

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 SEPTEMBER 30, 2000

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 13-260732950 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 (X) NO ()

As of November 1, 2000, there were outstanding 27,098,590 common shares of the Registrant.

RAYONIER INC.
FORM 10-Q
SEPTEMBER 30, 2000

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following unaudited financial statements reflect, in the opinion of Rayonier Inc. and subsidiaries (Rayonier or 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. For a full description of accounting policies, please refer to the Notes to Consolidated Financial Statements in the 1999 Annual Report on Form 10-K.

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
(UNAUDITED)
(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

	Three Months Ended September 30, -----		Nine Months Ended September 30, -----	
	2000 -----	1999 -----	2000 -----	1999 -----
SALES	\$ 251,058	\$ 255,453	\$ 823,765	\$ 739,872
Costs and expenses				
Cost of sales	209,444	217,950	661,506	621,829
Selling and general expenses	6,845	6,771	26,197	26,021
Other operating expense (income), net	1,204	(1,381)	3,725	(3,286)
	-----	-----	-----	-----
	217,493	223,340	691,428	644,564
	-----	-----	-----	-----
OPERATING INCOME	33,565	32,113	132,337	95,308
Interest expense	(20,586)	(7,306)	(64,988)	(22,693)
Miscellaneous (expense) income, net	(2,378)	114	(3,001)	595
Gains from sale of assets	--	--	23,147	--
	-----	-----	-----	-----
Income before income taxes	10,601	24,921	87,495	73,210
Income tax benefit (expense)	1,504	(7,787)	(22,486)	(23,869)
	-----	-----	-----	-----
NET INCOME	\$ 12,105	\$ 17,134	\$ 65,009	\$ 49,341
	=====	=====	=====	=====
EARNINGS PER COMMON SHARE				
Basic	\$ 0.45	\$ 0.62	\$ 2.38	\$ 1.78
	=====	=====	=====	=====
Diluted	\$ 0.44	\$ 0.61	\$ 2.34	\$ 1.75
	=====	=====	=====	=====

RAYONIER INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)
 (THOUSANDS OF DOLLARS)

ASSETS

	September 30, 2000	December 31, 1999
	-----	-----
CURRENT ASSETS		
Cash and short-term investments	\$ 4,627	\$ 12,265
Accounts receivable, less allowance for doubtful accounts of \$4,773 and \$4,859	104,942	103,535
Inventories		
Finished goods	53,489	52,984
Work in process	11,019	12,478
Raw materials	12,805	17,947
Manufacturing and maintenance supplies	24,185	21,670
	-----	-----
Total inventories	101,498	105,079
Timber purchase agreements	32,841	30,477
Other current assets	12,035	11,107
Deferred income taxes	4,437	9,143
	-----	-----
Total current assets	260,380	271,606
	-----	-----
OTHER ASSETS	62,158	77,094
TIMBER PURCHASE AGREEMENTS	9,770	7,816
TIMBER, FORESTLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	1,208,112	1,247,547
PROPERTY, PLANT AND EQUIPMENT, NET		
Land, buildings, machinery and equipment	1,352,898	1,333,789
Less accumulated depreciation	713,112	657,625
	-----	-----
	639,786	676,164
	-----	-----
TOTAL ASSETS	\$2,180,206	\$2,280,227
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 66,006	\$ 74,035
Bank loans and current maturities	2,216	3,248
Accrued taxes	17,478	15,148
Accrued payroll and benefits	26,064	22,405
Accrued interest	25,296	11,160
Other current liabilities	39,218	48,895
Current reserves for dispositions and discontinued operations	19,411	18,980
	-----	-----
Total current liabilities	195,689	193,871
DEFERRED INCOME TAXES	128,923	123,458
LONG-TERM DEBT	1,007,070	1,132,930
NON-CURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	142,193	149,551
OTHER NON-CURRENT LIABILITIES	33,581	27,517
SHAREHOLDERS' EQUITY		
Common shares, 60,000,000 shares authorized, 27,030,040 and 27,407,094 shares issued and outstanding	44,807	60,518
Retained earnings	627,943	592,382
	-----	-----
	672,750	652,900
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,180,206	\$2,280,227
	=====	=====

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(UNAUDITED)
(THOUSANDS OF DOLLARS)

	Nine Months Ended September 30,	
	2000	1999
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 65,009	\$ 49,341
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	116,804	77,313
Deferred income taxes	7,634	7,772
Gains from sale of assets	(23,147)	--
Non-cash cost of land sales	3,621	4,017
Increase (decrease) in other non-current liabilities	6,064	(411)
Change in accounts receivable, inventories and accounts payable	(9,476)	(5,796)
(Increase) decrease in current timber purchase agreements	(2,364)	4,641
(Increase) decrease in other current assets	(928)	1,936
Increase in accrued liabilities	10,448	8,480
	-----	-----
CASH PROVIDED BY OPERATING ACTIVITIES	173,665	147,293
	-----	-----
INVESTING ACTIVITIES		
Capital expenditures	(63,111)	(63,802)
Sales, retirements and reclassifications of property, plant and equipment, net	(4,136)	(442)
Expenditures for dispositions and discontinued operations, net of tax benefits of \$2,537 and \$4,234	(4,390)	(6,905)
Proceeds from sale of assets, net of cash costs	49,403	--
Change in timber purchase agreements and other assets	12,982	10,078
	-----	-----
CASH USED FOR INVESTING ACTIVITIES	(9,252)	(61,071)
	-----	-----
FINANCING ACTIVITIES		
Issuance of debt	70,901	116,879
Repayments of debt	(197,793)	(167,775)
Dividends paid	(29,394)	(25,852)
Repurchase of common shares	(17,624)	(16,438)
Issuance of common shares	1,859	3,995
	-----	-----
CASH USED FOR FINANCING ACTIVITIES	(172,051)	(89,191)
	-----	-----
CASH AND SHORT-TERM INVESTMENTS		
Decrease in cash and short-term investments	(7,638)	(2,969)
Balance at beginning of period	12,265	6,635
	-----	-----
Balance at end of period	<u>\$ 4,627</u>	<u>\$ 3,666</u>
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 50,852	\$ 18,188
	=====	=====
Income taxes	\$ 13,621	\$ 12,094
	=====	=====

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

1. 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 and nine months ended September 30, 2000 and 1999.

	Three Months Ended September 30, -----		Nine Months Ended September 30, -----	
	2000 ----	1999 ----	2000 ----	1999 ----
Net income	\$ 12,105 =====	\$ 17,134 =====	\$ 65,009 =====	\$ 49,341 =====
Shares used for determining basic earnings per common share	27,134,430	27,698,598	27,282,984	27,763,251
Dilutive effect of				
Stock options	140,264	270,402	177,394	269,705
Contingent shares	360,000 -----	240,000 -----	360,000 -----	240,000 -----
Shares used for determining diluted earnings per common share	27,634,694 =====	28,209,000 =====	27,820,378 =====	28,272,956 =====
Basic earnings per common share	\$ 0.45 =====	\$ 0.62 =====	\$ 2.38 =====	\$ 1.78 =====
Diluted earnings per common share	\$ 0.44 =====	\$ 0.61 =====	\$ 2.34 =====	\$ 1.75 =====

2. GAINS FROM SALE OF ASSETS

From time to time, Rayonier opportunistically sells non-strategic assets to monetize portions of its asset base. In March 2000, Rayonier sold approximately 57,000 acres of Southeastern U.S. forestland to various third parties for \$49.6 million, resulting in a pre-tax gain of \$23.1 million (\$14.4 million after tax, or \$0.51 per diluted common share). The proceeds of these sales were used to reduce debt.

3. INCOME TAXES

During the third quarter of 2000, the Company reduced its 2000 income tax provision by \$2.6 million upon resolution of outstanding tax issues.

4. RECLASSIFICATIONS

Certain reclassifications of the prior year amounts have been made to conform with the current year presentation.

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

SEGMENT INFORMATION

Rayonier operates in two major business segments, Timber and Wood Products and Specialty Pulp Products. The Timber and Wood Products segment includes two reportable business units, Forest Resources and Trading and Wood Products. Chemical Cellulose and Fluff and Specialty Paper Pulps are product lines within the Specialty Pulp Products segment. The Company renamed its Specialty Pulp Products segment, the Performance Fibers group, as detailed in its press release dated November 9, 2000. This change will be reflected in future filings.

The amounts and relative contributions to sales and operating income attributable to each of Rayonier's reportable business units for the three months and nine months ended September 30, 2000 and 1999 were as follows (thousands of dollars):

	Three Months Ended September 30, -----		Nine Months Ended September 30, -----	
	2000 -----	1999 -----	2000 -----	1999 -----
SALES				
Timber and Wood Products				
Forest Resources and Trading	\$ 94,293	\$ 111,255	\$ 335,608	\$ 330,399
Wood Products	22,940	31,995	86,239	89,409
	-----	-----	-----	-----
Total Timber and Wood Products	117,233	143,250	421,847	419,808
	-----	-----	-----	-----
Specialty Pulp Products				
Chemical Cellulose	71,380	67,072	220,232	199,857
Fluff and Specialty Paper Pulps	62,445	45,442	181,878	120,767
	-----	-----	-----	-----
Total Specialty Pulp Products	133,825	112,514	402,110	320,624
	-----	-----	-----	-----
Intersegment Eliminations	--	(311)	(192)	(560)
	-----	-----	-----	-----
Total Sales	\$ 251,058	\$ 255,453	\$ 823,765	\$ 739,872
	=====	=====	=====	=====
OPERATING INCOME (LOSS)				
Timber and Wood Products				
Forest Resources and Trading	\$ 19,947	\$ 20,517	\$ 94,461	\$ 78,926
Wood Products	(7,117)	1,745	(11,250)	2,808
	-----	-----	-----	-----
Total Timber and Wood Products	12,830	22,262	83,211	81,734
Specialty Pulp Products	22,853	10,394	61,362	22,416
Corporate and Other	(2,118)	(543)	(12,236)	(8,842)
	-----	-----	-----	-----
Total Operating Income	\$ 33,565	\$ 32,113	\$ 132,337	\$ 95,308
	=====	=====	=====	=====

RESULTS OF OPERATIONS

SALES AND OPERATING INCOME (LOSS)

Sales for the third quarter of 2000 were \$251.1 million, \$4.4 million below prior year, primarily due to lower log and wood products trading activity and weakness in lumber markets, partially offset by stronger Specialty Pulp Products markets and additional Southeast timber volume related to the 1999 acquisition. Sales for the nine months ended September 30, 2000 of \$823.8 million were \$83.9 million higher than the prior year, due to increases in the Specialty Pulp Products segment, primarily the result of higher volume and prices, as well as increases in the Timber and Wood Products segment, primarily the result of increased timber harvesting in both the Southeast U.S. and the Northwest U.S., and higher Southeast U.S. land sales partially offset by weakness in lumber markets.

Operating income for the third quarter of 2000 of \$33.6 million was \$1.5 million above prior year, and operating income for the nine months ended September 30, 2000 of \$132.3 million was \$37.0 million above prior year. Specialty Pulp Products operating results for both periods increased due to higher volumes, higher prices and lower costs. Timber and Wood Products results declined in the third quarter compared to the prior year due primarily to lower lumber pricing and a lower harvest in the Northwest U.S. partially due to an unusually strong first quarter 2000 harvest. However, for the nine months ended September 30, 2000, increased timber volume, primarily from the unusually strong Northwest U.S. harvest during first quarter 2000, more than offset the impact of lower lumber prices.

TIMBER AND WOOD PRODUCTS

Timber and Wood Products sales for the third quarter of 2000 were \$117.2 million, \$26.0 million below prior year, although sales for the nine months ended September 30, 2000 at \$421.8 million were \$2.0 million above prior year. Operating income for the third quarter of 2000 of \$12.8 million was \$9.4 million below prior year. Operating income for the nine months ended September 30, 2000, however, at \$83.2 million was \$1.5 million above prior year.

FOREST RESOURCES AND TRADING

Forest Resources and Trading sales for the third quarter of 2000 were \$94.3 million, \$17.0 million below prior year. Higher Southeast U.S. timber volumes were more than offset by lower Northwest U.S. timber volumes, which had been unusually strong in first quarter 2000, lower Northwest U.S. and Southeast U.S. timber prices and lower log trading activity. For the nine months ended September 30, 2000, sales were \$335.6 million, \$5.2 million above prior year. The sales improvement was the result of increased volumes in the Southeast U.S. resulting from the Smurfit forestlands acquisition, and unusually strong first quarter 2000 Northwest U.S. timber volumes. These improvements in sales were partially offset by lower timber prices in the Southeast U.S.

Operating income for the third quarter of 2000 was \$19.9 million, \$0.6 million below prior year, as increased timber volume and prices in the Southeast U.S. and New Zealand were more than offset by lower timber volume and prices in the Northwest U.S. and lower timber prices in the Southeast U.S. For the nine months ended September 30, 2000, operating income was \$94.5 million, \$15.5 million above prior year. The increase was primarily a result of the unusually strong Northwest U.S. timber sales activity in first quarter 2000, and higher Southeast U.S. land sales.

WOOD PRODUCTS

Wood Products sales for the third quarter of 2000 were \$22.9 million, \$9.1 million below prior year, and sales for the nine months ended September 30, 2000 of \$86.2 million were \$3.2 million below prior year. Operating losses of \$7.1 million and \$11.3 million for the third quarter of 2000 and nine months ended September 30, 2000, respectively, were \$8.9 million and \$14.1 million below prior year results, respectively. The lower operating income is attributable to lower lumber pricing and higher logs costs, partially offset by continued operating and price improvements at the New Zealand medium-density-fiberboard (MDF) plant.

SPECIALTY PULP PRODUCTS

Sales of Specialty Pulp Products for the third quarter of 2000 were \$133.8 million, \$21.3 million above prior year, due to stronger fluff pulp pricing and higher pulp volumes, partially offset by lower chemical cellulose prices. For the nine months ended September 30, 2000, sales were \$402.1 million, \$81.5 million above prior year. Operating income of \$22.9 million and \$61.4 million for the third quarter of 2000 and nine months ended September 30, 2000, respectively, were \$12.5 million and \$38.9 million above prior year. Third quarter 2000 fluff and specialty paper pulp prices were 28.7 percent higher than prior year, while overall volumes for chemical cellulose, and fluff and specialty paper pulps were 7.9 percent higher. For the nine months ended September 30, 2000, fluff and specialty paper pulp prices were 26 percent higher, while chemical cellulose and fluff and specialty paper pulp volumes increased 16.1 percent.

CORPORATE AND OTHER

Corporate and other costs for the third quarter of 2000 were \$2.1 million, \$1.6 million above prior year, due to increased incentive compensation costs. Additionally, corporate and other expenses for the nine months ended September 30, 2000 of \$12.2 million were \$3.4 million above prior year, principally as a result of costs associated with the headquarters relocation from Stamford, CT to Jacksonville, FL.

INTEREST EXPENSE

Interest expense of \$20.6 million and \$65.0 million for the third quarter of 2000 and the nine months ended September 30, 2000, respectively, were \$13.3 million and \$42.3 million above prior year, reflecting higher debt levels associated with the Smurfit forestland acquisition and slightly higher interest rates.

MISCELLANEOUS (EXPENSE) INCOME, NET

Miscellaneous (expense) income for the third quarter of 2000 was \$(2.4) million compared to \$0.1 million in the prior year, and \$(3.0) million for the nine months ended September 30, 2000 compared to \$0.6 million for the nine months ended September 30, 1999. The increased expense for both the third quarter of 2000 and the nine months ended September 30, 2000 reflect losses on the mark-to-market of foreign exchange forward contracts.

GAINS FROM SALES OF ASSETS

In March 2000, Rayonier sold approximately 57,000 acres of non-strategic Southeast U.S. forestland to various third parties for \$49.6 million, resulting in a pre-tax gain of \$23.1 million (\$14.4 million after tax, or \$0.51 per diluted common share). The proceeds of these sales were used to reduce debt.

INCOME TAXES

During the third quarter of 2000, the Company reduced its 2000 income tax provision by \$2.6 million upon resolution of outstanding tax issues, which resulted in an income tax benefit of \$1.5 million for the quarter. The effective tax rate for the nine months ended September 30, 2000 was 25.7 percent. The effective tax rates for the corresponding periods in the prior year were 31.2 percent and 32.6 percent. The Company's effective tax rate continues to be below U.S. statutory rates, resulting from the lower tax rates in effect for foreign subsidiaries and various tax credits.

NET INCOME

Net income for the third quarter of 2000 was \$12.1 million, or \$0.44 per diluted common share, compared to \$17.1 million, or \$0.61 per diluted common share, for the third quarter of 1999. Net income for the nine months ended September 30, 2000 was \$65.0 million, or \$2.34 per diluted common share, compared to \$49.3 million, or \$1.75 per diluted common share, for the nine months ended September 30, 1999. Net income for the nine months ended September 30, 2000 included \$14.4 million, or \$0.51 per diluted common share, reflecting gains from the sale of non-strategic forestland.

In its press release dated October 23, 2000, the Company said specialty pulp markets and pricing remain firm, wood products markets continue to languish. However, seasonal increases in timber volumes should result in fourth quarter earnings that are higher than the third quarter but lower than fourth quarter 1999.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operating activities of \$173.7 million for the nine months ended September 30, 2000 increased \$26.4 million from 1999, primarily as a result of improvements in net income. Cash flow used for investing activities for the nine months ended September 30, 2000 was \$9.3 million, decreased \$51.7 million from 1999, primarily the result of capital expenditures being mostly offset by monetizing certain non-strategic forestlands. EBITDA (defined as earnings from continuing operations before significant non-recurring items, provision for dispositions, interest expense, income taxes, depreciation, depletion and amortization and the non-cash cost of land sales) for the three months and nine months ended September 30, 2000 was \$77.0 million and \$249.8 million, respectively, \$16.6 million and \$72.5 million higher than the prior year. During the nine months ended September 30, 2000, cash from operating activities and the proceeds from the sale of non-strategic assets were used to finance capital expenditures of \$63.1 million, pay dividends of \$29.4 million, repurchase common shares for \$17.6 million, and reduce debt by \$126.9 million.

The Company repurchased 204,500 of its shares during the third quarter of 2000 at an average cost of \$40.41 for a total of \$8.3 million, and 433,000 shares during the nine months ended September 30, 2000 at an average cost of \$40.70 for a total of \$17.6 million. These activities completed a one million share repurchase program authorized in October 1998. During the third quarter of 1999 and the nine months ended September 30, 1999, the Company repurchased 249,000 and 373,300 shares, at average costs

of \$43.53 and \$44.03 per share for \$10.8 million and \$16.4 million, respectively. On October 20, 2000 the Company's Board of Directors authorized another share repurchase program of up to one million shares.

At September 30, 2000, debt was \$1,009.3 million and the debt-to-capital ratio was 60.0 percent, compared to debt of \$1,136.2 million and a debt-to-capital ratio of 63.5 percent at December 31, 1999. Excluding U.S. timberland external debt, corporate debt was \$286.8 million, a reduction of \$132.4 million from December 31, 1999 and \$152.2 million from September 30, 1999. The Company has unsecured credit facilities totaling \$300 million, which were used as support for \$35 million of outstanding commercial paper. As of September 30, 2000, Rayonier (excluding U.S. timberland revolving credit facilities) had \$265 million available under its revolving credit facilities.

In connection with the financing of the Smurfit forestland acquisition, Rayonier Timberlands Operating Company, L.P. (RTOC), a wholly-owned limited partnership, issued notes totaling \$485 million, and entered into an agreement with a group of banks that provided RTOC with an unsecured term loan of \$200 million and revolving credit facilities totaling \$75 million, which expire in 2004. As of September 30, 2000 and December 31, 1999, RTOC's outstanding external debt was \$722.5 million and \$717.0 million, respectively. RTOC had \$40 million of available borrowings under its revolving credit facilities as of September 30, 2000.

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.

SAFE HARBOR

Comments about market trends, anticipated volumes and earnings and other future activities 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: changes in global market trends; interest rate and currency movements; fluctuations in demand for specialty chemical cellulose and fluff pulps, export and domestic logs, and wood products; the impact of such market factors on the Company's timber sales in the U.S. and New Zealand; adverse weather conditions; production costs for wood products and for specialty pulps, particularly for raw materials such as wood and chemicals; and governmental policies and regulations affecting the environment, import and export controls, and taxes.

ITEM 3. SELECTED OPERATING DATA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000 ----	1999 ----	2000 ----	1999 ----
TIMBER AND WOOD PRODUCTS				
Log trading sales volume				
North America, in millions of board feet	42	57	166	132
New Zealand, in thousands of cubic meters	348	306	897	897
Other, in thousands of cubic meters	41	157	246	429
Timber sales volume				
Northwest U.S., in millions of board feet	26	33	180	165
Southeast U.S., in thousands of short green tons	1,237	664	3,373	1,795
New Zealand, in thousands of cubic meters	370	324	912	915
Lumber sales volume, in millions of board feet	51	65	186	189
Medium-density fiberboard sales volume, in thousands of cubic meters	37	33	113	91
Intercompany timber sales volume				
Northwest U.S., in millions of board feet	6	3	45	21
Southeast U.S., in thousands of short green tons	4	15	27	26
New Zealand, in thousands of cubic meters	177	159	440	428
SPECIALTY PULP PRODUCTS				
Pulp sales volume				
Chemical cellulose, in thousands of metric tons	87	80	265	235
Fluff and specialty paper pulp, in thousands of metric tons	91	85	276	231
Production as a percent of capacity	103.4%	95.4%	102.9%	94.7%

SELECTED SUPPLEMENTAL FINANCIAL DATA (thousands of dollars, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
GEOGRAPHICAL DATA (NON-U.S.)				
Sales				
New Zealand	\$ 25,388	\$ 20,678	\$ 68,241	\$ 60,483
Other	5,689	9,662	29,686	30,745
Total	\$ 31,077	\$ 30,340	\$ 97,927	\$ 91,228
Operating income (loss)				
New Zealand	\$ (378)	\$ (2,462)	\$ (1,842)	\$ (5,165)
Other	(495)	(352)	(228)	(620)
Total	\$ (873)	\$ (2,814)	\$ (2,070)	\$ (5,785)
FOREST RESOURCES				
Sales				
Northwest U.S.	\$ 8,430	\$ 11,488	\$ 64,429	\$ 59,070
Southeast U.S.	29,476	19,701	83,968	51,397
New Zealand	7,341	6,035	17,510	18,827
Total	\$ 45,247	\$ 37,224	\$ 165,907	\$ 129,294
Operating income				
Northwest U.S.	\$ 5,205	\$ 6,576	\$ 52,243	\$ 43,846
Southeast U.S.	12,777	14,597	37,564	37,592
New Zealand	2,948	1,277	5,730	4,742
Total	\$ 20,930	\$ 22,450	\$ 95,537	\$ 86,180
EBITDA per share				
Northwest U.S.	\$ 0.23	\$ 0.27	\$ 2.00	\$ 1.66
Southeast U.S.	0.94	0.62	2.65	1.63
New Zealand	0.23	0.17	0.54	0.52
Total	\$ 1.40	\$ 1.06	\$ 5.19	\$ 3.81

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) See Exhibit Index.
- (b) Rayonier Inc. filed a current report on Form 8-K dated October 6, 2000, which included a press release dated September 22, 2000.

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 /s/ GEORGE C. KAY

George C. Kay
Vice President and
Corporate Controller
(Chief Accounting Officer)

November 10, 2000

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
27	Financial data schedule	Filed herewith
99	Additional exhibits	None

RAYONIER INC. AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)
(THOUSANDS OF DOLLARS)

	Nine Months Ended September 30,	
	2000	1999
	-----	-----
Earnings:		
Net Income	\$ 65,009	\$ 49,341
Add:		
Income Taxes	22,487	23,869
Amortization of Capitalized Interest	1,731	1,748
	-----	-----
Additions to Net Income	24,218	25,617
	-----	-----
Adjustments to Earnings for Fixed Charges:		
Interest and Other Financial Charges	64,988	22,693
Interest Factor Attributable to Rentals	1,026	1,313
	-----	-----
Adjustments for Fixed Charges	66,014	24,006
	-----	-----
EARNINGS AS ADJUSTED	\$155,241	\$ 98,964
	=====	=====
Fixed Charges:		
Fixed Charges above	\$ 66,014	\$ 24,006
Capitalized Interest	--	314
	-----	-----
TOTAL FIXED CHARGES	\$ 66,014	\$ 24,320
	=====	=====
RATIO OF EARNINGS AS ADJUSTED TO TOTAL FIXED CHARGES	2.35	4.07
	=====	=====

5
1,000

9-MOS

	DEC-31-2000	
	JAN-01-2000	
	SEP-30-2000	4,627
		0
	109,715	
	4,773	
	101,498	
	260,380	
		1,352,898
	713,112	
	2,180,206	
195,689		1,007,070
	0	
		0
		44,807
		627,943
2,180,206		
		823,765
	823,765	
		661,506
	661,506	
	29,922	
	0	
	64,988	
	87,495	
		22,486
65,009		
	0	
	0	
		0
	65,009	
	2.38	
	2.34	