Rayonier

Value From The Ground Up™

Fourth 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 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 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.

Financial Highlights
($ Millions – Except EPS)

	4Q 2011	3Q 2011	4Q 2010
Profitability			
Sales	388	385	315
Operating income	81	108	57
Pro forma operating income*	88	108	57
Net income	56	105	59
Pro forma net income *	60	89	35
Earnings Per Share: **			
Diluted EPS	0.45	0.84	0.48
Pro forma Diluted EPS *	0.48	0.71	0.28
Average diluted shares (millions)	125.5	125.6	122.7

	Year Ended December 31,		
	2011	2010	
Capital Resources and Liquidity			
Cash Provided by Operating Activities	432	495	
Cash Used for Investing Activities	(489)	(143)	
Cash Used for Financing Activities	(215)	(78)	
Adjusted EBITDA *	503	420	
Cash Available for Distribution (CAD) *	287	384	***

	12/31/2011	12/31/2010
Debt	847	768
Debt / Capital	39%	38%
Cash	79	349

* Non-GAAP measures (see pages 6 and 18-22 for definitions and reconciliations).

** The impact of the August 2011 3-for-2 stock split is reflected for all periods presented.

*** CAD for the year ended December 31, 2010 included a $189 million refund for the alternative fuel mixture credit (AFMC).

Rayonier

Variance Analysis – 3Q 11 to 4Q 11
($ Millions)

	Operating Income
3Q 2011	**$ 108**
Variance	
Forest Resources	
- Volume	(3)
- Cost/Other	(1)
- Recreational lease income *	7
Real Estate	(21)
Performance Fibers	
- Absorbent materials price	(3)
- Volume	9
- Cost / Other	(5)
Corporate / Other	(3)
4Q 2011 (Pro forma)**	**$ 88**

* The majority of recreational lease income is recognized in the fourth quarter.

** Non-GAAP measure (see page 19 for reconciliation).

Variance Analysis – 2010 to 2011
($ Millions)

	Operating Income	
	Quarter	Year-to-date
4Q 2010 (Pro forma)*	**$ 57**	**$ 270**
Variance		
Forest Resources		
- Price	6	26
- Volume	3	4
- Forest fire losses	-	(3)
- Costs / Other	(2)	(13)
Real Estate	6	(6)
Performance Fibers		
- Price	19	115
- Volume	8	9
- Costs / Other	(13)	(40)
Wood Products	1	(4)
Corporate/Other	3	5
4Q 2011 (Pro forma)*	**$ 88**	**$ 363**

* Non-GAAP measure (see pages 19 and 20 for reconciliations).

Cash Available for Distribution*

($ Millions – Except Per Share Data)

	Year Ended December 31, 2011	Year Ended December 31, 2010	
Cash Available for Distribution (CAD)			
Cash provided by operating activities	$ 432	$ 495	**
Capital expenditures ***	(145)	(138)	
Change in committed cash	(6)	12	
Excess tax benefits on stock-based compensation	6	5	
Other	-	10	
Cash Available for Distribution	$ 287	$ 384	
Shares outstanding ****	122,035,177	121,023,140	
CAD per share	$ 2.35	$ 3.17	
Dividends per share	$ 1.52	$ 1.36	

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

** Cash provided by operating activities for the year ended December 31, 2010 included a $189 million refund for the AFMC.

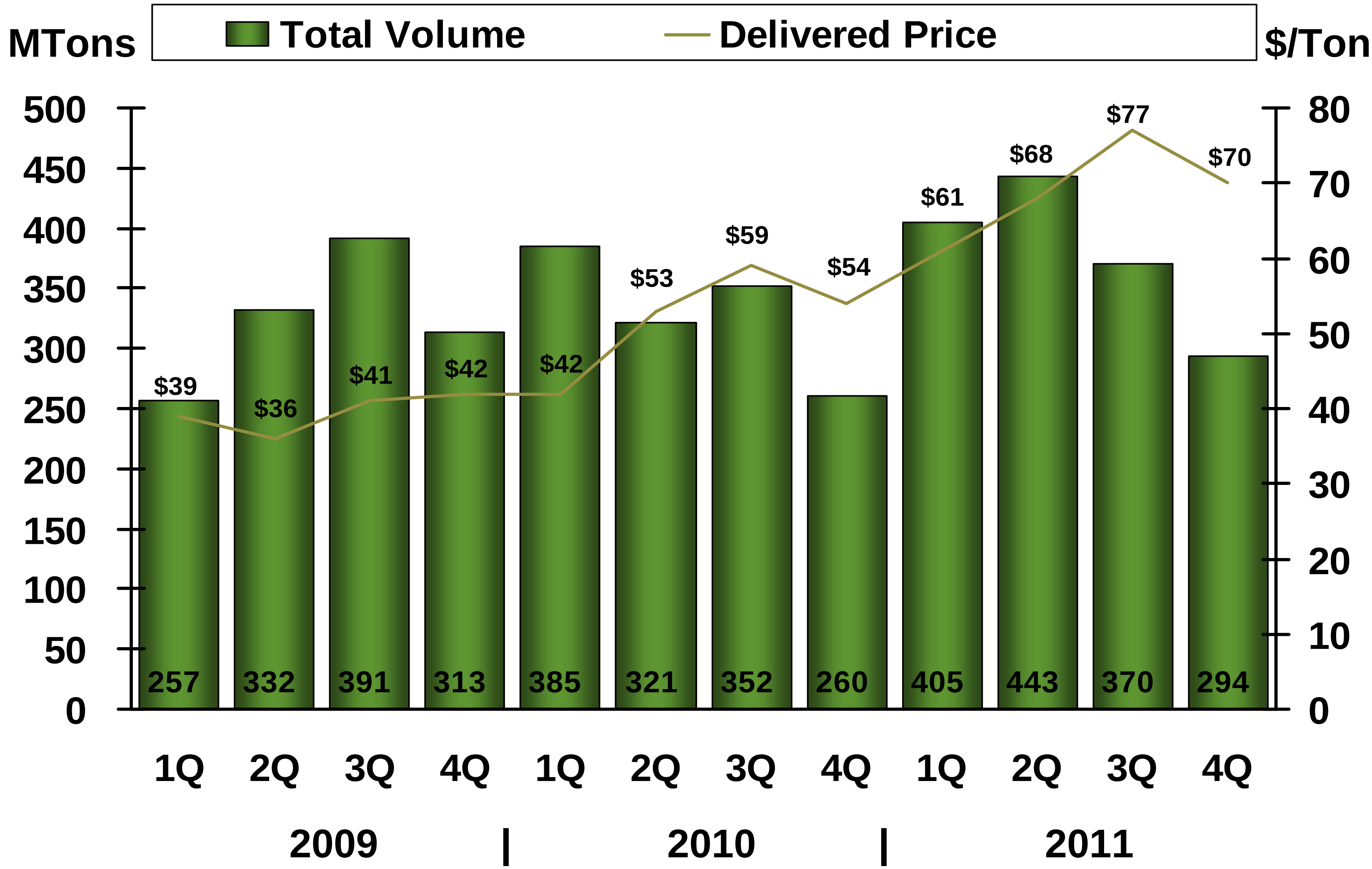
*** Capital expenditures excludes strategic capital. Strategic capital totaled $426 million for timberland acquisitions (included $105 million of notes assumed) and $43 million for the Jesup mill cellulose specialties expansion for the year ended December 31, 2011. Strategic capital totaled $5 million for timberland acquisitions for the year ended December 31, 2010.

**** The impact of the August 2011 3-for-2 stock split is reflected for all periods stated.

Rayonier

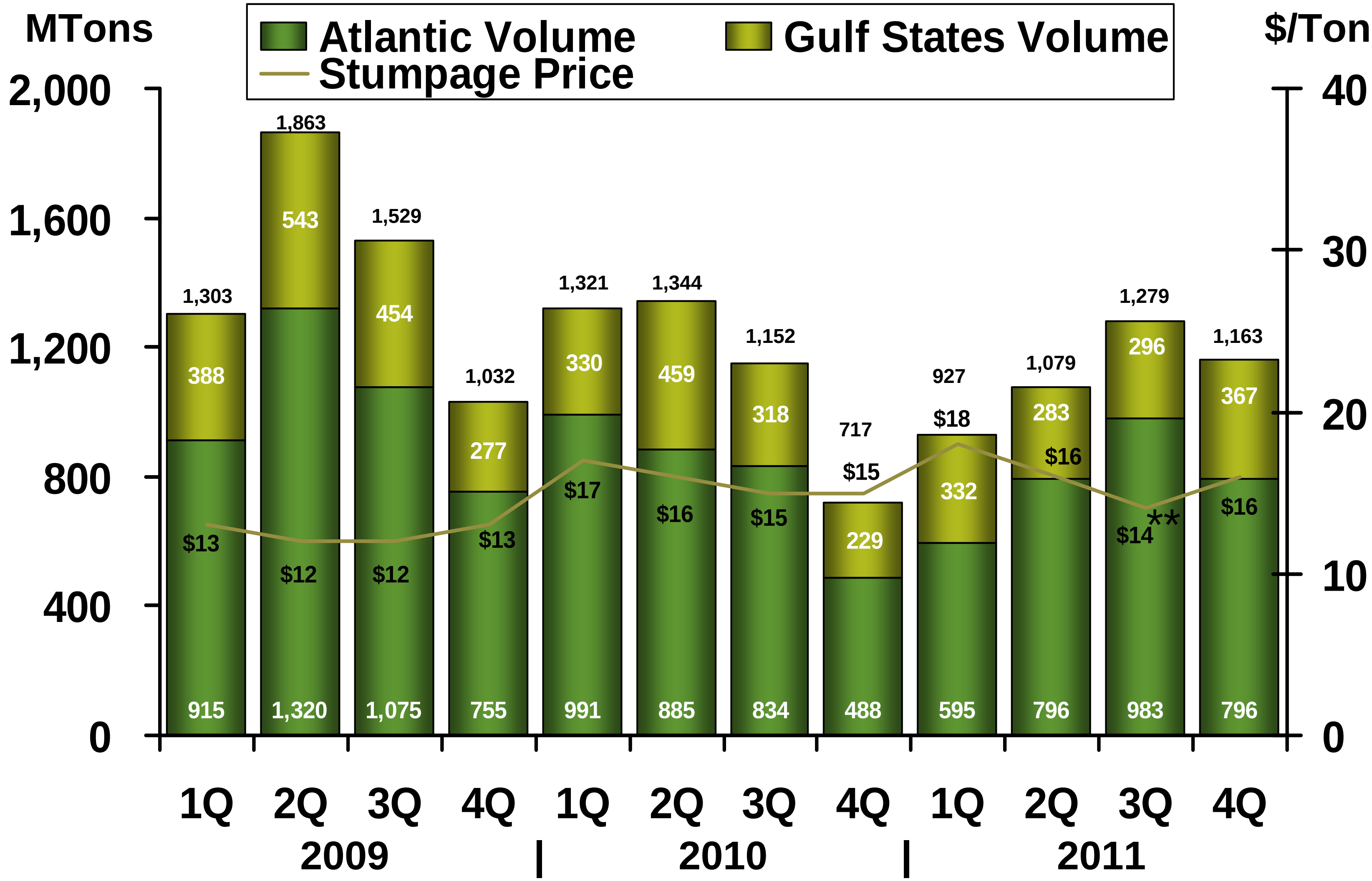
Markets and Operations

Northern U.S. Timber Sales *



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

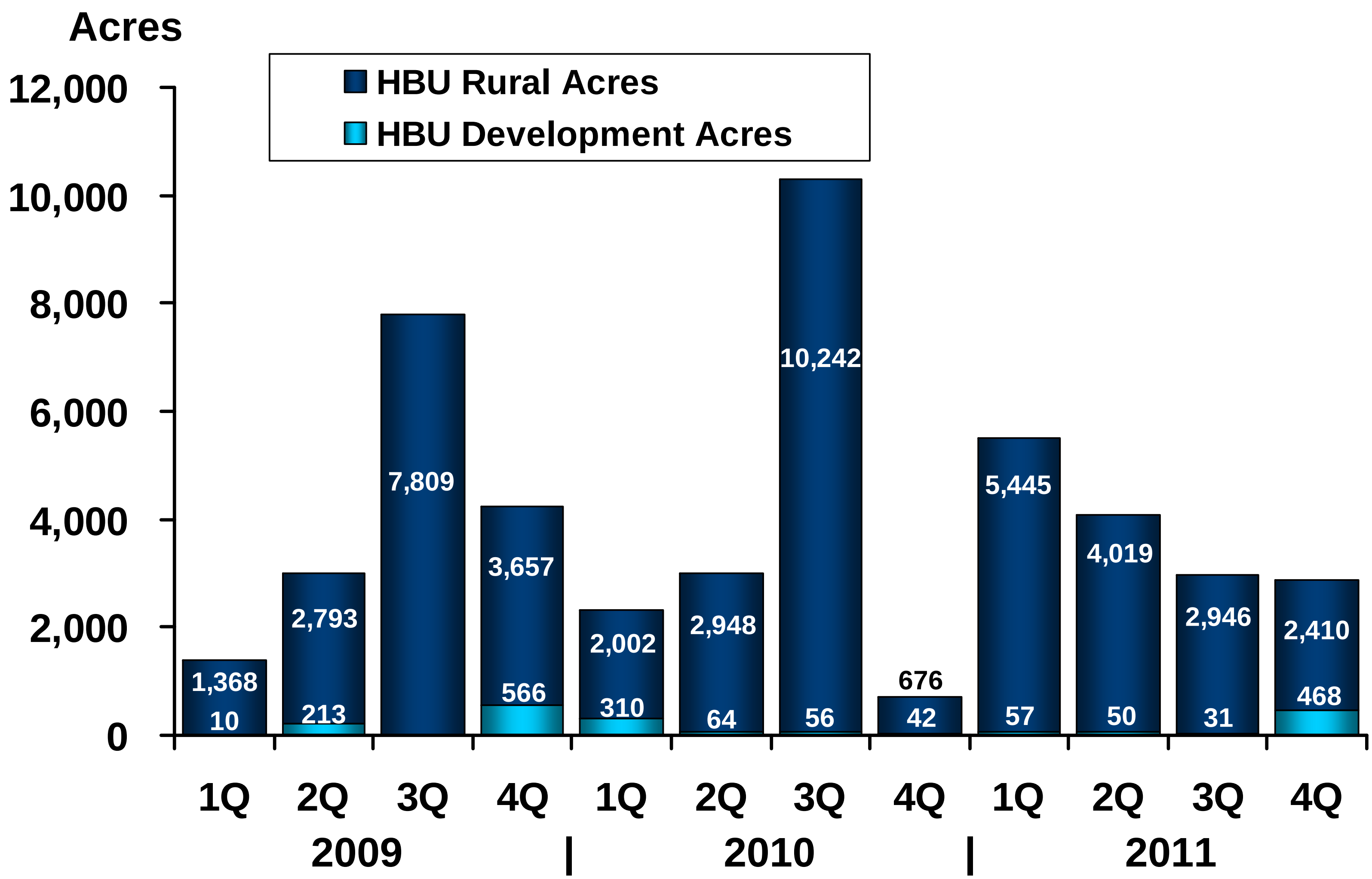
U.S. Pine Timber Sales *



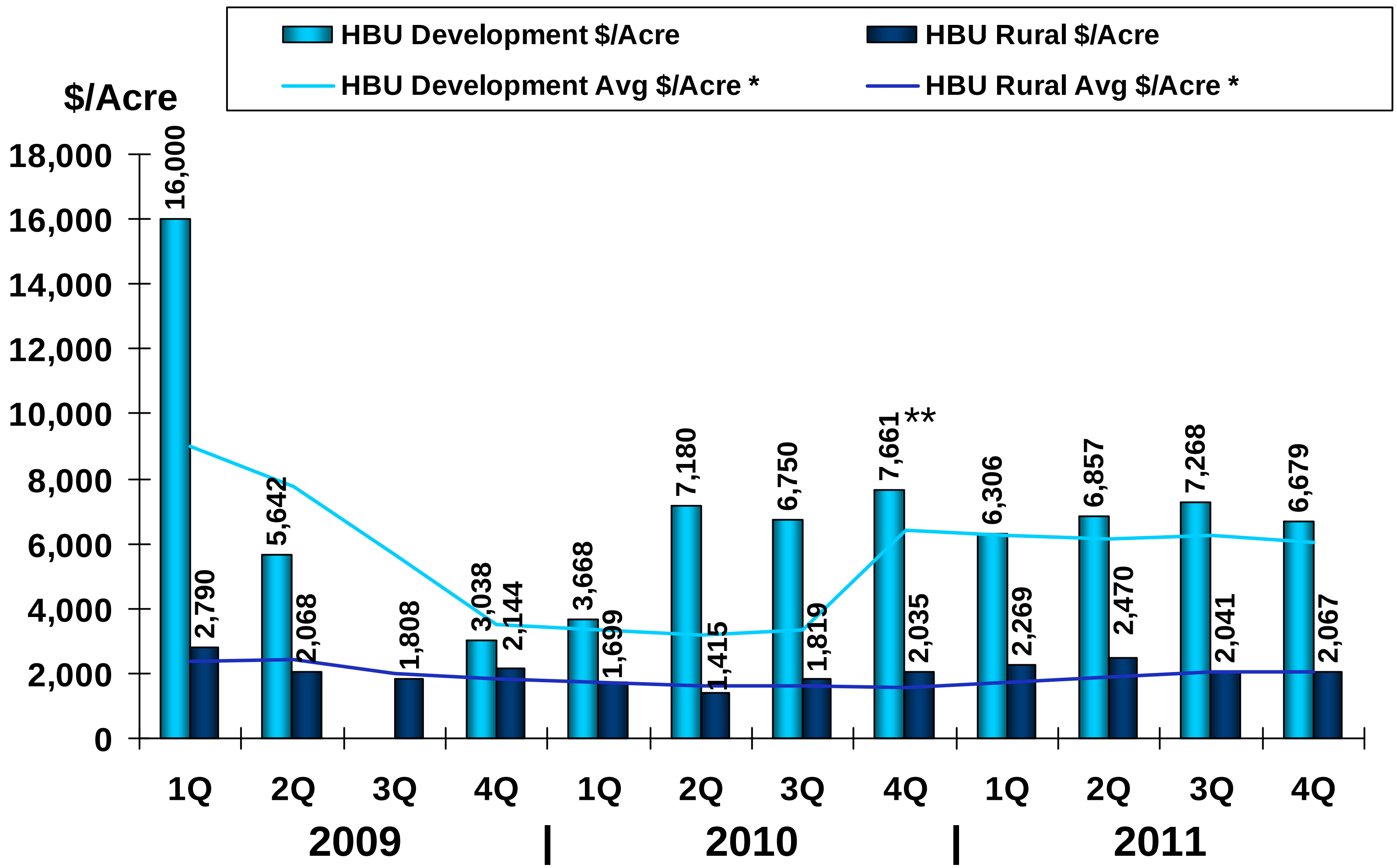
* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Texas) regions.

** Q3 2011 prices were lower due to the impact of fire salvage timber.

HBU Real Estate Acres - Sales

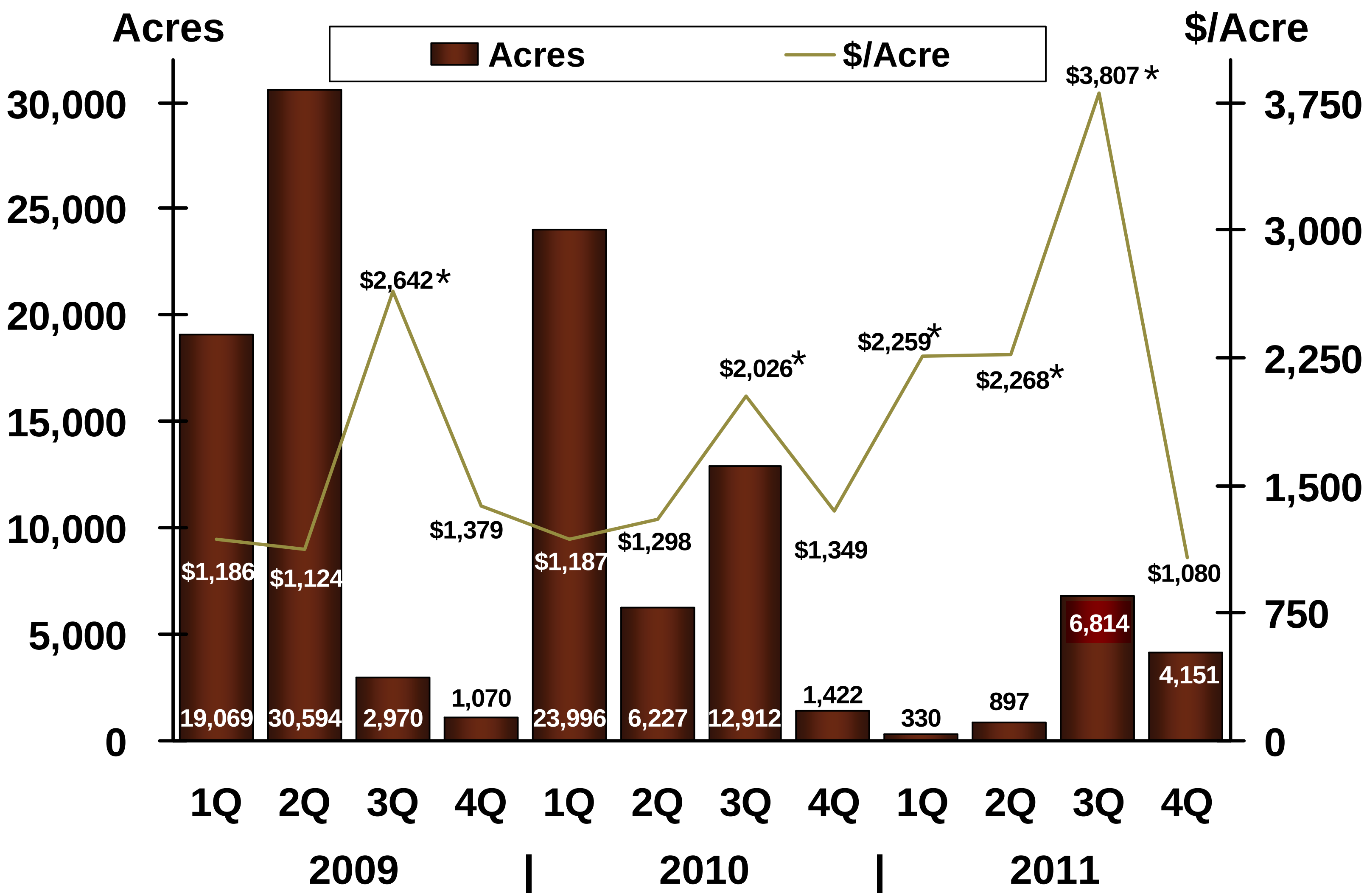


HBU Real Estate Sales Prices



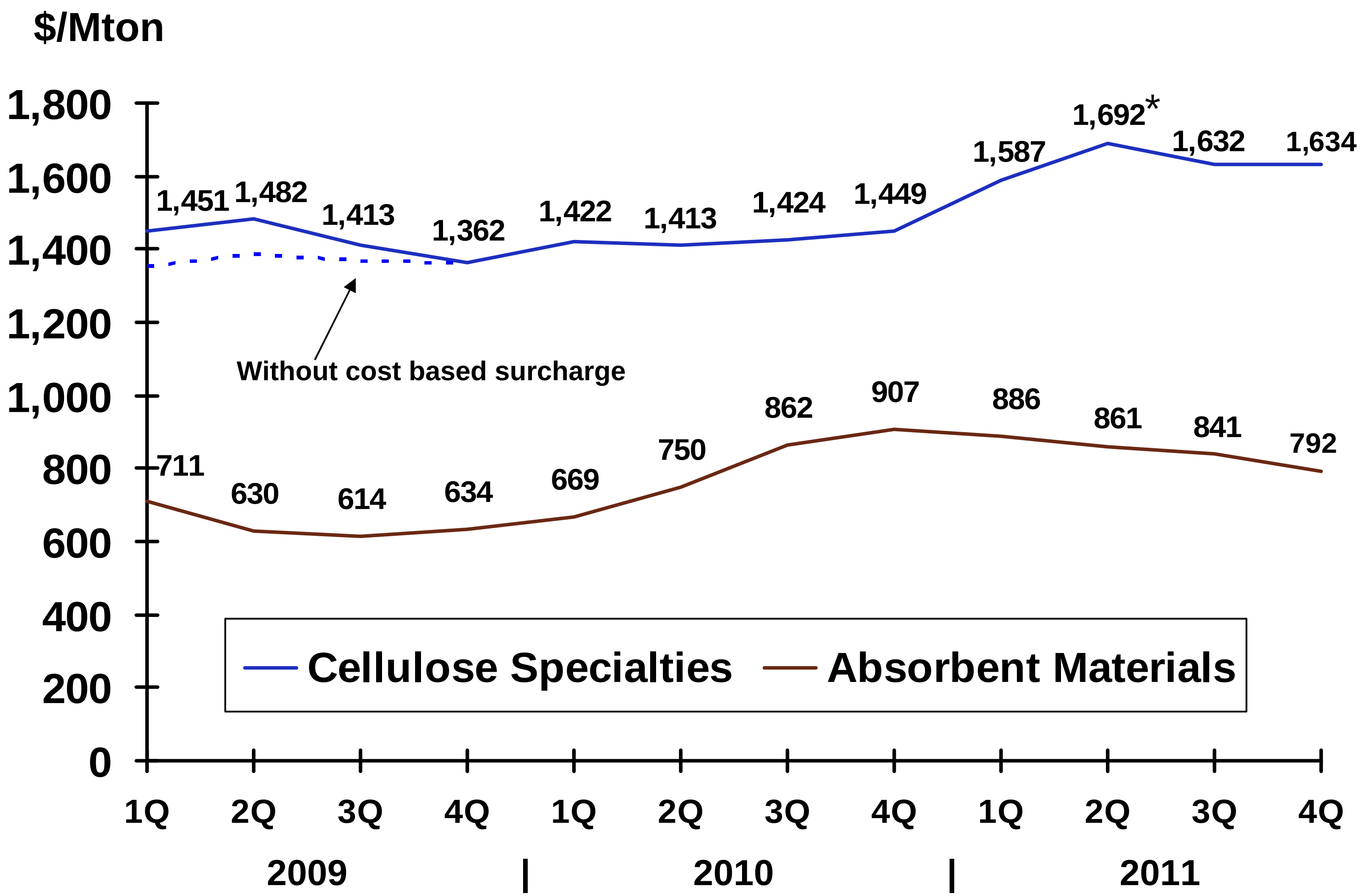
* Four quarter rolling weighted average.
** Excluded $1.6 million easement sale.

Non-Strategic Timberland Acres - Sales



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

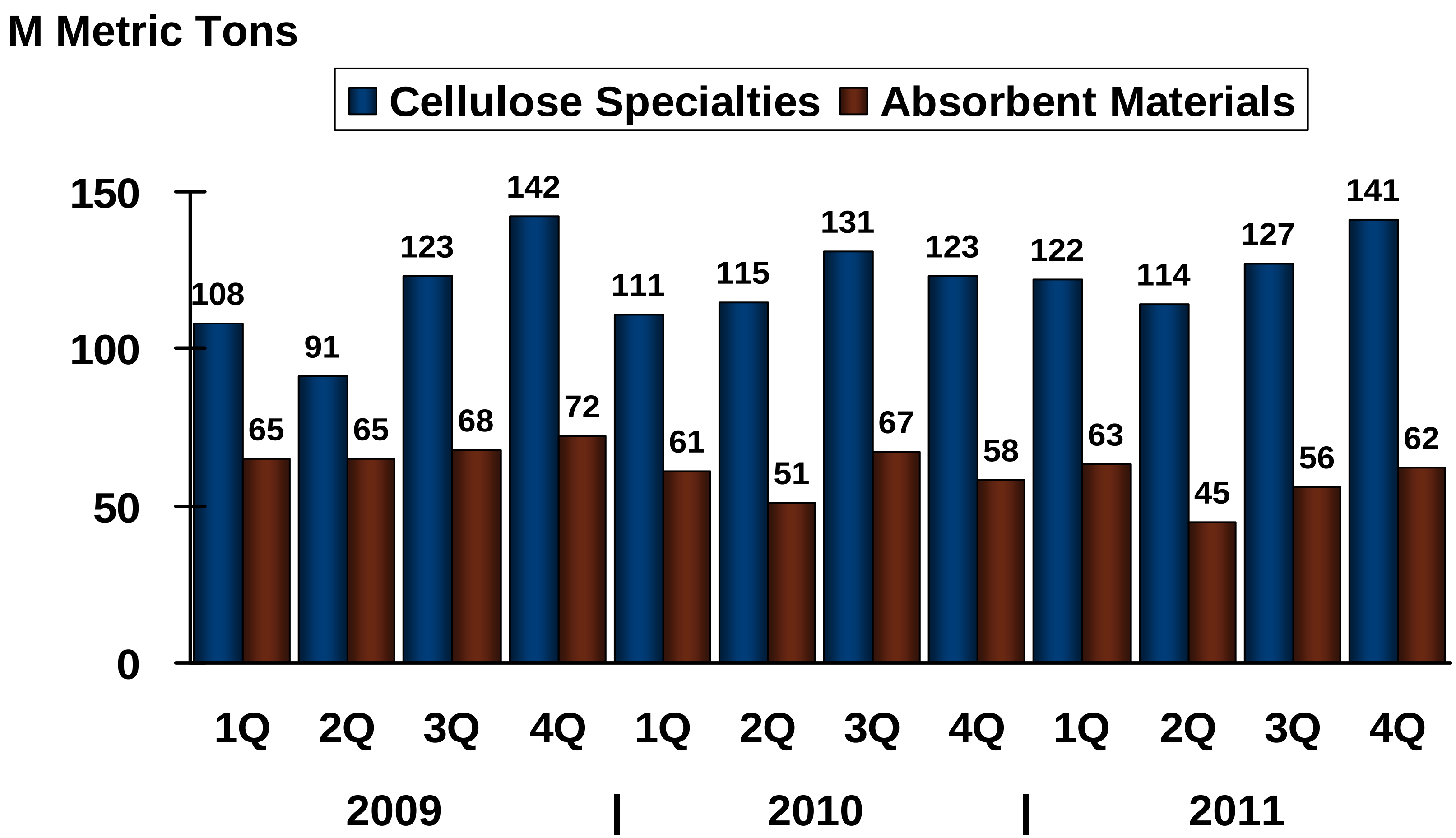
Performance Fibers Net Selling Prices



* Prices were higher in Q2 2011 due to sales mix.

Rayonier

Performance Fibers Sales Volumes



Income Tax Analysis
($ millions)

	Full Year					
	2011			2010		
Income tax expense at federal statutory rate	$	109	35.0%	$	77	35.0%
REIT income not subject to tax		(32)	-10.4%		(37)	-16.8%
Income tax expense before non-routine items		77	24.6%		40	18.2%
Installment note prepayment		(11)	-3.7%		-	-
CBPC for AFMC exchange		(6)	-1.9%		-	-
Built-in gains tax holiday		(6)	-1.9%		-	-
Other		(5)	-1.5%		(1)	-1.2%
Pro forma income tax expense		49	15.6%		39	17.0%
AFMC reserve reversal		(16)	-5.1%		-	-
Increase in disposition reserve		(3)	-0.6%		-	-
CBPC		-	-		(24)	-10.5%
Income tax expense as reported	$	30	9.9%	$	15	6.5%

Earnings Per Share*

($ / Share)

	2012	Pro forma ** 2011	Pro forma ** 2010	Actual 2011	Actual 2010
First Quarter	~$ 0.36	$ 0.47	$ 0.38	$ 0.47	$ 0.47
Second Quarter		0.45	0.32	0.45	0.32
Third Quarter		0.71	0.51	0.84	0.51
Fourth Quarter		0.48	0.28	0.45	0.48
Full Year	Comparable	$ 2.11	$ 1.49	$ 2.20	$ 1.79

* The impact of the August 2011 3-for-2 stock split is reflected for all periods presented.

** Pro forma earnings per share is a non-GAAP measure (see pages 19 and 20 for reconciliations).

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.

Reconciliation of Reported to Pro Forma Earnings

($ Millions – Except EPS)

	Three Months Ended							
	Dec. 31, 2011		Sept. 30, 2011		Dec. 31, 2010		Mar. 31, 2010	
	$	Per Diluted Share	$	Per Diluted Share	$	Per Diluted Share	$	Per Diluted Share
Operating Income	$ 81		$ 108		$ 57		$ 77	
Increase in disposition reserve	7		-		-		-	
Gain on sale of portion of New Zealand JV interest	-		-		-		(12)	
Pro Forma Operating Income	**$ 88**		**$ 108**		**$ 57**		**$ 65**	
Net Income	$ 56	$ 0.45	$ 105	$ 0.84	$ 59	$ 0.48	$ 57	$ 0.47
Reversal of reserve related to the taxability of the AFMC	-	-	(16)	(0.13)	-	-	-	-
Increase in disposition reserve	4	0.03	-	-	-	-	-	-
CBPC	-	-	-	-	(24)	(0.20)	-	-
Gain on sale of portion of New Zealand JV interest	-	-	-	-	-	-	(12)	(0.09)
Pro Forma Net Income	**$ 60**	**$ 0.48**	**$ 89**	**$ 0.71**	**$ 35**	**$ 0.28**	**$ 45**	**$ 0.38**

Rayonier

Reconciliation of Reported to Pro Forma Earnings

($ Millions – Except EPS)

	Year Ended			
	December 31, 2011		December 31, 2010	
	$	Per Diluted Share	$	Per Diluted Share
Operating Income	$ 356		$ 282	
Increase in disposition reserve	7		-	
Gain on sale of portion of New Zealand JV interest	-		(12)	
Pro Forma Operating Income	**$ 363**		**$ 270**	
Net Income	$ 276	$ 2.20	$ 218	$ 1.79
Reversal of reserve related to the taxability of the AFMC	(16)	(0.12)	-	-
Increase in disposition reserve	4	0.03	-	-
CBPC	-	-	(24)	(0.21)
Gain on sale of portion of New Zealand JV interest	-	-	(12)	(0.09)
Pro Forma Net Income	**$ 264**	**$ 2.11**	**182**	**$ 1.49**

Adjusted EBITDA by Segment

($ Millions)

Three Months Ended	Forest Resources	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
December 31, 2011							
Pro forma operating income (loss)*	$ 14	$ 7	$ 76	$ (1)	$ 1	$ (9)	$ 88
Depreciation, depletion and amortization	15	2	16	1	-	-	34
Non-cash cost of real estate sold	-	1	-	-	-	-	1
Adjusted EBITDA	$ 29	$ 10	$ 92	$ -	$ 1	$ (9)	$ 123
September 30, 2011							
Operating income (loss)	$ 11	$ 28	$ 75	$ (1)	$ 1	$ (6)	$ 108
Depreciation, depletion and amortization	17	6	16	-	-	-	39
Non-cash cost of real estate sold	-	1	-	-	-	-	1
Adjusted EBITDA	$ 28	$ 35	$ 91	$ (1)	$ 1	$ (6)	$ 148
December 31, 2010							
Operating income (loss)	$ 7	$ 1	$ 62	$ (2)	$ -	$ (11)	$ 57
Depreciation, depletion and amortization	10	1	16	1	-	-	28
Non-cash cost of real estate sold	-	-	-	-	-	-	-
Adjusted EBITDA	$ 17	$ 2	$ 78	$ (1)	$ -	$ (11)	$ 85

* Pro forma operating income is a non-GAAP measure (see page 19 for reconciliation).

Adjusted EBITDA by Segment
($ Millions)

Year Ended	Forest Resources		Real Estate		Performance Fibers		Wood Products		Trading		Corporate and other		Total	
December 31, 2011														
Pro forma operating income (loss)*	$	47	$	47	$	298	$	(2)	$	1	$	(28)	$	363
Depreciation, depletion and amortization		63		12		56		3		-		2		136
Non-cash cost of real estate sold		-		4		-		-		-		-		4
Adjusted EBITDA	$	110	$	63	$	354	$	1	$	1	$	(26)	$	503
December 31, 2010														
Pro forma operating income *	$	33	$	53	$	214	$	2	$	1	$	(33)	$	270
Depreciation, depletion and amortization		59		22		58		3		-		1		143
Non-cash cost of real estate sold		-		7		-		-		-		-		7
Adjusted EBITDA	$	92	$	82	$	272	$	5	$	1	$	(32)	$	420

* Pro forma operating income is a non-GAAP measure (see page 20 for reconciliation).

Rayonier

Forest Resources Supplemental Financial Data
($ Millions)

	Three Months Ended			Year Ended	
	Dec. 31, 2011	Sept. 30, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Forest Resources					
Sales					
Atlantic	$ 20	$ 20	$ 12	$ 71	$ 72
Gulf States	9	7	5	31	29
Northern	21	27	14	102	67
New Zealand *	2	3	3	11	9
Total	$ 52	$ 57	$ 34	$ 215	$ 177
Operating income					
Atlantic	$ 7	$ 2	$ 5	$ 11	$ 17
Gulf States	2	-	2	2	9
Northern	4	8	-	29	7
New Zealand /Other	1	1	-	5	-
Total	$ 14	$ 11	$ 7	$ 47	$ 33

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

Selected Operating Information

	Three Months Ended			Year Ended	
	Dec. 31, 2011	Sept. 30, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Forest Resources					
Sales Volume, in thousands of short green tons					
Atlantic	842	1,056	590	3,406	3,571
Gulf States	389	301	234	1,335	1,359
Northern	343	409	286	1,665	1,369
	1,574	1,766	1,110	6,406	6,299
Real Estate					
Acres sold					
HBU Development	468	31	42	606	472
HBU Rural	2,410	2,946	676	14,821	15,868
Non-Strategic Timberlands	4,151	6,814	1,422	12,191	44,556
Total	7,029	9,791	2,140	27,618	60,896
Performance Fibers					
Sales Volume, in thousands of metric tons					
Cellulose specialties	141	127	123	504	480
Absorbent materials	62	56	58	227	238
Total	203	183	181	731	718
Lumber					
Sales volume,					
in millions of board feet	71	66	63	264	243

Rayonier

Market Price and Dividend History*

($ / Share)

	High		Low		Dividends	
2011						
Fourth Quarter	$	45.28	$	34.68	$	0.40
Third Quarter	$	45.37	$	36.66	$	0.40
Second Quarter	$	44.88	$	39.64	$	0.36
First Quarter	$	41.81	$	35.28	$	0.36
2010						
Fourth Quarter	$	36.35	$	32.13	$	0.36
Third Quarter	$	34.19	$	28.76	$	0.33
Second Quarter	$	33.81	$	27.71	$	0.33
First Quarter	$	30.94	$	26.47	$	0.33
2009						
Fourth Quarter	$	29.28	$	25.25	$	0.33
Third Quarter	$	30.00	$	22.42	$	0.33
Second Quarter	$	27.86	$	19.57	$	0.33
First Quarter	$	21.60	$	14.85	$	0.33

* The impact of the August 2011 3-for-2 stock split is reflected in all periods presented.

Rayonier

Wood Products
Southeast Lumber Sales