

Rayonier

Revised First Quarter 2003 Supplemental Material

Note: Certain Exhibits Were Revised to Reclassify the New Zealand East Coast Operations As Discontinued Operations

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First Quarter - Highlights

(\$ Millions - Except Per Share Data)

	<u>1Q 2003</u>	<u>Variance to</u>	
		<u>4Q 2002</u>	<u>1Q 2002</u>
<u>Profitability</u>			
Sales	266	(20)	(3)
Operating Income	19	(8)	(8)
Net Income	8	(5)	(1)
Earnings Per Share	0.29	(0.17)	(0.04)
ROE Annualized *	3.6%	(2.9 pts)	0.3 pts
<u>Capital Resources and Liquidity</u>			
Cash Provided by Operating Activities of Continuing Operations	39	(9)	(22)
EBITDA	65	(12)	(9)
Free Cash Flow	13	(10)	(22)
Repayment of Debt	26	(62)	(10)
Debt	627	(26)	(202)
Debt / Capital	47.0%	(0.9pts)	(6.5pts)

* From Continuing Operations; major land sales are not annualized.

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Quarter to Quarter Comparisons - 1Q 03 to 4Q 02

(\$ Millions - Except EPS)

	Pre- Tax	Net Income	EPS
2002 4Q - Net Income	11	13	0.46
Variance			
Performance Fibers			
- CS Price / Mix	1	1	0.03
- AM Price / Mix	(2)	(2)	(0.06)
- Mix / Volume / Cost / Other	(7)	(4)	(0.15)
Subtotal	(8)	(5)	(0.18)
Timber and Land			
- Timber Price	(2)	(1)	(0.03)
- Timber Volume / Other	(1)	(1)	(0.05)
- Land Sales	(1)	-	(0.01)
Wood Products			
- Lumber	1	1	0.03
- MDF	(1)	(1)	(0.03)
Other Operations	1	1	0.03
Provision for Dispositions	3	2	0.06
Corporate	2	1	0.04
Intersegment Eliminations and Other	(2)	(2)	(0.04)
Operating Income	(8)	(5)	(0.18)
Interest Expense	5	3	0.11
Other / Taxes	-	(3)	(0.10)
2003 1Q - Net Income	8	8	0.29

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First Quarter Comparisons - 2003 to 2002

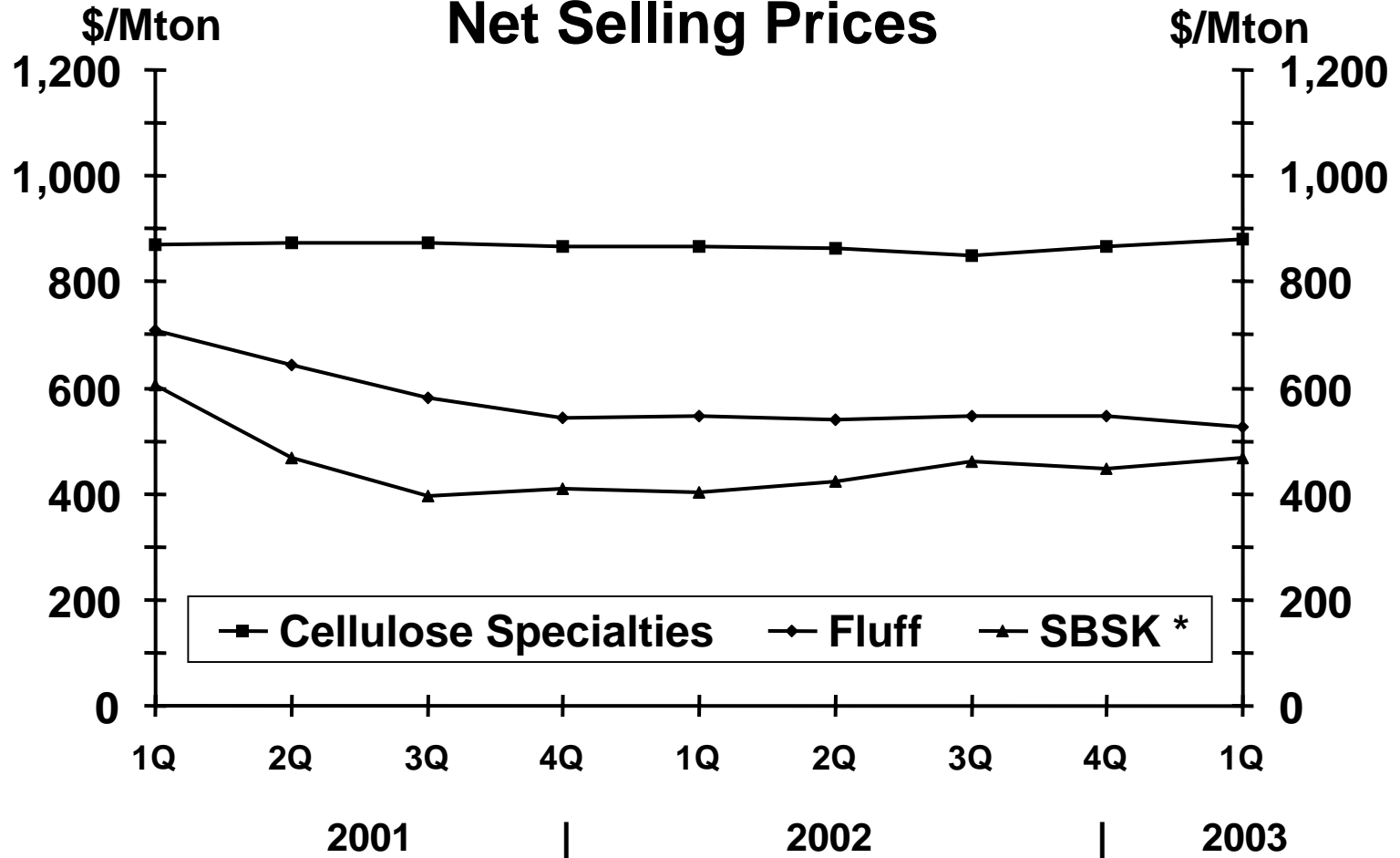
(\$ Millions - Except EPS)

	<u>Pre- Tax</u>	<u>Net Income</u>	<u>EPS</u>
2002	13	9	0.33
Variance			
Performance Fibers			
- CS Price / Mix	1	1	0.03
- AM Price / Mix	(3)	(2)	(0.06)
- Mix / Cost / Volume / Other	<u>(6)</u>	<u>(4)</u>	<u>(0.15)</u>
Subtotal	(8)	(5)	(0.18)
Timber and Land			
- Timber Price	(2)	(1)	(0.05)
- Timber Volume / Other	(2)	(1)	(0.03)
- Land Sales	-	-	0.01
Wood Products			
- Lumber	(2)	(1)	(0.05)
- MDF	-	-	(0.01)
Other Operations	2	1	0.04
Corporate	1	1	0.03
Intersegment Eliminations and Other	<u>3</u>	<u>1</u>	<u>0.06</u>
Operating Income	(8)	(5)	(0.18)
Interest Expense	3	2	0.07
Other / Taxes	<u>-</u>	<u>2</u>	<u>0.07</u>
2003	8	8	0.29

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Markets and Operations

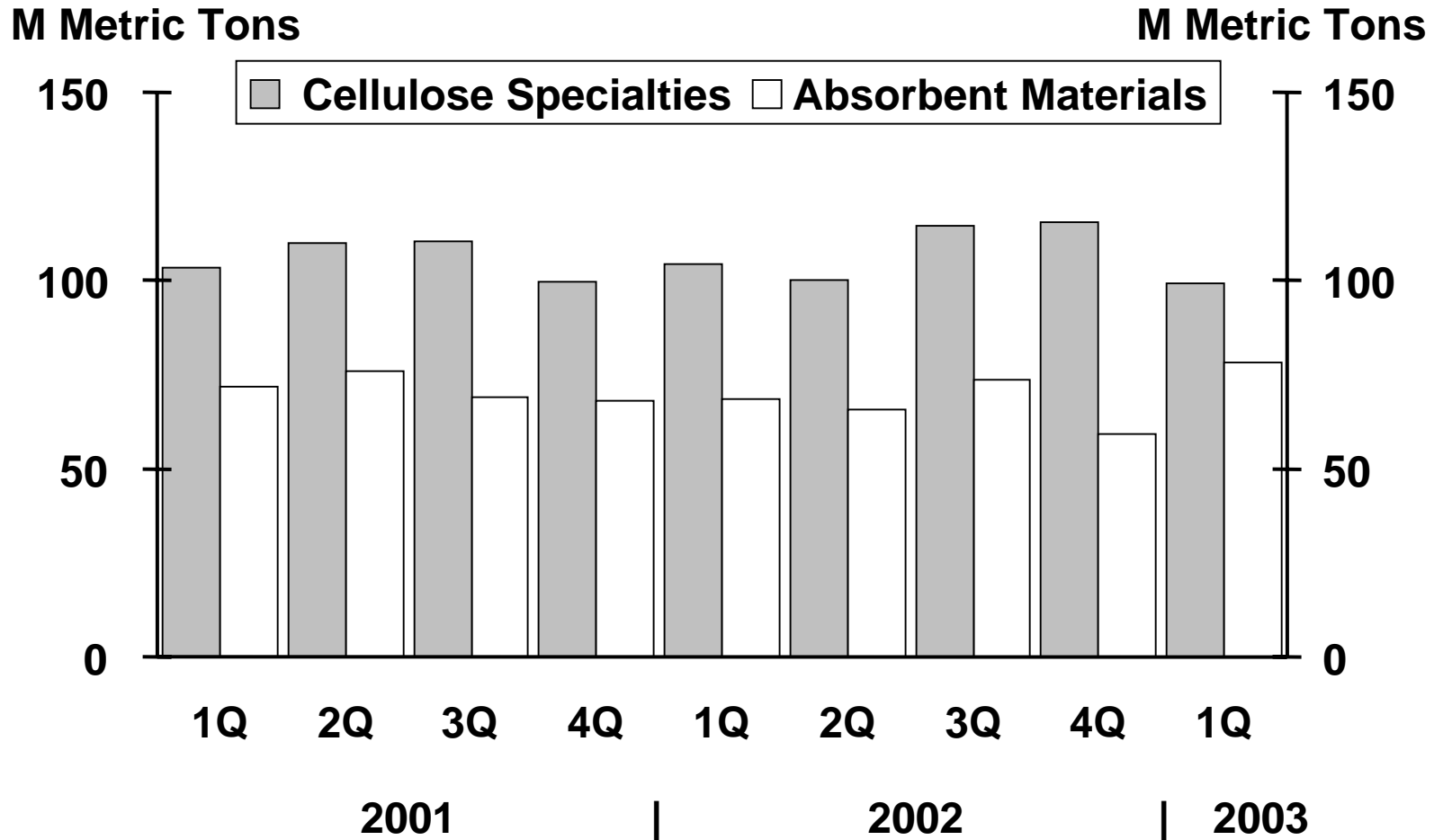
Rayonier Performance Fibers Net Selling Prices



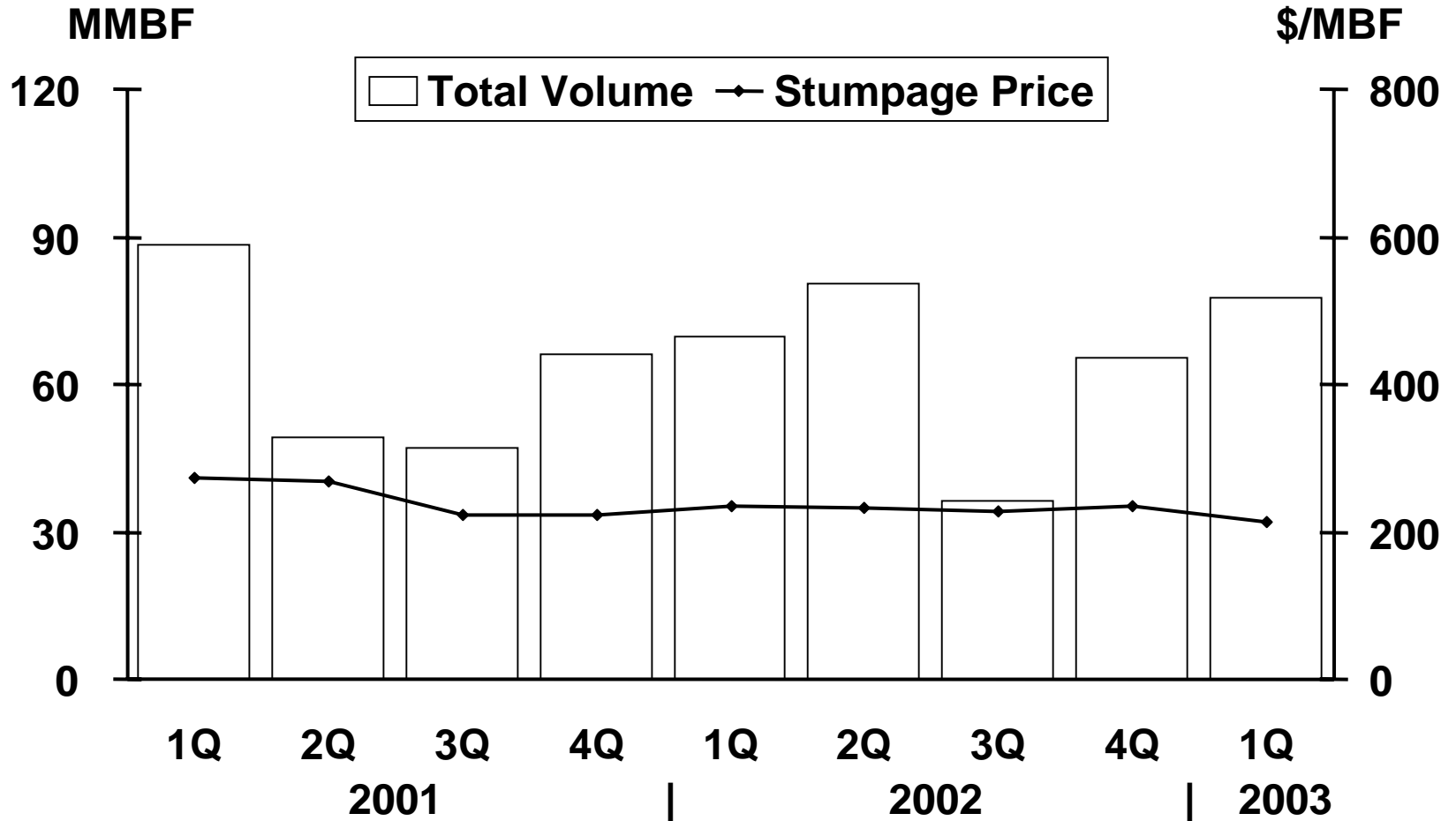
* Source: RISI gross price less typical discounts

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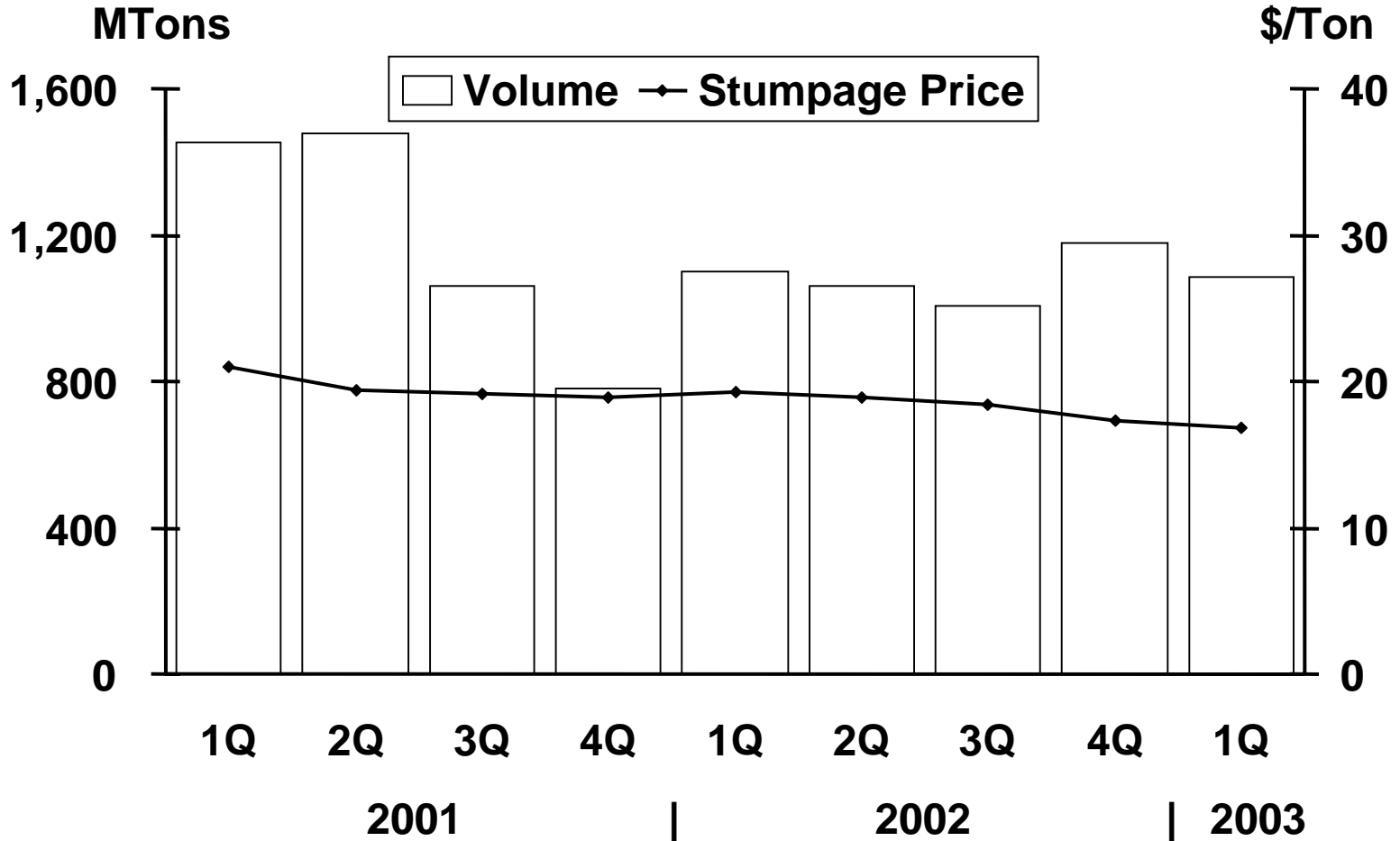
Performance Fibers - Sales Volumes



Rayonier Northwest Timber Sales

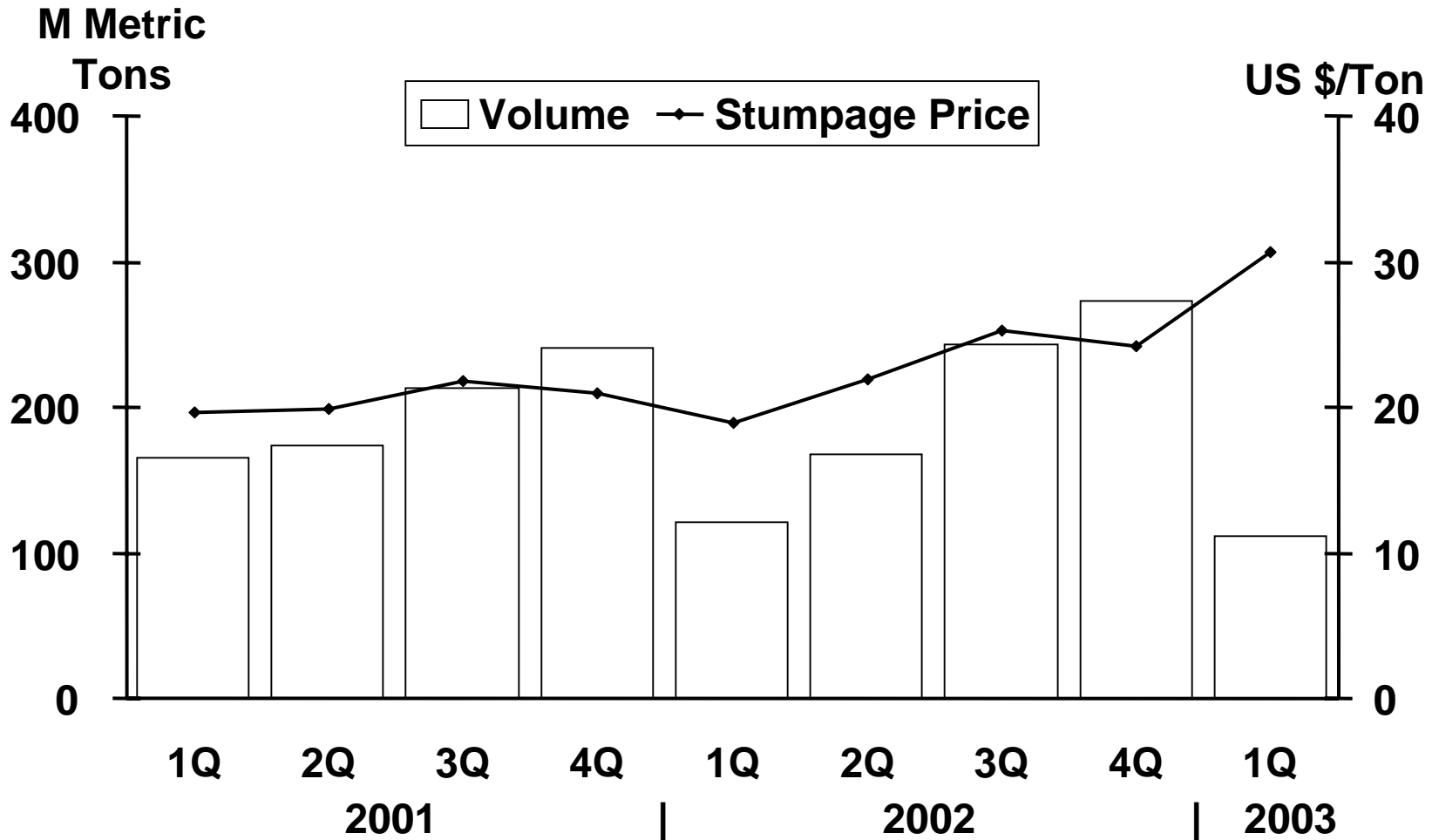


Rayonier Southeast Pine Timber Sales



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New Zealand Timber Sales

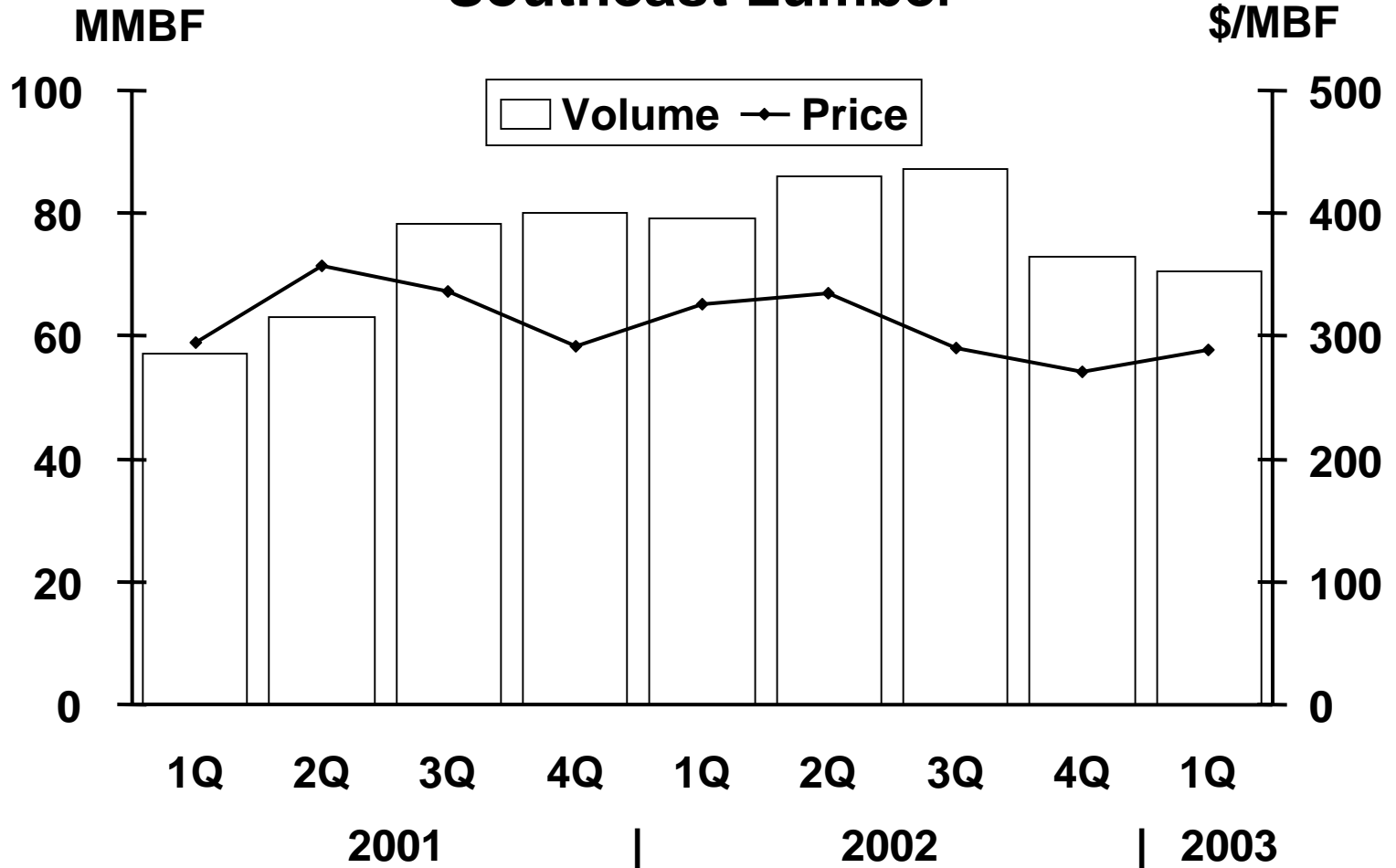


Note: Continuing Operations

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Wood Products

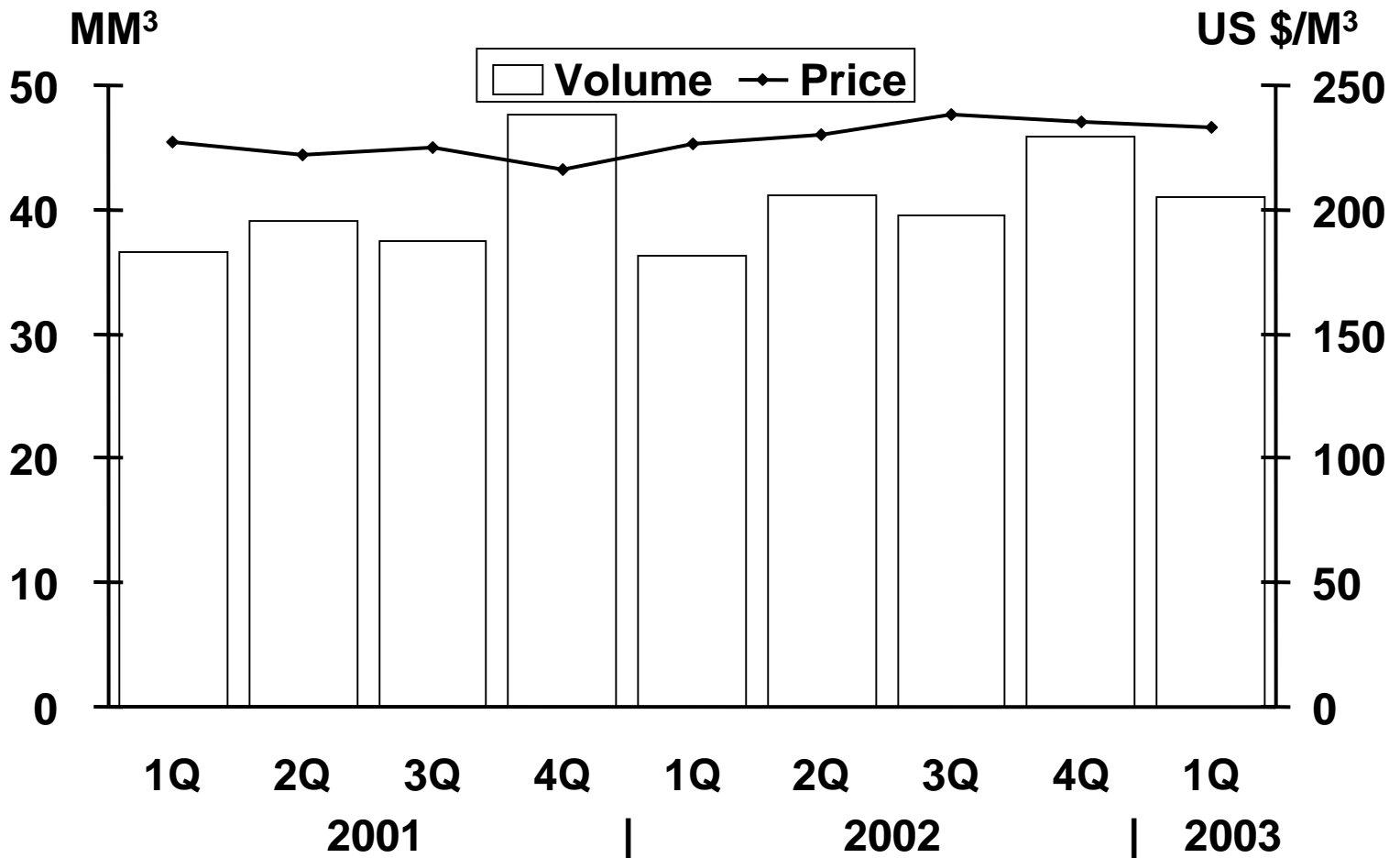
Southeast Lumber



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Wood Products

Medium Density Fiberboard (MDF)



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Appendix

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RECONCILIATION OF NON-GAAP MEASURES

(\$ Millions)

	<u>1Q 2003</u>	<u>4Q 2002</u>	<u>1Q 2002</u>
EBITDA			
Cash provided by operating activities of continuing operations	\$ 39.3	\$ 48.9	\$ 61.7
Income tax expense (benefit)	(0.3)	(1.8)	3.6
Interest expense	12.4	17.1	15.5
Working capital increases (decreases)	5.6	4.1	(3.0)
Other balance sheet changes	7.8	8.2	(3.9)
EBITDA	<u>\$ 64.8</u>	<u>\$ 76.5</u>	<u>\$ 73.9</u>
Free Cash Flow			
Cash provided by operating activities of continuing operations	\$ 39.3	\$ 48.9	\$ 61.7
Custodial capital spending, net	(16.0)	(16.0)	(14.9)
Dividends at prior year level	(10.0)	(10.0)	(9.9)
Tax benefit on exercise of stock options	-	-	(1.3)
Free Cash Flow	<u>\$ 13.3</u>	<u>\$ 22.9</u>	<u>\$ 35.6</u>
Net Debt			
Debt	\$ 627.5	\$ 653.1	\$ 829.1
Cash intended to pay down debt	-	(14.0)	(20.5)
Net Debt	<u>\$ 627.5</u>	<u>\$ 639.1</u>	<u>\$ 808.6</u>

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DEFINITIONS OF NON-GAAP MEASURES

EBITDA is defined as earnings from continuing operations before interest expense, income taxes, depreciation, depletion, amortization and the non-cash cost of land sales. EBITDA is a non-GAAP measure of gross cash generating capacity of the company.

Free Cash Flow is defined as cash provided by operating activities less net custodial capital spending, dividends at prior year level and the tax benefit on the exercise of stock options. Free cash flow is a non-GAAP measure of discretionary cash available to shareholders or to grow earnings.

Net debt is defined as debt less cash invested and intended for debt reduction. Net debt is a non-GAAP measure of anticipated debt levels.