

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 SEPTEMBER 30, 1997

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 13-26073291177 Summer Street, Stamford, Connecticut 06905-5529  
(Principal Executive Office)

Telephone Number: (203) 348-7000

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 4, 1997, there were 28,470,634 Common Shares of the  
Registrant outstanding.

RAYONIER INC.  
TABLE OF CONTENTS

	PAGE
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Statements of Consolidated Income for the Three Months and Nine Months Ended September 30, 1997 and 1996	1
Consolidated Balance Sheets as of September 30, 1997 and December 31, 1996	2
Statements of Consolidated Cash Flows for the Nine Months Ended September 30, 1997 and 1996	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	4-6
Item 3. Selected Operating Data	7
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	8
Item 6. Exhibits and Reports on Form 8-K	8
Signature	8
Exhibit Index	9

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

The following unaudited financial statements reflect, in the opinion of Rayonier Inc. (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. Certain reclassifications have been made to the prior year's financial statements to conform to current year presentation. For a full description of accounting policies, please refer to Notes to Consolidated Financial Statements in the 1996 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,	
	1997	1996	1997	1996
SALES	\$ 266,853	\$ 285,104	\$ 817,064	\$ 875,751
Costs and expenses				
Cost of sales	216,726	245,659	666,867	726,120
Selling and general expenses	10,402	9,672	30,636	27,913
Other operating income, net	(2,169)	(1,276)	(3,881)	(2,172)
	224,959	254,055	693,622	751,861
OPERATING INCOME	41,894	31,049	123,442	123,890
Interest expense	(6,080)	(6,434)	(17,987)	(20,677)
Interest and miscellaneous income (expense), net	(523)	2,490	431	5,451
Minority interest	(5,072)	(4,778)	(19,359)	(21,315)
Income before income taxes	30,219	22,327	86,527	87,349
Provision for income taxes	(6,978)	(6,759)	(25,129)	(24,900)
NET INCOME	\$ 23,241	\$ 15,568	\$ 61,398	\$ 62,449
NET INCOME PER COMMON SHARE	\$ 0.79	\$ 0.52	\$ 2.08	\$ 2.08
Weighted average Common Shares	29,397,120	29,979,270	29,553,852	30,031,852

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

	September 30, 1997	December 31, 1996
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	\$ 10,836	\$ 3,432
Accounts receivable, less allowance for doubtful accounts of \$4,947 and \$4,674	104,126	123,435
Inventories		
Finished goods	58,350	68,441
Work in process	17,799	20,128
Raw materials	40,607	39,650
Manufacturing and maintenance supplies	24,495	26,695
	-----	-----
Total inventories	141,251	154,914
Timber stumpage purchases	25,955	31,416
Other current assets	12,008	13,223
Deferred income taxes	17,692	23,168
	-----	-----
Total current assets	311,868	349,588
OTHER ASSETS	49,998	50,026
TIMBER STUMPAGE PURCHASES	18,508	23,341
TIMBER, TIMBERLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	496,980	490,298
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings, machinery and equipment	1,267,754	1,190,786
Less - accumulated depreciation	557,229	506,308
	-----	-----
	710,525	684,478
	-----	-----
	\$1,587,879	\$1,597,731
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 74,583	\$ 87,609
Bank loans and current maturities	3,585	2,243
Accrued taxes	17,687	11,497
Accrued payroll and benefits	13,591	18,340
Accrued interest	8,497	5,154
Other current liabilities	54,865	55,976
Current reserves for dispositions and discontinued operations	26,424	40,003
	-----	-----
Total current liabilities	199,232	220,822
DEFERRED INCOME TAXES	100,992	89,484
LONG-TERM DEBT	433,208	430,667
NON-CURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	178,426	183,975
OTHER NON-CURRENT LIABILITIES	33,216	30,529
MINORITY INTEREST	17,095	18,864
SHAREHOLDERS' EQUITY		
Common Shares, 60,000,000 shares authorized, 28,553,288 and 29,282,455 shares issued and outstanding	112,564	145,679
Retained earnings	513,146	477,711
	-----	-----
	625,710	623,390
	-----	-----
	\$1,587,879	\$1,597,731
	=====	=====

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

	Nine Months Ended September 30,	
	1997	1996
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 61,398	\$ 62,449
Non-cash items included in income		
Depreciation, depletion and amortization	71,247	71,608
Deferred income taxes	9,971	7,544
Write-off of property, plant and equipment	2,100	7,060
Increase (decrease) in other non-current liabilities	2,687	(149)
Change in accounts receivable, inventories and accounts payable	19,946	2,119
Decrease in current timber stumpage purchases	5,461	14,868
Decrease (increase) in other current assets	1,215	(11,195)
Increase in accrued liabilities	3,673	7,432
Reduction in reserves for dispositions	--	(3,750)
	-----	-----
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>177,698</b>	<b>157,986</b>
	-----	-----
<b>INVESTING ACTIVITIES</b>		
Capital expenditures, net of sales, retirements and reclassifications of \$(236) and \$11,488	(106,076)	(123,614)
Expenditures for dispositions and discontinued operations, net of tax benefits of \$7,013 and \$850	(12,115)	(1,474)
Decrease in timber stumpage purchases and other assets	4,861	10,973
	-----	-----
<b>CASH USED FOR INVESTING ACTIVITIES</b>	<b>(113,330)</b>	<b>(114,115)</b>
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Issuance of debt	225,117	17,472
Repayments of debt	(221,234)	(30,575)
Dividends paid	(25,963)	(25,696)
Repurchase of Common Shares	(35,331)	(11,215)
Issuance of Common Shares	2,216	1,376
(Decrease) increase in minority interest	(1,769)	619
	-----	-----
<b>CASH USED FOR FINANCING ACTIVITIES</b>	<b>(56,964)</b>	<b>(48,019)</b>
	-----	-----
<b>CASH AND SHORT-TERM INVESTMENTS</b>		
Increase (decrease) during the period	7,404	(4,148)
Balance, beginning of period	3,432	10,932
	-----	-----
Balance, end of period	\$ 10,836	\$ 6,784
	=====	=====
<b>Supplemental disclosures of cash flow information</b>		
<b>Cash paid during the period for:</b>		
Interest	\$ 19,493	\$ 19,760
	=====	=====
Income taxes, net of refunds	\$ 6,191	\$ 7,865
	=====	=====

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

The sales and operating income of Rayonier's business segments for the three and nine months ended September 30, 1997 and 1996 were as follows (thousands of dollars):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
<b>SALES</b>				
<b>TIMBER AND WOOD PRODUCTS</b>				
Log trading and merchandising	\$ 64,989	\$ 81,612	\$ 199,299	\$ 238,970
Timberlands management and stumpage	43,986	38,934	137,645	148,939
Wood products	34,898	27,769	103,198	75,536
Intrasegment eliminations	(6,089)	(9,970)	(18,007)	(33,922)
<b>Total Timber and Wood Products</b>	<b>137,784</b>	<b>138,345</b>	<b>422,135</b>	<b>429,523</b>
<b>SPECIALTY PULP PRODUCTS</b>				
Chemical cellulose	76,243	87,245	243,309	244,521
Fluff and specialty paper pulps	49,236	41,554	132,393	138,877
<b>Total Specialty Pulp Products</b>	<b>125,479</b>	<b>128,799</b>	<b>375,702</b>	<b>383,398</b>
Intersegment eliminations	(682)	(1,682)	(1,660)	(4,094)
<b>Total before dispositions</b>	<b>262,581</b>	<b>265,462</b>	<b>796,177</b>	<b>808,827</b>
Dispositions	4,272	19,642	20,887	66,924
<b>Total sales</b>	<b>\$ 266,853</b>	<b>\$ 285,104</b>	<b>\$ 817,064</b>	<b>\$ 875,751</b>
<b>OPERATING INCOME</b>				
Timber and Wood Products	\$ 31,421	\$ 26,354	\$ 100,112	\$ 96,003
Specialty Pulp Products	13,861	11,016	35,272	44,767
Corporate and other	(4,159)	(3,947)	(12,506)	(10,136)
Intersegment eliminations	(8)	(94)	143	112
<b>Total before dispositions</b>	<b>41,115</b>	<b>33,329</b>	<b>123,021</b>	<b>130,746</b>
Dispositions	779	(2,280)	421	(6,856)
<b>Total operating income</b>	<b>\$ 41,894</b>	<b>\$ 31,049</b>	<b>\$ 123,442</b>	<b>\$ 123,890</b>

RESULTS OF OPERATIONS

SALES AND OPERATING INCOME

Sales for the three and nine month periods ended September 30, 1997 were below the previous year's results due to the closure of the Port Angeles, WA pulp mill on February 28, 1997, lower export log prices in Pacific Rim markets, and lower pulp pricing. Operating income for the third quarter was \$42 million, \$11 million or 35 percent above the same period in the prior year, resulting from improved log trading margins, stronger timber harvesting, increased pulp volumes, lower pulp production costs and the absence of Port Angeles losses. Year to date operating income of \$123 million was comparable to prior year results, as increased wood products earnings and the absence of losses from the Port Angeles pulp mill offset lower average pulp and stumpage pricing.

## Timber and Wood Products

Timber and Wood Products' sales for the third quarter of 1997 were in line with the 1996 third quarter, while sales for the nine month period were \$7 million below last year's results. The decline in nine month sales reflects lower North American export log prices and lower Northwest U.S. stumpage prices primarily during the first half of the year, partially offset by stronger lumber volumes and prices. Operating income for the quarter of \$31 million was 19 percent higher than the same period in the prior year due to improved log trading margins and stronger timber harvesting than past seasonal patterns produced. Year to date operating income of \$100 million was \$4 million above last year primarily due to stronger lumber and log trading results.

Log trading and merchandising sales declined from 1996 due to lower North American export log prices and lower New Zealand log volumes resulting from weakness in Asian wood markets. Operating income improved from 1996, resulting from more favorable margins in New Zealand.

Timberlands management and stumpage sales and operating income were above last year's third quarter results due to stronger U.S. timber harvesting, while year to date sales and operating income were below prior year reflecting weaker Northwest U.S. stumpage prices primarily during the first half of 1997. New Zealand stumpage prices for the third quarter and year to date were lower than in the comparable periods of 1996.

Wood products sales and operating results for the nine month period improved over the prior year due to increased capacity and productivity along with stronger sales volumes and higher lumber prices. Operating income for the third quarter declined slightly from the 1996 third quarter as a result of marketing expenditures associated with the Company's new medium-density fiber board (MDF) plant in New Zealand. During October, the MDF plant became operational. The plant is projected to incur operating losses during the fourth quarter and during 1998 as Rayonier develops markets in the Pacific Rim for its premium-quality Patinna(TM) brand. In the fourth quarter, those losses are estimated to be \$3.5 million.

## Specialty Pulp Products

Sales of Specialty Pulp Products (from the Company's ongoing Jesup and Fernandina mills) were \$125 million compared to \$129 million for last year's third quarter. Operating income was \$14 million, \$3 million above the 1996 third quarter as a result of higher volumes and lower manufacturing costs per ton as the Company continued to implement its strategic cost-reduction program. Pulp selling prices improved compared to the second quarter but were lower than third quarter 1996 levels. Sales for the first nine months of 1997 were \$376 million compared to \$383 million for the prior period and operating income was \$35 million, a decrease of \$9 million or 21 percent from 1996. Results were below the prior year primarily due to lower chemical cellulose and fluff pulp prices, partly offset by lower production costs and higher pulp shipments.

## Dispositions

Dispositions reflect results of the Company's Port Angeles mill, permanently closed in February 1997, with product sales arising from inventory run-off. Improved results over 1996 primarily reflect the absence of operating losses following the mill's closure.

## OTHER INCOME / EXPENSE

Interest expense was \$18 million for the first nine months of 1997, \$3 million favorable to 1996, reflecting lower average debt levels due to reduced investment in working capital and timber stumpage. Capitalized interest in connection with the Company's New Zealand MDF facility was \$4.8 million and \$2.0 million for the first nine months of 1997 and 1996. Third quarter 1997 capitalized interest was \$1.8 million. Effective October 1, the Company will no longer capitalize interest on this project.

Interest and miscellaneous income (expense), net declined \$3 million from the prior year third quarter and \$5 million on a year to date basis primarily due to the absence of mark-to-market gains on forward exchange contracts. The Company uses forward contracts to mitigate the impact of New Zealand /U.S. dollar exchange rate fluctuations on New Zealand operating expenses.

Minority interest in the earnings of Rayonier's subsidiary, Rayonier Timberlands, L.P. (RTLPL) was \$2 million less than the first nine months of 1996, primarily reflecting lower Northwest U.S. stumpage prices. The minority participation in the earnings of RTLPL will change from approximately 24 percent to approximately 1 percent effective January 1, 2001.

The effective tax rate for the first nine months of 1997 was 29.0 percent compared to 28.5 percent in 1996. These tax rates are below the statutory rates as 1997 reflects research and investment tax credits while the prior year includes certain tax benefits recognized in 1996 that pertained to prior years.

## NET INCOME

Net income for the third quarter was \$23.2 million or \$0.79 per Common Share, 49 percent above 1996 third quarter earnings of \$15.6 million, or \$0.52 cents per Common Share. The improvement came from stronger operating results, as well as higher research and investment tax credits. Net income for the nine months ended September 30, 1997 was \$61 million or \$2.08 per Common Share, comparable to last year's results.

Fourth quarter earnings are expected to be lower than the third quarter (but higher than the second quarter) resulting from the onset of MDF losses, less capitalized interest and lower wood products pricing.

## OTHER ITEMS

Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share (EPS), issued in February, 1997 establishes standards for computing and presenting EPS and is effective for both interim and annual periods ending after December 15, 1997. SFAS No. 128 does not permit early application of its provisions. The statement replaces the presentation of primary EPS with a presentation of basic EPS, as defined. The Company's pro forma basic EPS determined in accordance with SFAS No. 128 was \$0.81 and \$0.53 for the three months ended September 30, 1997 and 1996, respectively, and \$2.12 and \$2.11 for the nine months ended September 30, 1997 and 1996, respectively. Pro forma diluted EPS would be unchanged from the currently reported income per Common share.

On November 5, 1997 the Company announced it will enter into a second joint venture in New Zealand. The Company will sell a 75 percent interest in two New Zealand forests (12,100 acres) and purchase a 25 percent stake in two forests (3,700 acres) owned by a timber investment fund for net cash proceeds of \$11.6 million. The Company expects to record a pretax gain of approximately \$8.1 million, \$5.5 million after-tax, or 19 cents per common share. Actual results will depend on currency exchange rates in effect at the close, which is expected in the fourth quarter of 1997. Rayonier will have management and marketing responsibilities for the joint venture, which involves 15,800 acres of timber on New Zealand's North Island. The Company also announced that in two unrelated transactions it had purchased 500 acres of timberland and acquired harvest rights on an additional 2,500 acres from private owners in New Zealand for approximately \$11 million.

## LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities of \$178 million for the first nine months of 1997 increased \$20 million from 1996 as a result of reduced working capital requirements. EBITDA (defined as earnings from continuing operations before significant non-recurring items, provision for dispositions, interest expense, income taxes and depreciation, depletion and amortization) for the first nine months of 1997 of \$176 million decreased \$4 million from the comparable period of 1996. Cash from operating activities helped to finance capital expenditures of \$106 million, dividends of \$26 million and the repurchase of Common Shares for \$35 million. In connection with the previously announced one-year increase in the Company's share repurchase program to \$50 million for 1997, the Company repurchased 840,500 shares during the first nine months at an average cost of \$42.04. Over the same period of 1996, the Company purchased 303,000 shares at an average cost of \$37.04 per share for \$11 million. Third quarter ending debt was \$437 million and the debt-to-capital-ratio was 41.1 percent compared to 41.0 percent at December 31, 1996.

During the second quarter of 1997, the Company issued approximately \$101 million of securities to an investment bank in the United Kingdom. The proceeds of this financing were used to retire commercial paper and bank loans. Due to United Kingdom tax law changes that increased the effective cost of this financing, the Company refinanced those securities in July 1997 with the issuance of additional commercial paper.

The Company has unsecured credit facilities totaling \$300 million, which are used for direct borrowings and as support for \$135 million of outstanding commercial paper. As of September 30, 1997, the Company had \$165 million of available 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 \$141 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

Except for the information about past operations and results, the comments in this report 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: competitive products and pricing, as well as fluctuations in demand, particularly for specialty fluff pulps and for export and domestic logs and wood products, including MDF; the impact of such market factors on the Company's timber sales in the United States and New Zealand; production costs for specialty pulps, particularly for raw materials and chemicals; governmental policies and regulations affecting the environment, import and export controls and taxes; and interest rate and currency movements.

## ITEM 3. SELECTED OPERATING DATA

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	1997	1996	1997	1996
	-----	-----	-----	-----
<b>TIMBER AND WOOD PRODUCTS</b>				
Log sales volume				
North America - million board feet	54	72	174	206
New Zealand - thousand cubic meters	277	312	802	1,078
Other - thousand cubic meters	56	30	247	85
Timber sales volume				
Northwest U.S. - million board feet	39	34	147	148
Southeast U.S. - thousand short green tons	567	532	1,711	1,639
New Zealand - thousand cubic meters	336	267	835	815
Lumber sales volume - million board feet	85	71	248	205
Intercompany sales volume				
Logs - million board feet	0	2	1	6
Northwest U.S. timber stumpage				
- million board feet	1	6	11	19
Southeast U.S. timber stumpage				
- thousand short green tons	22	40	60	116
New Zealand - thousand cubic meters	175	209	446	667
<b>SPECIALTY PULP PRODUCTS</b>				
Pulp sales volume (a)				
Chemical cellulose sales - thousand metric tons	88	93	277	256
Fluff and specialty paper pulp sales - thousand metric tons	94	79	255	244
Production as a percentage of capacity	102.9%	101.4%	100.1%	100.4%
<b>SELECTED SUPPLEMENTAL INFORMATION (millions of U.S. dollars)</b>				
New Zealand - Sales	\$24.3	\$21.5	\$63.9	\$72.5
	=====	=====	=====	=====
New Zealand - Operating Income	\$ 4.3	\$ 1.5	\$ 6.7	\$ 4.9
	=====	=====	=====	=====
(a) Excludes Port Angeles statistics reflected below:				
Chemical cellulose sales - thousand metric tons	4	21	22	69
Fluff and specialty paper pulp sales - thousand metric tons	0	6	5	14

## PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

Rayonier is one of two defendants in an action instituted on April 10, 1997 in the U.S. District Court for the Southern District of Georgia. The action seeks contribution and indemnity in the amount \$57 million for damages incurred by Powell Duffryn, Inc. as the result of a fire and explosion that occurred in April 1995 at its marine terminal and storage facility in Savannah, Georgia. Crude sulfate turpentine produced by Rayonier and others was stored at the facility at the time of the explosion. Powell Duffryn and its insurers have sued to recover sums already paid to third party claimants, expenses incurred to remediate Powell Duffryn's property and adjoining lands, and an unstated amount for damages and loss to Powell Duffryn's property. Rayonier is vigorously defending the action and, based on advice of counsel, believes that its liability, if any, will not be material and will be covered by its product liability insurance. Accordingly, Rayonier does not expect the ultimate outcome of this litigation to have any material impact on its consolidated financial position or results of operations.

Rayonier's Form 10-K for 1996 reported an action in the U.S. District Court for the Western District of Louisiana brought by the U.S. Environmental Protection Agency against Marine Shale Processors, Inc. ("MSP") in which Rayonier's wholly-owned subsidiary, Southern Wood Piedmont Company ("SWP"), was an intervenor. This action was settled in August 1997 on terms requiring no payment by SWP and limiting SWP's potential liability for material it sent to MSP.

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Exhibit Index.

(b) Rayonier Inc. did not file a 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 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RAYONIER INC. (Registrant)  
-----

BY KENNETH P. JANETTE  
-----  
Kenneth P. Janette  
Vice President and Corporate Controller  
(Chief Accounting Officer)

November 12, 1997

## 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	Other 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,	
	1997	1996
Earnings:		
Net Income	\$ 61,398	\$ 62,449
Add:		
Income Taxes	25,129	24,900
Minority Interest	19,359	21,315
Amortization of Capitalized Interest	806	1,473
	-----	-----
	106,692	110,137
Adjustments to Earnings for Fixed Charges:		
Interest and Other Financial Charges	17,987	20,677
Interest Factor Attributable to Rentals	1,640	1,083
	-----	-----
	19,627	21,760
	-----	-----
EARNINGS AS ADJUSTED	\$126,319	\$131,897
	=====	=====
Fixed Charges:		
Fixed Charges above	\$ 19,627	\$ 21,760
Capitalized Interest	4,849	1,994
	-----	-----
TOTAL FIXED CHARGES	\$ 24,476	\$ 23,754
	=====	=====
RATIO OF EARNINGS AS ADJUSTED TO		
TOTAL FIXED CHARGES	5.16	5.55
	=====	=====

5  
1,000

9-MOS  
DEC-31-1997  
JAN-01-1997  
SEP-30-1997  
10,836  
0  
109,073  
4,947  
141,251  
311,868  
1,267,754  
557,229  
1,587,879  
199,232  
433,208  
112,564  
0  
0  
513,146  
1,587,879  
817,064  
817,064  
666,867  
666,867  
45,683  
0  
17,987  
86,527  
25,129  
61,398  
0  
0  
0  
61,398  
2.08  
2.08