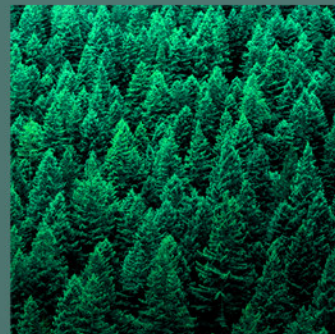


First Quarter 2009 Financial Presentation Material



Rayonier

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 financial crisis, which is impacting many areas of our economy, including the availability and cost of credit, pricing of raw materials and energy, 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; 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 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; and changes in tax laws that could reduce the benefits associated with REIT status.

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 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 on file with the Securities and Exchange Commission. Rayonier assumes no obligation to update these statements except as is required by law.

Financial Highlights

(\$ Millions - Except EPS)

	<u>1Q 2009</u>	<u>4Q 2008</u>	<u>1Q 2008</u>
<u>Profitability</u>			
Sales	274	354	275
Operating income	44	61	60
Income from continuing operations	26	41	39
Income from discontinued operations	-	2	1
Net Income	26	43	40
Earnings Per Share:			
Continuing operations	0.33	0.52	0.49
Net income	0.33	0.55	0.50
Average diluted shares (millions)	79.3	79.4	79.2

	<u>Three Months Ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
<u>Capital Resources and Liquidity</u>		
Cash Provided by Operating Activities	65	100
Cash Used for Investing Activities	(29)	(38)
Cash Used for Financing Activities	(41)	(96)
Adjusted EBITDA *	85	97
Cash Available for Distribution (CAD) *	54	61

	<u>3/31/2009</u>	<u>12/31/2008</u>
Debt	749	747
Debt / Capital	44.8%	44.3%
Cash	57	62

* Non-GAAP measures (see pages 6, 18 and 19 for definitions and reconciliations).

Variance Analysis – Q1 08 to Q1 09 (\$ Millions)

<u>Operating Income</u>	
2008 Q1	<u>\$ 60</u>
Variance	
Timber	
- Price	(9)
- Volume / Mix	(5)
- Cost / Other	2
Real Estate	(7)
Performance Fibers	
- Price	21
- Volume / Mix	1
- Cost / Other	(19)
Wood Products	(1)
Corporate/Other	1
2009 Q1	<u>\$ 44</u>

Variance Analysis – Q4 08 to Q1 09 (\$ Millions)

Operating Income	
2008 Q4	\$ 61
Variance	
Timber	
- Price	(5)
- Volume / Mix	(5)
- Cost / Other	(1)
Real Estate	(16)
Performance Fibers	
- Price	9
- Volume / Mix	(4)
- Cost / Other	4
Corporate/Other	1
2009 Q1	\$ 44

Cash Available for Distribution*

(\$ Millions – Except Per Share Data)

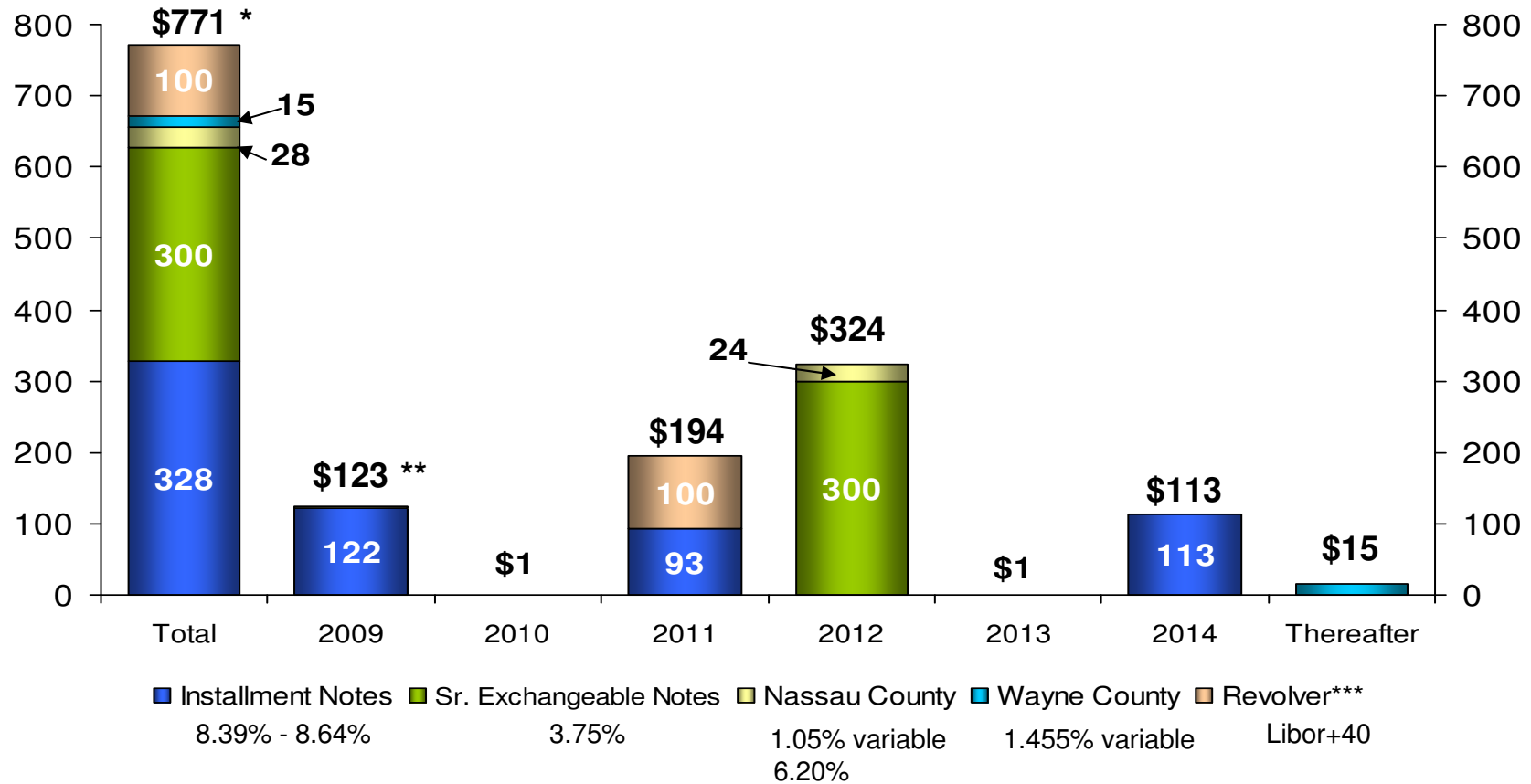
	Three Months Ended March 31,	
	2009	2008
Cash Available for Distribution (CAD)		
Cash provided by operating activities	\$ 64.8	\$ 100.2
Capital expenditures **	(29.8)	(31.8)
Change in committed cash	13.4	(8.0)
Like-kind exchange tax benefits on real estate sales ***	-	(2.9)
Other	5.8	3.1
Cash Available for Distribution	<u>\$ 54.2</u>	<u>\$ 60.6</u>
Shares outstanding	<u>78,978,816</u>	<u>78,430,685</u>
CAD per share	\$ 0.69	\$ 0.77
Dividends per share	\$ 0.50	\$ 0.50

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

** Capital spending excludes strategic acquisitions.

*** Represents taxes that would have been paid if the Company had not completed LKE transactions.

Debt Maturity Schedule as of March 31, 2009 (\$ Millions)



* Due to the adoption of FASB Staff Position No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)*, our Senior Exchangeable Notes are currently valued at \$278M on the company's consolidated balance sheet, but upon maturity the liability will be \$300 million in 2012.

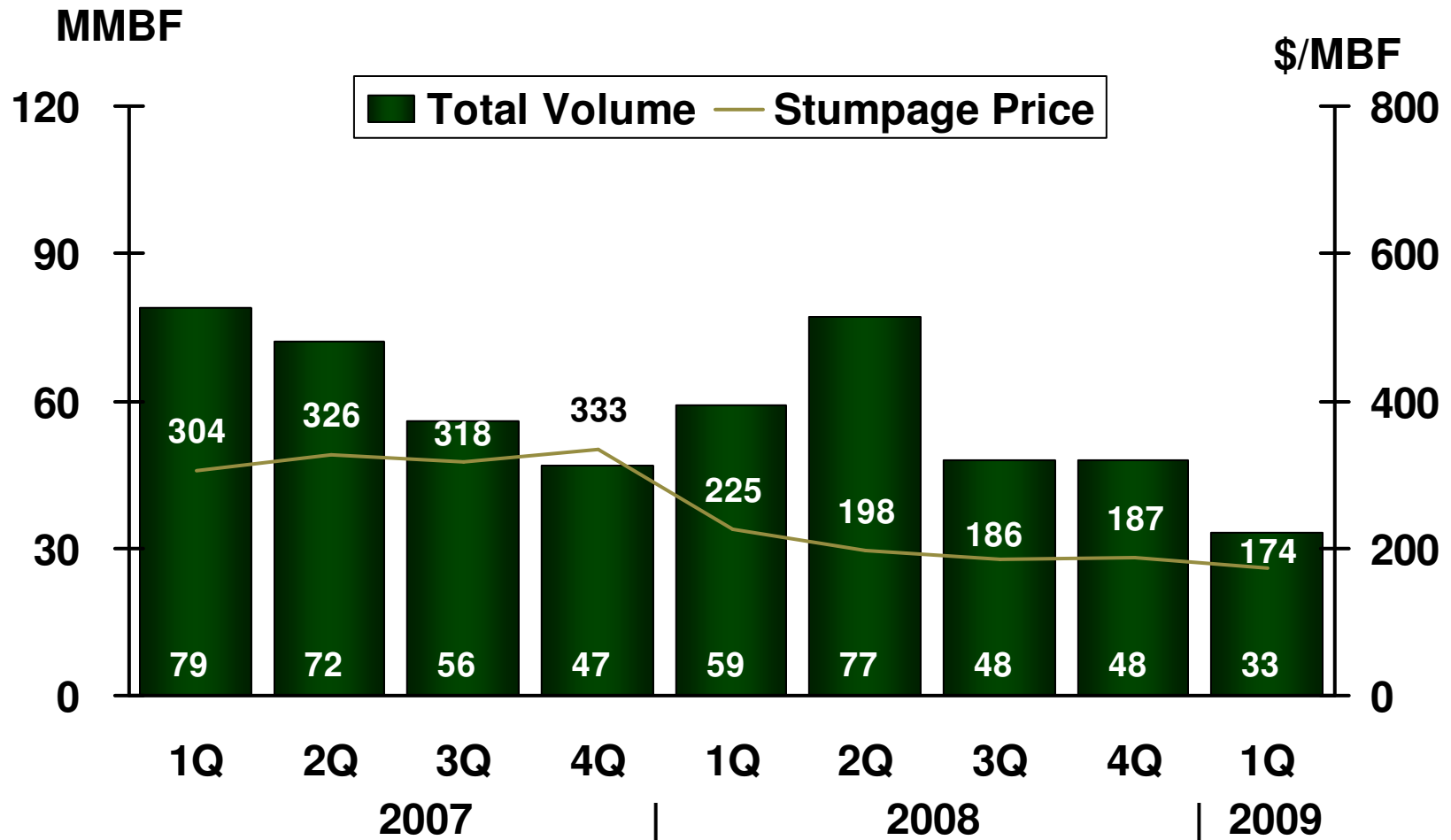
** \$122 million due December 31, 2009

*** \$250 million total; \$145 million available (\$5 million is attributable to standby letters of credit as of March 31, 2009).



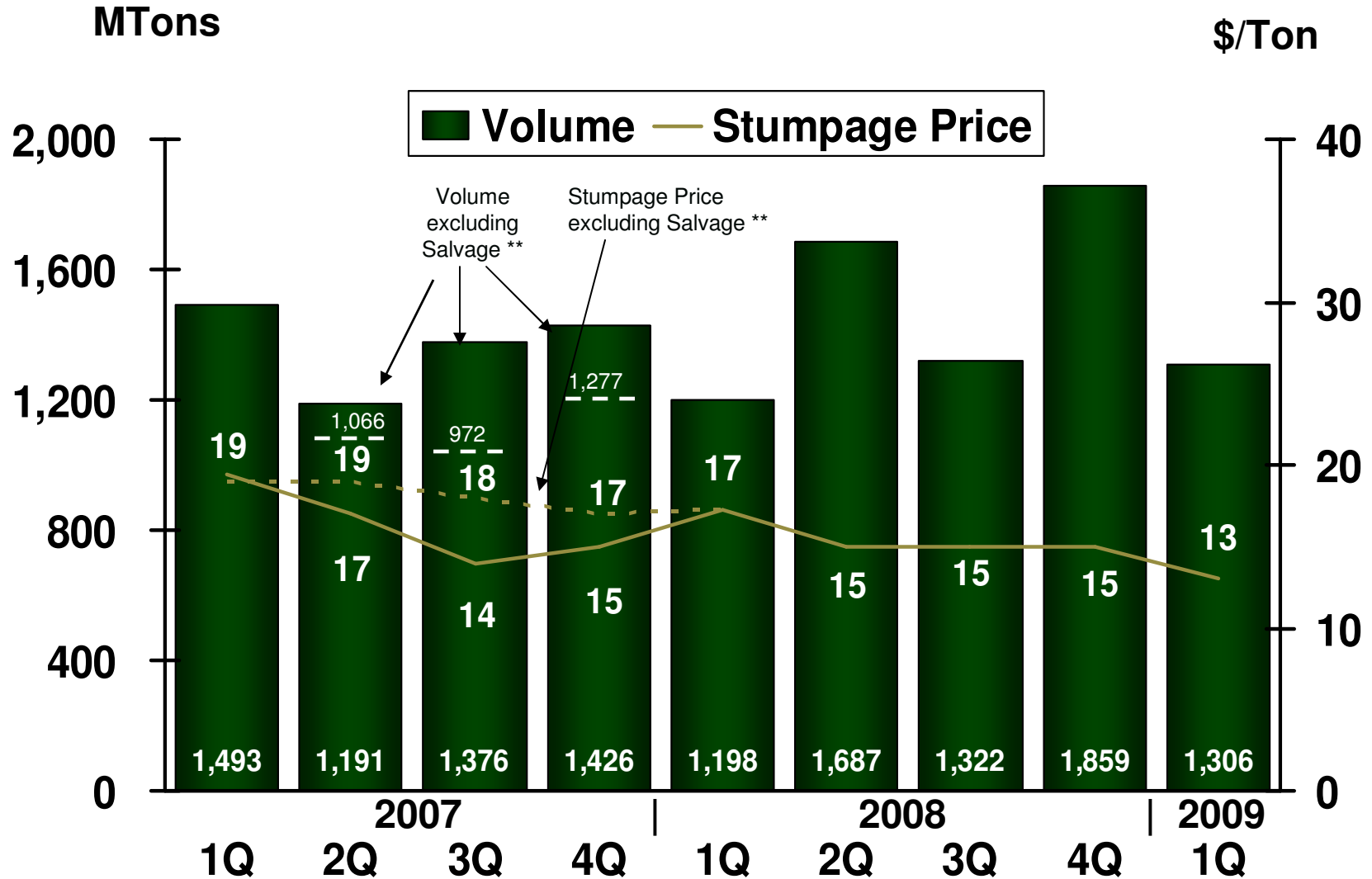
Markets and Operations

Western Timber Sales *



* The Western region represents the Company's operations in Washington State.

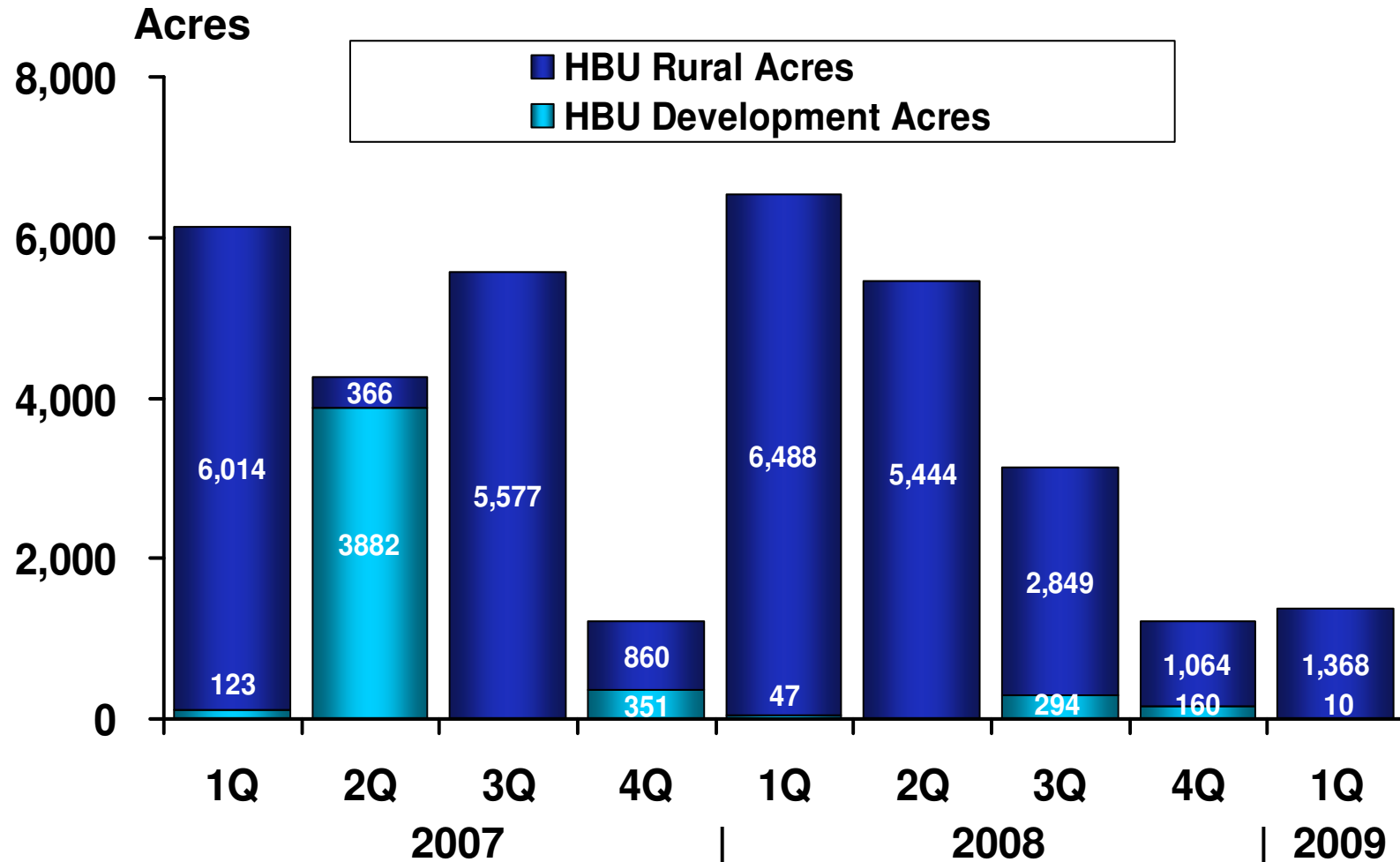
Eastern Pine Timber Sales *



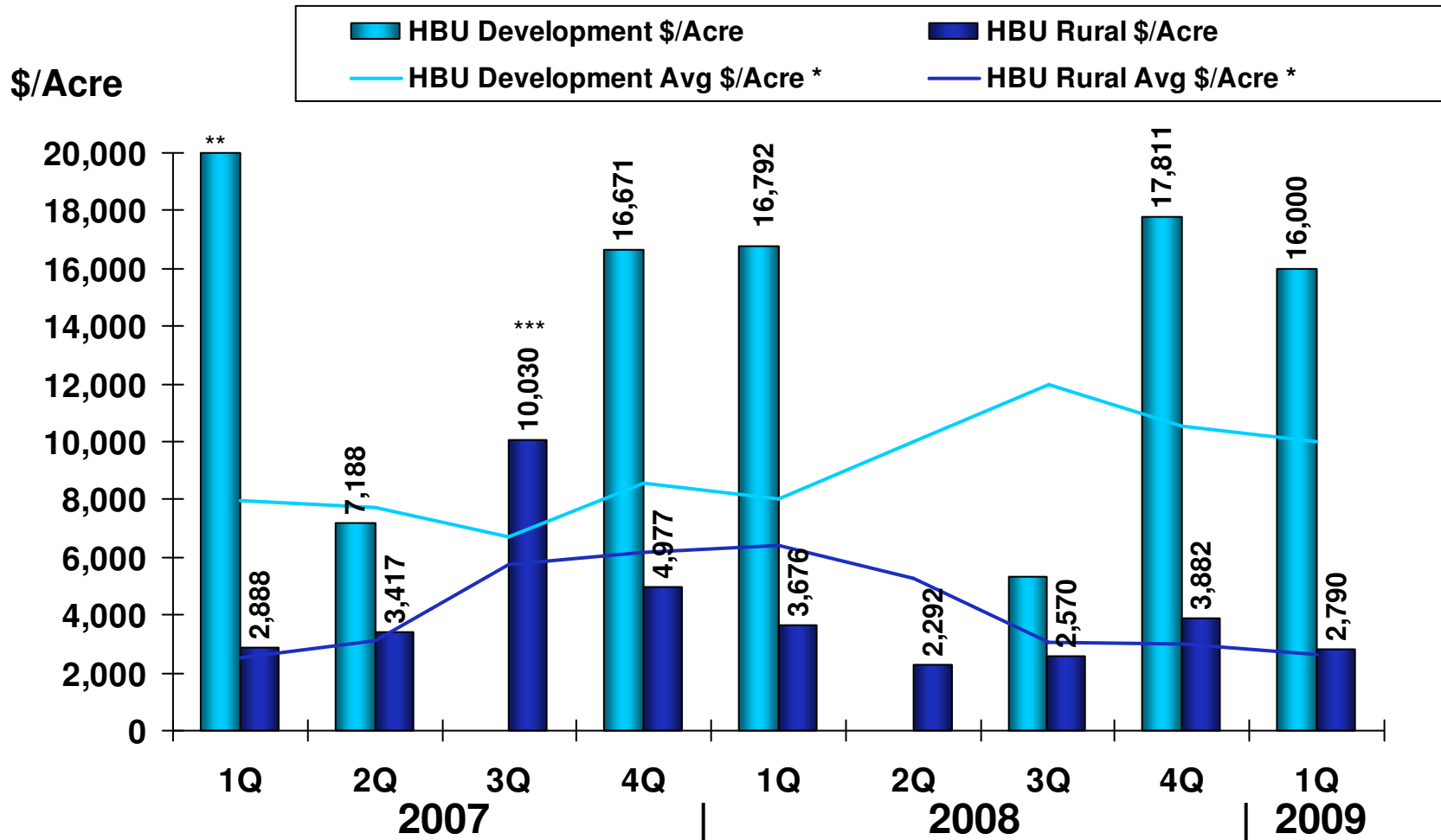
* The Eastern region represents the Company's operations in Alabama, Arkansas, Florida, Georgia, Louisiana, New York, Oklahoma and Texas.

** Salvage volumes and prices are related to second quarter 2007 Southern Georgia and Northern Florida wildfire damaged timber.

HBU Real Estate Acres - Sales



HBU Real Estate Sales Prices

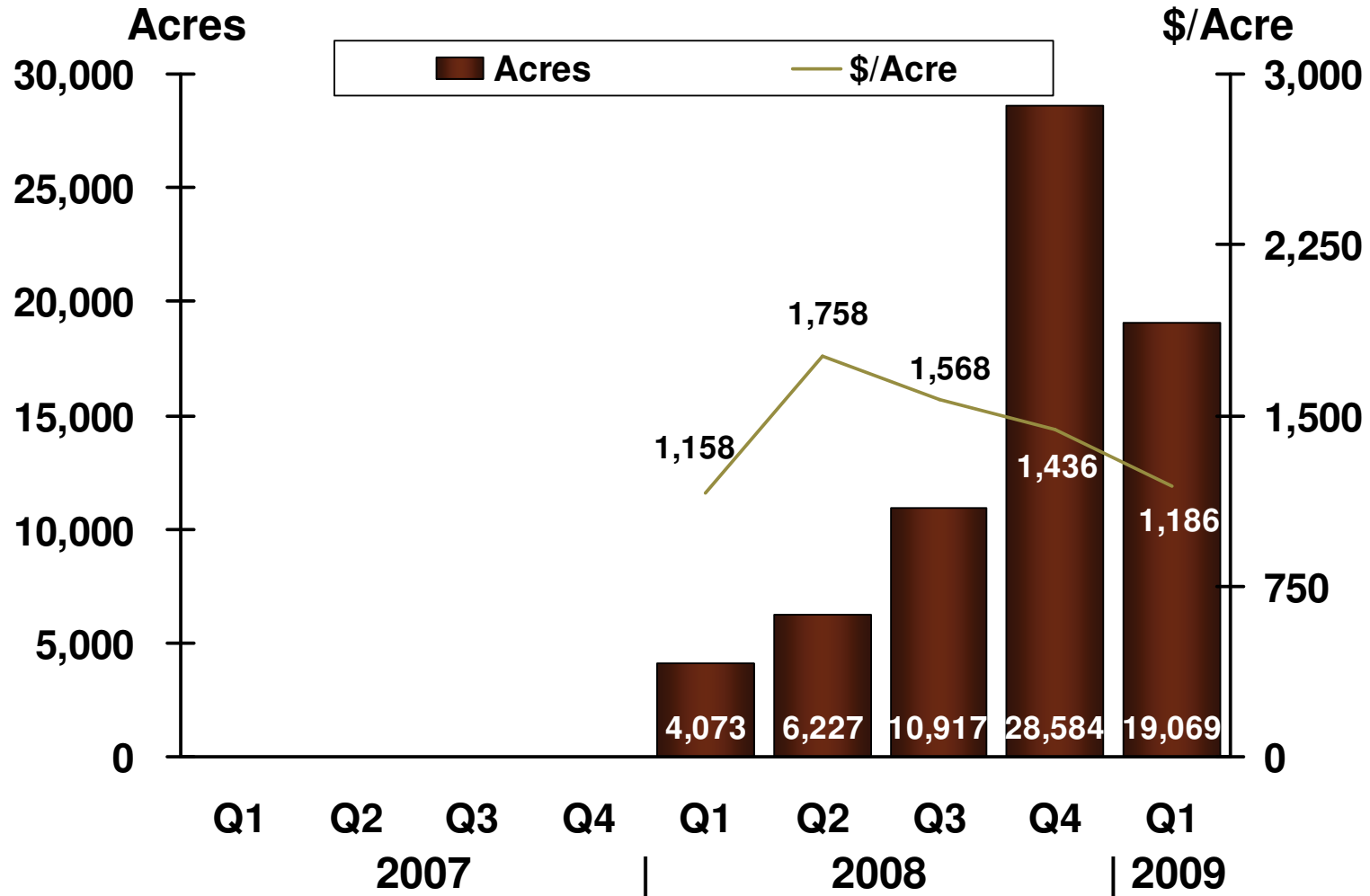


* Four quarter rolling weighted average.

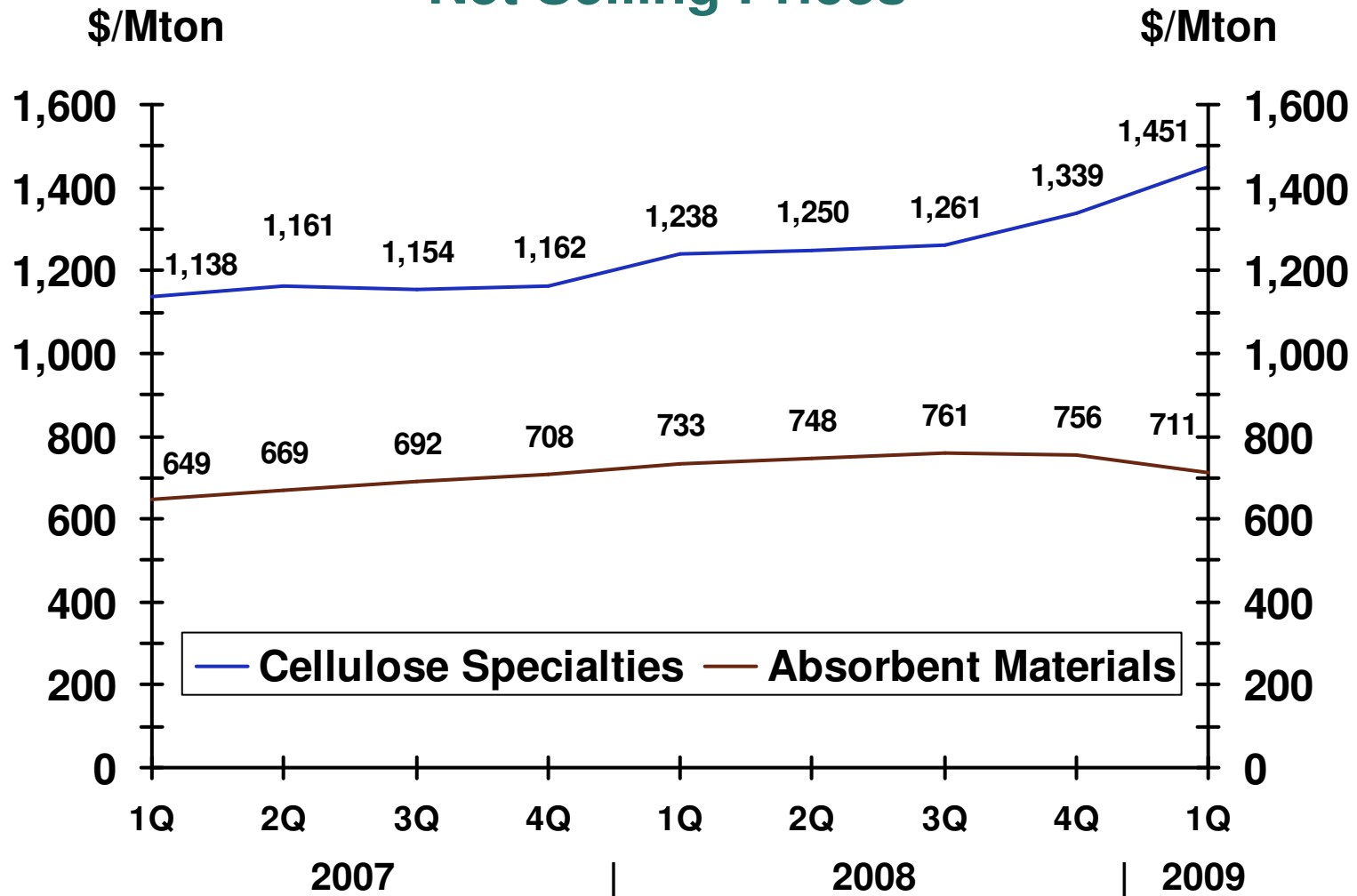
** 1st Quarter 2007 HBU Development \$/Acre was \$29,490 on 123 acres.

*** 3rd quarter 2007 includes a 3,100 acre sale to an industrial buyer at \$15,000 / acre.

Non-Strategic Timberland Acres - Sales



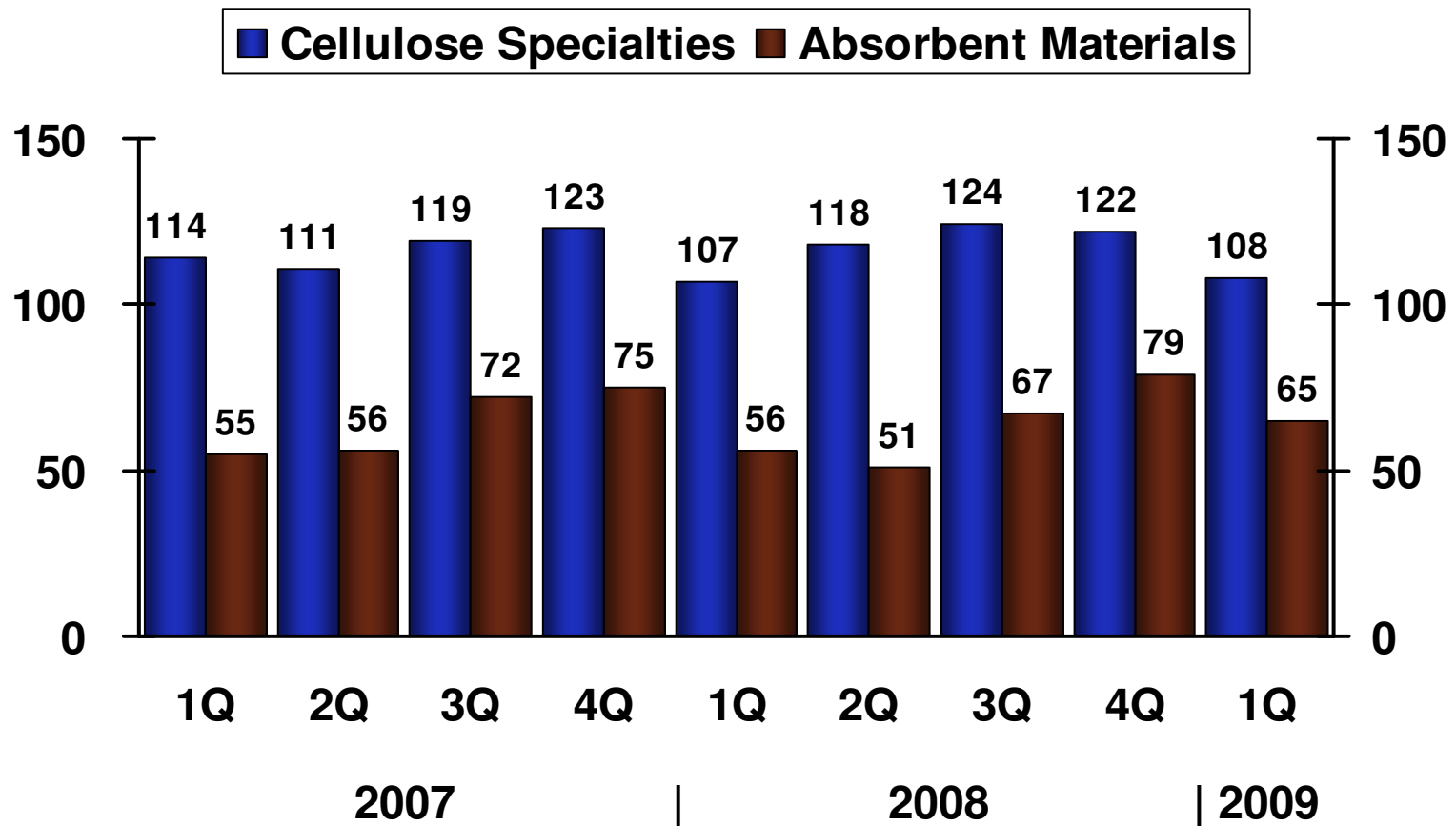
Performance Fibers Net Selling Prices



Performance Fibers Sales Volumes

M Metric Tons

M Metric Tons



Earnings Per Share from Continuing Operations (\$ / Share)

	<u>2009 *</u>		<u>2008 **</u>
First Quarter	\$ 0.33		\$ 0.49
Second Quarter			0.47
Third Quarter			0.49
Fourth Quarter			<u>0.52</u>
Full Year	?	← Lower	<u>\$ 1.97</u>

* Excludes the potential impact of alternative fuel tax credits.

** Restated for FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement).

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 of operating cash generating capacity of the Company.

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 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 for strategic acquisitions net of associated financing. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Adjusted EBITDA by Segment (\$ Millions)

	Timber	Real Estate	Performance Fibers	Wood Products	Corporate and other	Total
Three Months Ended						
March 31, 2009						
Cash provided by operating activities	\$ 14.2	\$ 21.5	\$ 42.2	\$ (2.8)	\$ (10.3)	\$ 64.8
Income tax expense	-	-	-	-	4.7	4.7
Interest, net	-	-	-	-	12.5	12.5
Working capital and other	0.9	1.8	12.9	0.4	(12.8)	3.2
Adjusted EBITDA	<u>\$ 15.1</u>	<u>\$ 23.3</u>	<u>\$ 55.1</u>	<u>\$ (2.4)</u>	<u>\$ (5.9)</u>	<u>\$ 85.2</u>
March 31, 2008						
Cash provided by operating activities	\$ 26.5	\$ 26.2	\$ 58.3	\$ (4.0)	\$ (6.8)	\$ 100.2
Income tax expense	-	-	-	-	9.8	9.8
Interest, net	-	-	-	-	11.1	11.1
Working capital and other	3.6	0.8	(10.1)	2.9	(21.8)	(24.6)
Adjusted EBITDA	<u>\$ 30.1</u>	<u>\$ 27.0</u>	<u>\$ 48.2</u>	<u>\$ (1.1)</u>	<u>\$ (7.7)</u>	<u>\$ 96.5</u>

Selected Supplemental Financial Data
(\$ Millions)

	Three Months Ended		
	March 31, 2009	December 31, 2008	March 31, 2008
Timber			
Sales			
Western U.S.	\$ 9.3	\$ 16.4	\$ 20.6
Eastern U.S.	23.9	35.4	24.1
Total	<u>\$ 33.2</u>	<u>\$ 51.8</u>	<u>\$ 44.7</u>
Operating (loss) / income			
Western U.S.	\$ (3.9)	\$ (2.1)	\$ 8.6
Eastern U.S.	3.0	13.4	2.5
Other Timber	(0.3)	(1.0)	(0.3)
Total	<u>\$ (1.2)</u>	<u>\$ 10.3</u>	<u>\$ 10.8</u>

Selected Operating Information
(\$ Millions)

	Three Months Ended		
	March 31, 2009	December 31, 2008	March 31, 2008
Timber			
Sales Volume			
Western U.S.			
in millions of board feet	33	48	59
Eastern U.S.			
in thousands of short green tons	1,572	2,140	1,312
Real Estate			
Acres sold			
HBU Development	10	160	47
HBU Rural	1,368	1,064	6,488
Non-Strategic Timberlands	19,069	28,584	4,073
Total	20,447	29,808	10,608
Performance Fibers			
Sales Volume			
Cellulose specialties,			
in thousands of metric tons	108	122	107
Absorbent materials,			
in thousands of metric tons	65	79	56
Lumber			
Sales volume,			
in millions of board feet	53	76	74

Market Price and Dividend History (\$ / Share)

	High	Low	Dividends
2009			
First Quarter	\$ 32.40	\$ 22.28	\$ 0.50
2008			
Fourth Quarter	\$ 47.09	\$ 26.58	\$ 0.50
Third Quarter	\$ 49.54	\$ 40.60	\$ 0.50
Second Quarter	\$ 48.00	\$ 41.88	\$ 0.50
First Quarter	\$ 47.37	\$ 35.36	\$ 0.50
2007			
Fourth Quarter	\$ 49.16	\$ 42.46	\$ 0.50
Third Quarter	\$ 49.55	\$ 38.17	\$ 0.50
Second Quarter	\$ 45.77	\$ 42.35	\$ 0.47
First Quarter	\$ 46.31	\$ 39.83	\$ 0.47

Reconciliation of Statutory Income Tax to Reported Income Tax

(\$ Millions - Except Percentages)

	Continuing Operations					
	Three Months Ended					
	March 31, 2009		December 31, 2008		March 31, 2008	
	\$	%	\$	%	\$	%
Income tax provision at the U.S. statutory rate	\$ (10.9)	(35.0)	\$ (16.6)	(35.0)	\$ (16.9)	(35.0)
REIT income not subject to federal tax	4.6	14.7	12.7	26.7	7.3	15.1
Foreign, state and local income taxes, foreign exchange rate changes and permanent differences	0.3	0.9	(1.8)	(3.8)	(0.4)	(0.6)
Income tax expense before discrete items	\$ (6.0)	(19.4)	\$ (5.7)	(12.1)	\$ (10.0)	(20.5)
Taxing authority settlements and FIN 48 adj	-	-	0.4	0.8	(0.1)	(0.3)
Other	0.8	2.6	(0.8)	(1.7)	0.4	0.8
Income tax expense	<u>\$ (5.2)</u>	<u>(16.8)</u>	<u>\$ (6.1)</u>	<u>(13.0)</u>	<u>\$ (9.7)</u>	<u>(20.0)</u>

Wood Products Southeast Lumber Sales

