, and Fernandina Beach, Florida pulp mills as well as some wood cost related market downtime at the Port Angeles, Washington, mill early in the quarter.

For the six month period ended June 30, 1994, sales of the Specialty Pulp Products segment were $229 million, increasing $1 million from 1993, with stronger shipments offsetting lower pulp prices. The year over year decline in pulp prices reflected the continuation into 1994 of the downward trend in prices caused by excess capacity in the pulp industry and weak domestic and international markets during the past few years. However, demand for most of the Company's pulp products was strong, particularly as the second quarter progressed. As a result, price increases in fluff and some specialty pulp grades have been implemented for the third quarter.

Intersegment

Intersegment sales were $1 million in the second quarter of 1994 and $2 million in the first half of 1994 declining $1 million and $5 million, respectively, from the comparable periods of 1993 due to significantly lower volume of stumpage sales from the Timber and Wood Products segment to the Specialty Pulp Products segment.

Other Items

Interest expense of $15 million in the first half of 1994 increased $3 million over 1993 primarily as a result of additional debt incurred by the Company to finance a $90 million special dividend to the Company's former parent ITT Corporation (ITT) in December 1993, to settle intercompany accounts with ITT and to fund an increase in working capital.

Minority interest in the earnings of Rayonier's subsidiary, Rayonier Timberlands, L.P. (RTLP), increased $5 million to $17 million in the first half of 1994 due to significantly higher partnership earnings in the first quarter resulting from the increased stumpage volume and prices in the Company's Northwest U.S. timberland management region.

Net Income

Net income for the second quarter was $14 million or $0.48 per common share, decreasing $11 million from 1993's level of $25 million or $0.84 per common share. Net income for the six months ended June 30, 1994 was $36 million or $1.21 per common share, decreasing $6 million from 1993's net income of $42 million or $1.41 per common share

Liquidity and Capital Resources

Cash flow from operating activities was $50 million in the first half of 1994 versus $36 million in 1993 with net income and non-cash charges in both years partially used to fund increased working capital requirements. Cash from operating activities along with an increase in debt of $40 million were used to fund capital expenditures of $46 million, dividends of $11 million paid to holders of Rayonier Common Shares, a special distribution of $20 million paid to the minority unitholders of RTLP and $4 million (after tax benefits) of environmental remediation and other closure costs relating to discontinued operations and units held for disposition.

EBITDA (defined as earnings before interest expense, income taxes and depreciation, depletion and amortization) for the first half of 1994 of $116 million increased $4 million over the comparable period of 1993. Free cash flow (EBITDA less capital expenditures) was $70 million compared to $80 million in 1993. After cash payments for interest of $16 million, common dividends of $11 million, gross expenditures for dispositions and discontinued operations of $6 million and income tax payments of $11

million, net cash flow was insufficient to fund the $20 million special distribution of RTLP and to fund $46 million in working capital, timber purchases and other operating requirements. As a result, the Company's debt increased in the first half of 1994 by $40 million to $538 million. The Company's June 30, 1994 debt/capital ratio of 46 percent increased only one percentage point from the December 31, 1993 level.

In April 1994, the Company closed on revolving credit agreements with a group of banks which provide the Company with unsecured credit facilities totaling $300 million. The Company borrowed $88 million under these credit facilities during the second quarter mostly to repay short-term debt. The Company also issued $100 million of commercial paper in the second quarter under a newly implemented commercial paper program backed by the revolving credit facilities. As a result of the refinancing described above, the Company's net working capital position improved from negative net working capital of $39 million at December 31, 1993 to positive net working capital of $145 million at June 30, 1994.

As of June 30, 1994, the Company has available $112 million of unused borrowings under its revolving credit facilities. In addition, through currently effective shelf registration statements filed with the Securities and Exchange Commission, the Company may offer up to $274 million of new public debt securities as needs arise. The Company believes that internally generated funds combined with available external financing will enable Rayonier to fund capital expenditures, working capital and other liquidity needs for the foreseeable future.

Item 3. Selected Operating Data

	Second Quarter		Six Months Ended June 30,	
	1994	1993	1994	1993
Timber and Wood Products				
Log Sales				
North America - million board feet	67	78	125	148
New Zealand - thousand cubic meters	413	362	827	636
Other - million board feet	3	-	5	-
Timber Harvested				
Northwest U.S. - million board feet	38	38	104	82
Southeast U.S. - thousand short green tons	490	492	953	1,098
New Zealand - thousand cubic meters	289	207	567	382
Lumber Sold - million board feet	56	29	105	58
Intercompany Sales				
Northwest U.S. Timber Stumpage - million board feet	6	6	14	16
Southeast U.S. Timber Stumpage - thousand short green tons	19	47	46	224
Specialty Pulp Products				
Chemical Cellulose - thousand metric tons	107	92	204	179
Fluff and Specialty Paper Pulps - thousand metric tons	87	89	176	170
Production as a Percentage of Capacity	84%	87%	91%	88%
Selected Supplemental Information (thousands of dollars)				
New Zealand - Sales	$25,933	$26,587	$50,848	$41,414
New Zealand - Operating Income	$ 3,975	$10,022	$ 7,177	$14,527

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the first paragraph under Item 3 - "Legal Proceedings" in Rayonier's 1993 Form 10-K describing six cases in which Rayonier and its wholly-owned subsidiary, Southern Wood Piedmont Company (SWP) are defendants and which relate to former wood preserving operations at SWP's plant located in Augusta, Georgia. A seventh such case was filed as a class action lawsuit on July 22, 1994, against Rayonier, SWP and ITT Corporation in the U.S. District Court for the Southern District of Georgia seeking unspecified damages for personal injury and $100 million in punitive damages. Counsel for the Company continue to believe that the Company has meritorious defenses in all of these cases.

SWP is also an intervenor in an action filed by the U.S. Environmental Protection Agency ("EPA") in 1990 in the U.S. District Court for the Western District of Louisiana against Marine Shale Processors, Inc. ("MSP"). The EPA claimed, among other things, that MSP's thermal processing of certain materials, including over 200,000 tons of materials containing hazardous waste from SWP, constituted the treatment of hazardous waste without a permit and that MSP's facility required an incinerator and storage permit under the Resource Conservation and Recovery Act ("RCRA"). Because a proposed settlement by the EPA and MSP of this action would have caused materials processed by MSP to be placed in a landfill in breach of MSP's contract with SWP, SWP in 1993 sought and was granted intervention to prevent the landfilling of processed material and to establish the regulatory status of the material. After SWP was granted intervention, the EPA filed a counterclaim against SWP alleging it had shipped hazardous waste to an unlicensed hazardous waste disposal facility. A jury verdict rendered in May 1994 held that MSP had produced a product consistent with ceratin RCRA regulations with material received from SWP as long as that material remained unmixed with material received from other MSP customers; because such a product cannot be considered a hazardous waste, this verdict helps limit SWP's potential liability for material sent to MSP under the Comprehensive Environmental Response, Compensation, and Liability Act. It is possible that the EPA will appeal this verdict. The jury was unable to agree on a verdict on the product status of material received from other MSP customers and a new trial on that issue is scheduled for the spring of 1995. A second phase of this litigation deals with the EPA's claim that MSP did not have the necessary permits to store hazardous waste prior to processing. On July 29, 1994, the Court granted the EPA's motion for summary judgment against MSP on this claim; counsel to SWP believes that this decision was erroneous and will be reversed on appeal. In the meantime, trial on the issue of whether SWP should be fined for sending hazardous waste to a facilty which did not have a hazardous waste storage permit is scheduled to commence on August 15, 1994. In this trial, the EPA is expected to seek penalties exceeding $100,000. Because SWP had been furnished with copies of correspondence from the Louisiana state agency to MSP indicating that MSP had the authority to store waste from SWP, counsel to SWP believe that any liability of SWP in this proceeding will not be material and in any event will be covered by MSP's contractual obligation to indemnify SWP to the extent that MSP remains financially viable.

Item 6. Exhibits and Reports on Form 8-K

(a) See Exhibit Index.

(b) Rayonier Inc. did not file any report on Form 8-K during the quarter covered by this report.

SIGNATURE

Pursuant to the requirements of Section 13 of the Securities Exchange Act of l934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RAYONIER INC. (Registrant)

BY GEORGE S. ARESON

George S. Areson
Acting Corporate Controller

August 10, 1994

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	LOCATION
2	Plan of acquisition, reorganization, arrangement, liquidation or succession	None
4	Instruments defining the rights of security The holders, including indentures	Not required to be filed. The Registrant hereby agrees to file with the Commission a copy of any instrument defining the rights of holders of the Registrant's long-term debt upon request of the Commission.
10.1	Description of Rayonier 1994 Incentive Stock plan Contingent Performance Share Awards	Filed herewith
10.2	Split-Dollar Life Insurance Agreement dated June 22, 1994 between Rayonier Inc. and Ronald M. Gross	Filed herewith
10.3	Deferred Compensation/Supplemental Retirement Agreement dated June 28, 1994 between Rayonier Inc. and Ronald M. Gross	Filed herewith
10.4	Other material contracts	None
11	Statement re computation of per share earnings	Not required
12	Statement re computation of ratios	Filed herewith
15	Letter re unaudited interim financial information	None

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	LOCATION
l8	Letter re change in accounting principles	None
19	Report furnished to security holders	None
22	Published report regarding matters submitted to vote of security holders	None
23	Consents of experts and counsel	None
24	Power of attorney	None
99	Additional exhibits	None

EXHIBIT 10.1

RAYONIER INC.

Rayonier 1994 Incentive Stock Plan

Contingent Performance Share Awards

On May 20, 1994, the Compensation and Management Development Committee (the "Committee") of the Board of Directors of Rayonier Inc. (the "Corporation") granted contingent performance share awards to ten senior executives as a part of the Corporation's 1994 Awards under the Rayonier 1994 Incentive Stock Plan (the "Plan"). (A total of 88,500 Common Shares of the Corporation have been reserved for this purpose from the 4,500,000 shares registered on March 1, 1994 under the Plan on Form S-8.)

The actual number of Common Shares of the Corporation to which an executive will become entitled as a result of the contingent performance share award will depend on the performance of the Corporation as compared to the performance of a peer group of Forest Products companies during the period from May 20, 1994 through December 31, 1996, determined by comparing the total share return (TSR) of the Corporation with that of the peer group. The TSR will be calculated by measuring the growth in value of a hypothetical investment of $100 in each of the peer companies, assuming quarterly reinvestment of dividends. TSR values are based on the average trading price over the twenty trading days preceding the relevant measurement dates.

For a covered executive to earn 100% of the target contingent performance share award granted, the Corporation's TSR performance over the measurement period must be 120% of that of the peer group. No Common Shares are earned unless the TSR performance of the Corporation is at least equal to 60% of that of the peer group, in which case 50% of the target award is earned. A maximum of 150% of the Common Shares reflected in the target contingent performance share award granted are to be issued if the Corporation's TSR performance exceeds 160% of peer group performance. (For a TSR within these bands, the number of Common Shares earned is to be extrapolated.) If 100% of the target award is earned, the total number of Common Shares issued will be 59,000; a maximum of 88,500 would be issued if 150% of the target is earned. (Target awards will be prorated in cases of retirement, death or disability subject to the provisions of the Plan.) Final payment, if any, is to be made in Common Shares, offset by the cash needed to cover tax liabilities.

The Committee has adopted Rules relating to the contingent performance share awards, a copy of which are attached hereto.

The peer group of Forest Product companies is as follows:

Boise Cascade, Champion International, Georgia Pacific,
International Paper, James River Corporation, Mead Corporation,
Mosinee Paper, Plum Creek Timber LP, Union Camp, Westvaco Corporation,
Weyerhauser, Willamette

RAYONIER 1994 INCENTIVE STOCK PLAN

RULES ADOPTED BY THE COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE RELATING TO GRANTING OF CONTINGENT PERFORMANCE SHARES

The following are the rules and regulations (the "Rules") adopted by the Compensation and Management Development Committee (the "Committee") of the Board of Directors of Rayonier Inc. ("Rayonier") for the administration of Contingent Performance Share Awards under the provisions of the Rayonier 1994 Incentive Stock Plan (the "Plan"). The Rules have been adopted in accordance with Section 6 and 11 of the Plan. Any or all of the Rules may be amended or suspended by the Committee at any time without prior notification to the Plan participants. In the event of any conflict between the provisions of these Rules and the Plan, the Plan shall prevail.

1. Participation in the Contingent Performance Share Award program for the 1994 Class Year is restricted to select Rayonier executives. At the time of award, the participant will be issued a Notice evidencing the grant of a Contingent Performance Share Award and the criteria to be used to calculate the ultimate payment value of the award upon vesting. The amount of the Contingent Performance Share Award cited in such Notice shall represent the number of contingent performance shares awarded and the Share Award Valuation Formula. Such valuation shall be a function of Rayonier Total Shareholder Return ("TSR") as measured against the performance of a targeted peer group of companies for the designated performance period.

   The Committee reserves the right to add, delete or substitute a company in the list of peer group companies at any time, if for any reason it determines that such a change is appropriate to reflect the goals of the Contingent Performance Share Award program. Without limiting the scope of the foregoing, the Committee may remove a company from the peer group of companies if the Committee determines that the share price of the stock of that company has become too volatile or reflects unusual activity, such as a tender offer or sale of significant assets or otherwise is inappropriate to continue to be included in the peer group of companies.

2. Only active, full-time continuous service from the date of award through the Vesting Date shall be considered for the purposes of vesting, except that should a grantee die, become totally and permanently disabled or retire after the award, but prior to the Vesting Date, vesting and payment with respect to a particular Class Year award then remaining unvested, shall be prorated, based upon the number of full months' lapsed since the date of the Award. Prorata payment of the final Award values, if any, will be based upon the final payment value of the Award applicable for all participants, as determined on the regularly scheduled Vesting Date for the particular Class Year Award.

3. In the event of voluntary termination of employment, other than for death, permanent disability or retirement, as described above, and involuntary termination for other than just cause, the provisions of Section 6(e) of the Plan, relative to termination events, shall apply.

4. Notwithstanding the foregoing, the Committee, as requested by management, reserves the right to determine vesting and payment in cases involving unusual and special circumstances on an individual case basis.

These rules and regulations were adopted by the Committee at their meeting of May 20, 1994 and will apply to all awards granted May 20, 1994 and to future awards, and may be changed at any time by the Committee.

EXHIBIT 10.2

SPLIT-DOLLAR LIFE INSURANCE
AGREEMENT

THIS AGREEMENT is made as of the 22nd day of June, 1994, by and between Rayonier, Inc. (the "Employer") and Ronald M. Gross (the "Subowner").

R E C I T A L S:

A. The Employer is a corporation duly organized and validly existing under the laws of the state of its incorporation.

B. Ronald M. Gross (the "Employee") is a valued and trusted employee of the Employer.

C. In consideration of the faithful performance of services by the Employee for the Employer, the Employer wishes to benefit the Employee by entering into a split-dollar life insurance arrangement in accordance with the terms and conditions of this Agreement.

D. The split-dollar arrangement provided for in this Agreement, which the parties intend to satisfy the requirements of Rev. Rul. 64-328, 1964-2 C.B. 11, relates to life insurance policy number 6101942 (the "Policy") to be issued by Connecticut Mutual Life Insurance Company or one of its subsidiaries (the "Insurer") on the life of the Employee to be owned by the Employer subject to an endorsement in favor of the Subowner.

NOW, THEREFORE, the parties mutually agree as follows:

1. Acquisition of Policy. The parties shall cooperate in applying for and obtaining the Policy. The Policy shall be issued to the Employer as owner with an endorsement granting to the Subowner the rights described in Article 4 below.

2. Payment of Premiums. The Employer shall pay all of the premiums due on the Policy.

3. Employer's Interest in Policy.
   A. Employer's Interest. In consideration of the Employer's premium payments under the split-dollar arrangement, the Employer's Interest in the Policy shall at all times equal the amount determined in accordance with the following provisions. The Employer shall be entitled to recover the Employer's Interest in the Policy in accordance with the terms

and conditions of this Agreement. In no event, however, shall the Insurer be obligated to pay any amounts in excess of its obligations under the terms of the Policy.

B. Termination of Agreement. Upon the termination of this Agreement, the Employer's Interest in the Policy shall be an amount equal to the Cash Surrender Value (as hereinafter defined) at such time.

C. Death of Insured. Upon the death of the Insured, the Employer's Interest in the Policy shall be an amount equal to the greater of Aggregate Premiums Paid or the Cash Surrender Value at such time.

D. Definitions. For purposes of this Agreement:

(i) The Cash Surrender Value of the Policy at any time equals at such time the cash value set forth in the Policy's table of values; plus the cash value of any paid-up additions; plus the cash value of any Additional Insurance Coverage; plus any dividend accumulations and unpaid dividends; less any policy loans to the Employer and accrued interest thereon at such time.

(ii) The Aggregate Premiums Paid at any time equal at such time the cumulative premiums paid by the Employer under the Policy reduced by the amount of any policy dividends or interest thereon paid in cash to the Employer or used to reduce or offset such premiums; less any policy loans to the Employer and accrued interest thereon at such time; less any amounts received by the Employer from the Employee or the Subowner for the economic benefit under the split-dollar arrangement; provided, however, that Aggregate Premiums Paid shall not include premiums for any extr a benefit riders or agreements other than those providing additional life insurance coverage on the insured and shall not include premiums waived pursuant to the terms of any disability waiver of premiums rider.

4. Rights in the Policy.

A. Subowner's Rights. Until the retirement of the Employee, the Subowner shall be entitled to designate the beneficiary and elect a settlement option, and to change such designations or elections at any time and from time to time, with respect to that portion of the death proceeds, if any, in excess of the Employer's Interest in the Policy (as determined under Article 3 above). The Policy shall contain an endorsement (the "Endorsement"), in a form acceptable to the parties and the Insurer, granting the Subowner such rights. After the retirement of the Employee, the Subowner shall have no rights in the Policy.

B. Employer's Rights. Except for those rights granted to the Subowner in the Endorsement, the Employer shall have all of the rights of the owner under the Policy and the Employer shall be entitled to exercise all of such rights, options and privileges without the consent of the Subowner; provided, however, the Employer agrees not to exercise the right to surrender the Policy except following a Termination Event and in compliance with the provisions of Article 6 below.

C. Conflict. As between the parties hereto, in the event of any conflict between the terms of the Endorsement and this Agreement, the terms of this Agreement shall prevail. The

Insurer shall be bound, however, only by the terms of the Policy and any endorsements thereto.

5. Death of the Employee. In the event of the Employee's death while this Agreement is in force:
   A. Employer's Recovery. The Employer shall be entitled to recover out of the proceeds of the Policy an amount equal to the Employer's Interest in the Policy as determined under Article 3 above.
   B. Beneficiary's Recovery. That portion of the proceeds of the Policy, if any, in excess of the Employer's Interest in the Policy shall be paid to the beneficiary designated by the Subowner under the Policy.
   C. Collection of Death Proceeds. Promptly following the Employee's death, the parties shall cooperate in the filing of a death claim in accordance with the Insurer's claims procedures and shall request distribution to the Employer of the Employer's Interest in the Policy and the balance of the death proceeds, if any, shall be paid by the Insurer to the beneficiary designated by the Subowner under the Policy.

6. Termination of Agreement.
   A. Termination Events. Subject to fulfillment of the obligations arising upon termination hereinafter set forth, this Agreement shall terminate on the first to occur of the following events (each referred to herein as a "Termination Event"):
      (i) Delivery of written notice of termination of this Agreement by the Employer to the Subowner.
      (ii) Delivery of written notice of termination of this Agreement by the Subowner to the Employer.
      (iii) Termination of the Employee's employment with the Employer for any reason, by either the Employer or the Employee, with or without cause.
      (iv) The retirement of the Employee from employment with the Employer.
   B. Disposition of Policy Following a Termination Event. Following a Termination Event, the Employer shall be entitled to surrender the Policy or to remove the Endorsement from the Policy and thereafter to deal with the Policy as the Employer sees fit. The Subowner hereby authorizes the Employer to act on the Subowner's behalf to sign all documents and to take any other action required by the Insurer to remove the Endorsement following a Termination Event. The Insurer shall be entitled to rely on the Employer's authority upon submission by the Employer of a photocopy of this signed Agreement.

7. Provisions Regarding the Insurer. The parties acknowledge and agree as follows:
   A. Bound Only by Policy. The Insurer shall be bound only by the provisions of the Policy and any endorsement thereto.
   B. Discharge. Any payment made or actions taken by the Insurer in accordance with the provisions of the Policy and any endorsement thereto shall fully discharge the Insurer from all claims, suits and demands of all persons whatsoever.

C. Insurer Not a Party. The Insurer shall not be deemed a party to, or to have notice of, this Agreement or the provisions hereof and shall have no obligation to see to the performance of the obligations of the parties hereunder.

8. Special Provisions. In compliance with the requirements of the Employee Retirement Income Security Act of 1974, as amended, the parties hereby confirm:

A. Named Fiduciary. The Employer is the named fiduciary of the split-dollar life insurance plan of which this Agreement is the written instrument.

B. Funding. The funding policy of the split-dollar life insurance plan is that the Employer will pay that portion of the premiums under the Policy required under Article 2 above.

C. ERISA Claims Procedures. The following claims procedure shall be utilized:

(i) The claimant shall file a claim for benefits by notifying the Employer in writing. If the claim is wholly or partially denied, the Employer shall provide a written notice within ninety (90) days specifying the reason for the denial, the provisions of this Agreement on which the denial is based, and additional material or information, if any, necessary for the claimant to receive benefits. Such written notice shall also indicate the steps to be taken by the claimant if a review of the denial is desired.

(ii) If a claim is denied and a review is desired, the claimant shall notify the Employer in writing within sixty (60) days after receipt of written notice of a denial of a claim. In requesting a review, the claimant may review plan documents and submit any written issues and comments the claimant feels are appropriate. The Employer shall then review the claim and provide a written decision within sixty (60) days of receipt of a request for a review. This decision shall state the specific reasons for the decision and shall include references to specific provisions of this Agreement, if any, upon which the decision is based.

(iii) In no event shall the Employer's liability under this Agreement exceed the amount of proceeds from the Policy.

9. Disability Benefit Rider. The parties may, by mutual agreement, add an agreement or rider to the Policy providing for the waiver of premiums in the event of the insured's disability. Any additional premium attributable to such agreement or rider shall be payable by the Employer.

10. Amendment. This Agreement may be altered, amended or modified, including the addition of any extra policy provisions, but only by a written instrument signed by all of the parties.

11. Assignment. A party may assign such party's interests and obligations under this Agreement at any time subject to the terms and conditions of this Agreement.

12. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

13. Entire Agreement. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof. Any and all prior agreements or understandings with respect to such matters are hereby superseded.

IN WITNESS WHEREOF, the parties have signed and sealed this Agreement as of the day and year first above written.

RAYONIER, INC.

By: /s/ JOHN P. O'GRADY

/s/ RONALD M. GROSS

Ronald M. Gross

EXHIBIT 10.3

DEFERRED COMPENSATION/SUPPLEMENTAL RETIREMENT AGREEMENT

THIS AGREEMENT is made this 28th day of June, 1994 by and between Rayonier Inc. (the "Corporation") and Ronald M. Gross, Chairman, President & CEO (the "Employee").

RECITALS:

A. The Employee is a valued member and leader of the Corporation's executive team, and the Corporation wishes to fully compensate the Employee for the Employee's services.

B. As part of the Employee's compensation, the Board of Directors of the Corporation has approved an unfunded retirement supplemental benefit in accordance with the terms and conditions of This Agreement.

C. The Employee in reliance on the benefits to be provided hereunder, among other things, will promote the interests of the Corporation.

NOW, THEREFORE, it is mutually agreed as follows:

1. Supplemental Retirement Benefit

(a) If at any time the Employee's employment terminates on account of the Employee's Retirement (defined below), the Employee shall be entitled to payment of $132,000 per year for 15 years (the "Payout Period"), to be paid in such monthly, quarterly, semi-annual or annual installments as the Corporation shall determine, in accordance with the provisions of this Section 1 (the "Retirement Benefit").

(b) If the Employee dies during the Payout Period, amounts due hereunder shall be paid to the Employee's Designated Beneficiary, or his estate, for the balance of the Payout Period.

(c) Payment of the Retirement Benefit shall commence as soon as is practicable after the Employee's Retirement.

(d) For purposes of This Agreement, terms not otherwise defined shall have the meaning set forth below:

(i) "Retirement" means the termination of the Employee's employment for any reason, other than death, on or after the Employee's Normal Retirement Date.

(ii) "Normal Retirement Date" means the date on which the Employee attains age 65.

(iii) "Designated Beneficiary" means one or more beneficiaries to whom payments, otherwise due the Employee, shall be made in the event of the Employee's death. The Employee shall file with the Secretary of the Corporation a notice in writing designating the Designated Beneficiary. In the absence of such a beneficiary designation, the Designated Beneficiary shall be the executors or administrators of the Employee's estate.

2. Pre-Retirement Death of Employee

If the Employee dies prior to Retirement, no Retirement Benefit shall be payable under This Agreement.

3. Unfunded Obligation

The amounts payable pursuant to This Agreement shall be unfunded obligations of the Corporation payable only under the terms stated herein, and the Employee shall have no right or claim against any specified assets of the Corporation and shall have only a contractual right against the Corporation hereunder, which shall be no greater than the right of any unsecured general creditor of the Corporation. Nothing contained in This Agreement nor any action taken pursuant to the provisions of This Agreement shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Corporation and the Employee, or any other person.

4. No Alienation

No amounts payable to This Agreement shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance by the Employee or any person claiming under or through the Employee,

nor shall they be subject to the debts, contracts, liabilities, engagement or torts of the Employee or any one else prior to actual payment thereof.

5. Separate Benefit

The Retirement Benefit under This Agreement shall be independent of, and in addition to, those under any other plan, program or agreement that may be in effect between the parties hereto, or any other compensation payable to the Employee or the Employee's designated beneficiary by the Corporation. This Agreement shall not be constructed as a contract of employment nor does it restrict the right of the Corporation to discharge the Employee for proper cause or the right of the employee to terminate employment.

6. Corporate Reorganizations

The Corporation agrees that it will not merge, consolidate or combine with any other business entity, unless the succeeding or continuing Corporation or business entity expressly assumes and confirms in writing the obligations of the Corporation under This Agreement.

7. Amendment

This Agreement may be amended by written agreement of the Employee and the Corporation at any time, provided no such amendment shall serve to accelerate payment of any amounts payable hereunder.

8. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Connecticut.

IN WITNESS WHEREOF, the Corporation has caused This Agreement to be executed by its duly authorized officer, and the Employee has set his signature on the date first above written.

Employee	Rayonier Inc.
Signed /s/ RONALD M. GROSS	Signed /s/ JOHN P. O'GRADY
Ronald M. Gross	John P. O'Grady Senior Vice President Human Resources
Date ___________________	Date ___________________

EXHIBIT 12

RAYONIER INC. AND SUBSIDIARIES

RATIO OF EARNINGS TO FIXED CHARGES

(unaudited)
(thousands of dollars)

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Earnings:		
Net Income	$35,833	$41,610
Add (Deduct):		
Income Taxes	19,892	20,926
Minority Interest	17,371	12,236
Amortization of Capitalized Interest	706	769
	73,802	75,541
Adjustments to Earnings for Fixed Charges:		
Interest and Other Financial Charges	14,591	11,222
Interest Factor Attributable to Rentals	880	935
	15,471	12,157
Earnings as Adjusted	$89,273	$87,698
Fixed Charges:		
Fixed Charges above	$15,471	$12,157
Capitalized Interest	21	-
Total Fixed Charges	$15,492	$12,157
Ratio of Earnings as Adjusted to Total Fixed Charges	5.76	7.21