

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001

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 13-2607329

50 North Laura Street, Jacksonville, FL 32202
(Principal Executive Office)

Telephone Number: (904) 357-9100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES NO

As of May 4, 2001, there were outstanding 27,148,598 Common Shares of the Registrant.

RAYONIER INC.
FORM 10-Q
MARCH 31, 2001
TABLE OF CONTENTS

	PAGE

PART I.	FINANCIAL INFORMATION
Item 1.	Financial Statements
	Statements of Consolidated Income for the Three Months Ended March 31, 2001 and 2000
	1
	Consolidated Balance Sheets as of March 31, 2001 and December 31, 2000
	2
	Statements of Consolidated Cash Flows for the Three Months Ended March 31, 2001 and 2000
	3
	Notes to Consolidated Financial Statements
	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
	6
Item 3.	Quantitative and Qualitative Disclosures About Market Risk
	9
PART II.	OTHER INFORMATION
Item 5.	Selected Operating Data
	10
Item 6.	Exhibits and Reports on Form 8-K
	12
	Signature
	12
	Exhibit Index
	13

PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

(UNAUDITED)

(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

	Three Months Ended March 31,	
	2001	2000
SALES	\$ 276,487	\$ 354,597
Costs and Expenses		
Cost of sales	231,521	268,435
Selling and general expenses	7,558	9,936
Other operating (income) expense, net	(470)	1,573
	238,609	279,944
OPERATING INCOME	37,878	74,653
Interest expense	(18,915)	(22,790)
Interest and miscellaneous (expense) income, net	(523)	167
INCOME BEFORE INCOME TAXES	18,440	52,030
Income tax expense	(6,188)	(16,557)
NET INCOME	\$ 12,252	\$ 35,473
EARNINGS PER COMMON SHARE (EPS)		
BASIC EPS	\$ 0.45	\$ 1.30
DILUTED EPS	\$ 0.45	\$ 1.27

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(THOUSANDS OF DOLLARS)

	March 31, 2001	December 31, 2000
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	\$ 10,893	\$ 9,824
Accounts receivable, less allowance for doubtful accounts of \$3,650 and \$3,969	110,366	117,114
Inventories		
Finished goods	60,779	60,627
Work in process	10,273	9,076
Raw materials	5,201	11,044
Manufacturing and maintenance supplies	17,147	16,359
	-----	-----
Total inventories	93,400	97,106
Timber purchase agreements	35,799	33,775
Other current assets	12,779	12,779
	-----	-----
Total current assets	263,237	270,598
	-----	-----
OTHER ASSETS	60,501	63,129
TIMBER PURCHASE AGREEMENTS	6,171	6,335
TIMBER, TIMBERLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	1,182,861	1,192,388
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings, machinery and equipment	1,368,491	1,360,296
Less - accumulated depreciation	748,678	730,472
	-----	-----
Total property, plant and equipment, net	619,813	629,824
	-----	-----
TOTAL ASSETS	\$ 2,132,583	\$ 2,162,274
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 82,180	\$ 87,401
Bank loans and current maturities	2,565	2,565
Accrued taxes	14,418	10,314
Accrued payroll and benefits	26,109	27,756
Accrued interest	23,583	11,745
Accrued customer incentives	6,065	18,163
Other current liabilities	22,843	22,389
Current reserves for dispositions and discontinued operations	15,341	15,434
	-----	-----
Total current liabilities	193,104	195,767
	-----	-----
DEFERRED INCOME TAXES	135,204	130,333
LONG-TERM DEBT	941,415	970,415
NON-CURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	159,530	161,465
OTHER NON-CURRENT LIABILITIES	19,562	24,193
SHAREHOLDERS' EQUITY		
Common Shares, 60,000,000 shares authorized, 27,133,681 and 27,104,462 shares issued and outstanding	49,900	48,717
Retained earnings	633,868	631,384
	-----	-----
Total shareholders' equity	683,768	680,101
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,132,583	\$ 2,162,274
	=====	=====

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

(UNAUDITED)

(THOUSANDS OF DOLLARS)

	Three Months Ended March 31,	
	2001	2000
OPERATING ACTIVITIES		
Net income	\$ 12,252	\$ 35,473
Non-cash items included in income:		
Depreciation, depletion and amortization	40,495	56,847
Deferred income taxes	4,117	2,319
Non-cash cost of land sales	255	7,651
(Decrease) increase in other non-current liabilities	(4,631)	948
Change in accounts receivable, inventory and accounts payable	5,232	(22,564)
(Increase) decrease in current timber purchase agreements	(2,024)	3,134
Increase in other current assets	-	(5,108)
Increase in accrued liabilities	2,651	24,029
Expenditures for dispositions and discontinued operations, net of tax benefits of \$754 and \$1,000	(1,274)	(1,732)
CASH FROM OPERATING ACTIVITIES	57,073	100,997
INVESTING ACTIVITIES		
Capital expenditures, net of sales and retirements or \$74 and \$2,381	(20,998)	(25,530)
Change in timber purchase agreements and other assets	2,579	6,932
CASH USED FOR INVESTING ACTIVITIES	(18,419)	(18,598)
FINANCING ACTIVITIES		
Issuance of debt	96,500	15,000
Repayment of debt	(125,500)	(75,828)
Dividends paid	(9,768)	(9,849)
Repurchase of common shares	-	(3,543)
Issuance of common shares	1,183	1,298
CASH USED FOR FINANCING ACTIVITIES	(37,585)	(72,922)
CASH AND SHORT TERM INVESTMENTS		
Increase in cash and short-term investments	1,069	9,477
Balance, beginning of year	9,824	12,265
Balance, end of period	<u>\$ 10,893</u>	<u>\$ 21,742</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 7,077	\$ 7,963
Income taxes	\$ 229	\$ 799

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

RAYONIER INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(DOLLAR AMOUNTS IN THOUSANDS UNLESS OTHERWISE STATED)

1. BASIS OF PRESENTATION

The unaudited financial statements reflect, in the opinion of Rayonier Inc. and subsidiaries (Rayonier or the Company), all adjustments (which include normal recurring adjustments) necessary for a fair presentation of the results of operations, the financial position and the cash flows for the periods presented. For a full description of accounting policies, please refer to the Notes to Consolidated Financial Statements in the 2000 Annual Report on Form 10K.

2. EARNINGS PER COMMON SHARE

The following table provides details of the calculation of basic and diluted earnings per common share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share" for the three months ended:

	March 31	
	2001	2000
Net income	\$ 12,252	\$ 35,473
Shares used for determining basic earnings per common share	27,125,148	27,390,362
Dilutive effect of:		
Stock options	166,489	186,588
Contingent shares	202,000	360,000
Shares used for determining diluted earnings per common share	27,493,637	27,936,950
Basic earnings per common share	\$.45	\$ 1.30
Diluted earnings per common share	\$.45	\$ 1.27

3. FINANCIAL INSTRUMENTS

The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, in the first quarter of 2001. The adoption did not have a material impact on the Company's consolidated financial position or results of operations.

The Company is exposed to various market risks, including changes in commodity prices, interest rates and foreign exchange rates. The Company's objective is to minimize the economic impact of these market risks. Derivatives are used, as noted below, in accordance with policies and procedures approved by the Board of Directors and are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. The Company does not enter into such financial instruments for trading purposes.

Rayonier's New Zealand forward contracts are intended to cover anticipated operating needs and therefore do not hedge firm commitments in accordance with SFAS No. 52, "Foreign Currency Translation." As a result, contracts are marked to market as in the past, and the resulting gains and losses on these contracts are included in the "Interest and miscellaneous income (expense), net" line. The Company incurred a loss of approximately \$1 million on these foreign currency contracts in the first three months of 2001. During the first quarter of 2001, the maximum foreign currency forward contracts outstanding at any point in time totaled \$17.7 million. At March 31, 2001, the Company held foreign currency contracts maturing through April 2002, totaling \$12.5 million (nominal value). This included \$10.4 million of New Zealand dollar contracts to cover anticipated operating needs, and \$2.1 million of Danish Krone contracts to hedge a firm commitment related to equipment purchases payable in Danish Kroner.

RAYONIER INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)
 (DOLLAR AMOUNTS IN THOUSANDS UNLESS OTHERWISE STATED)

4. IDENTIFIABLE ASSETS

Total assets by segment as of March 31, 2001 and December 31, 2000, follows (in millions):

	IDENTIFIABLE ASSETS	
	2001	2000
Performance Fibers	\$ 620	\$ 643
Timberland Management	1,249	1,243
Wood Products and Trading	232	234
Corporate and other	21	32
Dispositions	11	10
Total	\$ 2,133	\$ 2,162

See Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations for information about segment sales and operating income.

5. SHAREHOLDERS' EQUITY

An analysis of shareholders' equity for the three months ended March 31, 2001 and the year ended December 31, 2000, follows (in thousands, share amounts actual):

	Common Shares		Retained Earnings	Total Shareholders' Equity
	Shares	Amount		
BALANCE, JANUARY 1, 2000	27,407,094	\$ 63,709	\$ 592,382	\$ 656,091
Net income	-	-	78,187	78,187
Dividends paid (\$1.44 per share)	-	-	(39,185)	(39,185)
Incentive stock plans	130,368	2,632	-	2,632
Repurchase of Common Shares	(433,000)	(17,624)	-	(17,624)
BALANCE, DECEMBER 31, 2000	27,104,462	48,717	631,384	680,101
Net income	-	-	12,252	12,252
Dividends paid (\$0.36 per share)	-	-	(9,768)	(9,768)
Incentive stock plans	29,219	1,183	-	1,183
Repurchase of Common Shares	-	-	-	-
BALANCE, MARCH 31, 2001	27,133,681	49,900	633,868	683,768

6. RECLASSIFICATIONS

Certain reclassifications of the prior period amounts have been made to conform to the current year presentation. Effective December 31, 2000, the Company changed its method of reporting freight revenue and costs in compliance with Emerging Issues Task Force (EITF) Issue 00-10, "Accounting for Shipping and Handling Fees and Costs." Freight costs will now be charged to cost of sales rather than netted against sales. The Company's financial statements have been reclassified to reflect the increase in sales and cost of sales of \$15.8 million for the period ended March 31, 2000.

On November 28, 2000, the Company announced its intention to focus on two core businesses, Performance Fibers and Timberland Management, and de-emphasize activities in a third segment, Wood Products and Trading. Based upon the segment changes and the Company's intention of selling timberlands on a more regular basis, certain items in the financial statements have been reclassified. The gain of \$23.1 million from the sale of timberland in the first quarter of 2000 was reclassified to Timberland and Real Estate sales of \$49.6 million and cost of sales of \$26.5 million. In the cash flow statements for the periods ended March 31, 2001 and 2000, an adjustment was made for non-cash expenses relating to the depletion of merchantable and pre-merchantable timber on the land and the basis in the land. All changes noted herein had no effect on net income or earnings per share in the prior period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEGMENT INFORMATION

Rayonier operates in three major business segments: Performance Fibers, Timberland Management, and Wood Products and Trading. The Performance Fibers segment includes two reportable business units, Cellulose Specialties and Absorbent Materials. The Timberland Management segment includes two reportable business units, Timber Harvest, and Timberland and Real Estate. Prior years' segment information has been reclassified to conform with the segment information presented in the current year.

The amounts and relative contributions to sales and operating income attributable to each of Rayonier's reportable business units for the three months ended March 31, 2001 and 2000 were as follows (thousands of dollars):

	Three Months Ended March 31	
	2001	2000
SALES		
Performance Fibers		
Cellulose Specialties	\$ 89,955	\$ 87,438
Absorbent Materials	49,079	53,714
Total Performance Fibers	139,034	141,152
Timberland Management		
Timber Harvest	61,824	62,677
Timberland and Real Estate	1,234	53,079
Total Timberland Management	63,058	115,756
Wood Products and Trading	83,807	107,882
Intersegment Eliminations	(9,412)	(10,193)
Total Sales	\$ 276,487	\$ 354,597
OPERATING INCOME (LOSS)		
Performance Fibers	\$ 14,720	\$ 17,501
Timberland Management		
Timber Harvest	33,410	40,766
Timberland and Real Estate	2,733	26,018
Total Timberland Management	36,143	66,784
Wood Products and Trading	(6,213)	(1,879)
Corporate and other	(6,772)	(7,753)
Total Operating Income	\$ 37,878	\$ 74,653

RESULTS OF OPERATIONS

SALES AND OPERATING INCOME

Sales for the first quarter of 2001 were \$276 million, \$78 million below the first quarter of 2000. The sales decrease was due to substantially lower timberland sales, lower log trading activity and weakness in lumber markets. Operating income of \$38 million was \$37 million lower than the first quarter of 2000, primarily due to lower timberland sales compared to last year, coupled with weak U.S. timber and lumber markets.

PERFORMANCE FIBERS

Sales of Performance Fibers products for the first quarter of 2001 were \$139 million, \$2 million lower than first quarter 2000. Operating income for first quarter 2001 of \$15 million was \$3 million lower than the prior year. Operating income declined 16 percent as a result of higher manufacturing costs, partially offset by higher Cellulose Specialties volume and improved Absorbent Materials prices.

CELLULOSE SPECIALTIES

Cellulose Specialty sales of \$90 million for the first quarter of 2001 were \$3 million higher than the first quarter of 2000. The increase over prior year was due primarily from higher sales volume, partly offset by average price decreases of approximately 1 percent.

ABSORBENT MATERIALS

Absorbent Materials sales of \$49 million for the first quarter of 2001 were \$5 million lower than the first quarter 2000 sales of \$54 million. Lower Absorbent Materials volume was partially offset by improved prices.

TIMBERLAND MANAGEMENT

Sales of \$63 million and operating income of \$36 million for first quarter 2001 were lower than first quarter 2000 by \$53 million and \$31 million, respectively.

TIMBER HARVEST

Timber Harvest sales for the first quarter of 2001 were \$62 million, \$1 million lower than last year's first quarter. Operating income of \$33 million, was \$7 million lower than prior year. These decreases were primarily due to lower Northwest U.S. timber volumes compared to an unusually high level last year, partially offset by an increase in Southeast U.S. timber volumes, following the ramp-up of the October 1999 timberland acquisition in late 2000 and into early 2001. In addition to the volume changes over prior year, timber pricing was negatively impacted by weak lumber markets.

TIMBERLAND AND REAL ESTATE

Sales for the Timberland and Real Estate unit decreased \$52 million for the first quarter ended 2001, while operating income decreased \$23 million compared to the first quarter of 2000. Both sales and operating income were lower primarily due to higher timberland sales in the first quarter of 2000, which contributed \$53 million and \$26 million in sales and operating income, respectively.

On April 30, 2001, the Company sold approximately 57,000 acres of timberland for \$60 million. The sale will increase operating income in the second quarter of 2001 by approximately \$33 million. The net proceeds from the transaction of approximately \$58 million will be used to pay down debt.

WOOD PRODUCTS AND TRADING

First quarter 2001 sales were \$84 million compared to \$108 million in the first quarter of 2000, while operating losses of \$6 million were \$4 million higher than a year ago. The variance was primarily due to significantly weaker lumber markets, and lower U.S. domestic trading activity.

CORPORATE AND OTHER

Corporate and other costs were \$1 million below last year's first quarter primarily due to lower incentive compensation and relocation expenses, partially offset by higher intersegment eliminations.

OTHER INCOME / EXPENSE

Interest expense in the first quarter was \$19 million, a decrease of \$4 million from the first quarter of 2000 primarily due to lower average debt balances.

The effective tax rate of 33.6 percent for the first quarter of 2001 was slightly higher than the 31.8 percent rate in the first quarter of 2000. The effective tax rate is below U.S. statutory rates, due to lower tax rates in effect for foreign subsidiaries and to various tax credits.

NET INCOME

Net income for the first quarter of 2001 was \$12.3 million, or \$0.45 per diluted common share, compared with \$35.5 million, or \$1.27 per diluted common share, for the first quarter of 2000. First quarter 2000 included gains of \$0.59 per share from timberland sales. Earnings were lower primarily due to lower timberland sales, coupled with weak U.S. timber and lumber markets.

OTHER ITEMS

Despite continued weakness in the global economy, lower Performance Fibers results in the second quarter of 2001 are expected to be comparable to the first quarter as an increase in shipments should mostly offset continued weakness in Absorbent Materials (fluff pulp) prices. Timber markets continue to soften somewhat and the Northwest timber harvest is expected to decrease from first quarter levels. Second quarter results in total however, should improve over the first quarter, and last year's second quarter, due to the \$60 million timberland sale on April 30, 2001.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operating activities of \$57 million for the first three months of 2001 decreased \$44 million from 2000, primarily as a result of lower timberland sales in the first quarter of 2001. Cash flow used for investing activities for the first three months of 2001 was \$18 million, essentially the same as in the prior year, with lower expenditures for plant and equipment and for timber purchase agreements, offset by a lower decrease in other assets in 2001 compared to 2000. Cash flow used for financing activities was \$38 million, a decrease of \$35 million from \$73 million in 2000. This was primarily due to higher debt repayments in 2000 and the absence of repurchases of common shares in 2001. EBITDA (defined as earnings from continuing operations before significant non-recurring items, provision for dispositions, interest expense, income taxes, depreciation, depletion, amortization and the non-cash cost of the land basis in timberland and real estate sales) for first quarter 2001 amounted to \$78 million, \$61 million lower than first quarter 2000 results. The decrease in EBITDA was primarily due to lower timberland sales in the first quarter of 2001. Cash provided by operating activities helped to finance capital expenditures of \$21 million, dividends of \$10 million, and allowed for the repayment of \$29 million of debt. Free cash flow (defined as EBITDA plus significant non-recurring items, less income taxes, interest expense, change in working capital, long-term assets and liabilities, custodial capital spending and prior-year dividend levels) decreased \$38 million to \$33 million in first quarter 2001, primarily as a result of lower net earnings.

The Company did not repurchase any of its common shares outstanding during the first quarter of 2001. During the first quarter of 2000, the Company repurchased 85,600 shares at an average price of \$41.39 or a total cost of \$3.5 million.

At March 31, 2001, debt was \$944 million, a reduction of \$29 million from December 31, 2000, and the debt-to-capital ratio was 58.0 percent compared to 58.8 percent at December 31, 2000. As of March 31, 2001, Rayonier had \$375 million available under its revolving credit facilities.

In addition, the Company has on file with the Securities and Exchange Commission shelf registration statements to offer \$150 million of new public debt securities. The Company believes that internally generated funds, combined with available external financing, will enable Rayonier to fund capital expenditures, share repurchases, working capital and other liquidity needs for the foreseeable future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK

The Company is exposed to various market risks, including changes in commodity prices, interest rates and foreign exchange rates. The Company's objective is to minimize the economic impact of these market risks. Derivatives are used, as noted, in accordance with policies and procedures approved by the Board of Directors and are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. The Company does not enter into financial instruments for trading purposes.

Circumstances surrounding the Company's exchange rate risk, commodity price risk and interest rate risk remain unchanged from December 31, 2000. For a full description of the Company's market risk, please refer to Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations in the 2000 Annual Report on Form 10K.

SAFE HARBOR

Comments about market trends, anticipated earnings and activities in second quarter 2001 and beyond, including disclosures about the Company's anticipated timber harvest levels, are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Changes in the following important factors, among others, could cause actual results to differ materially from those expressed in the forward-looking statements: global market conditions impacting supply and demand for wood products, export and domestic logs and high performance cellulose fibers; governmental policies and regulations affecting the environment, import and export controls and taxes; availability and pricing of competitive products; production costs for wood products and performance fibers, particularly for raw materials such as wood and chemicals; weather conditions in the Company's operating areas; and interest rate and currency movements.

PART II. OTHER INFORMATION

ITEM 5. SELECTED OPERATING DATA

	Three Months Ended March 31,	
	2001	2000
PERFORMANCE FIBERS		
Pulp Sales Volume		
Cellulose specialties, in thousands of metric tons	103	98
Absorbent materials, in thousands of metric tons	72	85
Production as a percent of capacity	98.6%	104.0%
TIMBERLAND MANAGEMENT		
Timber sales volume		
Northwest U.S., in millions of board feet	88	90
Southeast U.S., in thousands of short green tons	1,635	999
New Zealand, in thousands of cubic meters	278	253
Intercompany timber sales volume		
Northwest U.S., in millions of board feet	29	20
Southeast U.S., in thousands of short green tons	14	12
New Zealand, in thousands of cubic meters	138	109
WOOD PRODUCTS AND TRADING		
Lumber sales volume, in millions of board feet	57	65
Medium-density fiberboard sales volume, in thousands of cubic meters	37	37
Log trading sales volume		
North America, in millions of board feet	49	62
New Zealand, in thousands of cubic meters	214	244
Other, in thousands of cubic meters	123	119

SELECTED SUPPLEMENTAL FINANCIAL DATA
(MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA)

	Three Months Ended March 31,	
	2001	2000
	-----	-----
GEOGRAPHICAL DATA (NON-U.S.)		
Sales		
New Zealand	\$ 24.0	\$ 23.2
Other	12.0	13.0
Total	\$ 36.0	\$ 36.2
	=====	=====
Operating Income		
New Zealand	\$ 0.6	\$ (1.1)
Other	0.1	-
Total	\$ 0.7	\$ (1.1)
	=====	=====
TIMBERLAND MANAGEMENT		
Sales		
Northwest U.S.	\$ 25.1	\$ 34.3
Southeast U.S.	31.7	77.0
New Zealand	6.3	4.5
Total	\$ 63.1	\$ 115.8
	=====	=====
Operating Income		
Northwest U.S.	\$ 20.1	\$ 29.6
Southeast U.S.	14.1	36.1
New Zealand	1.9	1.1
Total	\$ 36.1	\$ 66.8
	=====	=====
EBITDA PER SHARE		
Performance Fibers	\$ 1.22	\$ 1.33
Timberland Management	2.02	3.88
Wood Products and Trading	(0.11)	0.06
Corporate and other	(0.29)	(0.28)
Total	\$ 2.84	\$ 4.99
	=====	=====

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) See Exhibit Index.
- (b) Rayonier Inc. filed a report on Form 8-K dated March 23, 2001 that highlighted certain Form 10-K items.
- (c) Rayonier, Inc. filed a report on Form 8-K dated April 24, 2001, for a news release issued on April 16, 2001, concerning the sale of 57,000 acres of Florida timberland.

SIGNATURE

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RAYONIER INC. (Registrant)

BY: GERALD J. POLLACK

Gerald J. Pollack
Senior Vice President and
Chief Financial Officer
(Chief Accounting Officer)

May 14, 2001

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----	LOCATION -----
2	Plan of acquisition, reorganization, arrangement, liquidation or succession	None
3.1	Amended and restated articles of incorporation	No amendments
3.2	By-laws	No amendments
4	Instruments defining the rights of security 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	Material contracts	None
11	Statement re: computation of per share earnings	Not required to be filed
12	Statement re: computation of ratios	Filed herewith
15	Letter re: unaudited interim financial information	None
18	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 12

RAYONIER INC. AND SUBSIDIARIES

RATIO OF EARNINGS TO FIXED CHARGES

(UNAUDITED)
(THOUSANDS OF DOLLARS)

	Three Months Ended March 31,	
	2001	2000
Earnings:		
Net Income	\$ 12,252	\$ 35,473
Add:		
Income Taxes	6,188	16,557
Amortization of Capitalized Interest	644	577
Additions to Net Income	19,084	52,607
Adjustments to Earnings for Fixed Charges:		
Interest and Other Financial Charges	18,915	22,790
Interest Factor Attributable to Rentals	432	342
Adjustments for Fixed Charges	19,347	23,132
EARNINGS AS ADJUSTED	\$ 38,431	\$ 75,739
Fixed Charges:		
Fixed Charges above Capitalized Interest	\$ 19,347	\$ 23,132
TOTAL FIXED CHARGES	\$ 19,347	\$ 23,132
RATIO OF EARNINGS AS ADJUSTED TO TOTAL FIXED CHARGES	1.99	3.27