



Fourth Quarter 2010 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; changes in tax laws that could reduce the benefits associated with REIT status; and potential legal challenges that could reduce the benefits associated with the alternative fuel mixture credit and the cellulosic biofuel producer credit discussed in this document.

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)

	<u>4Q 2010</u>	<u>3Q 2010</u>	<u>4Q 2009</u>
<u>Profitability</u>			
Sales	315	378	310
Operating income	57	92	121
Pro forma operating income *	57	92	57
Net income	59	63	98
Pro forma net income *	35	63	33
Earnings Per Share:			
Net income	0.72	0.77	1.21
Pro forma net income *	0.43	0.77	0.42
Average diluted shares (millions)	81.8	81.5	80.5

	<u>Year Ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
<u>Capital Resources and Liquidity</u>		
Cash Provided by Operating Activities	495	307
Cash Used for Investing Activities	(143)	(93)
Cash Used for Financing Activities	(78)	(202)
Adjusted EBITDA *	420	370
Cash Available for Distribution (CAD) *	384	233
	<u>12/31/2010</u>	<u>12/31/2009</u>
Debt	768	700
Debt / Capital	38.0%	37.9%
Cash	349	75

* Non-GAAP measures (see pages 6 and 17-21 for definitions and reconciliations).

Variance Analysis – 3Q 10 to 4Q 10

(\$ Millions)

<u>Operating Income</u>	
2010 3Q	\$ 92
Variance	
Timber	
- Price	(1)
- Volume	(6)
- Costs / Other	5
Real Estate	(30)
Performance Fibers	
- Price	6
- Volume	(5)
- Cost / Other	(1)
Other Operations	1
Corporate/Other	(4)
2010 4Q	<u>\$ 57</u>

Variance Analysis – 2009 to 2010

(\$ Millions)

	Operating Income	
	Quarter	Full Year
2009 4Q (Pro forma) *	\$ 57	\$ 204
Variance		
Timber		
- Price	5	32
- Volume	(2)	(6)
- Costs / Other	(3)	1
Real Estate	(4)	(3)
Performance Fibers		
- Price	27	40
- Volume	(8)	5
- Costs / Other	(15)	(14)
Wood Products	1	12
Other Operations	1	4
Corporate/Other	(2)	(5)
2010 4Q (Pro forma)*	\$ 57	\$ 270

* Non-GAAP measure (See pages 18 and 19 for reconciliation).

Cash Available for Distribution*

(\$ Millions – Except Per Share Data)

	Year Ended December 31,	
	2010	2009
Cash Available for Distribution (CAD)		
Cash provided by operating activities	\$ 495.4	\$ 307.3
Capital expenditures **	(138.4)	(91.7)
Change in committed cash	12.2	17.0
Excess tax benefits on stock-based compensation	5.4	2.7
Other	9.4	(2.4)
Cash Available for Distribution	<u>\$ 384.0</u>	<u>\$ 232.9</u>
Shares outstanding	<u>80,682,093</u>	<u>79,541,974</u>
CAD per share	\$ 4.76	\$ 2.93
Dividends per share	\$ 2.04	\$ 2.00

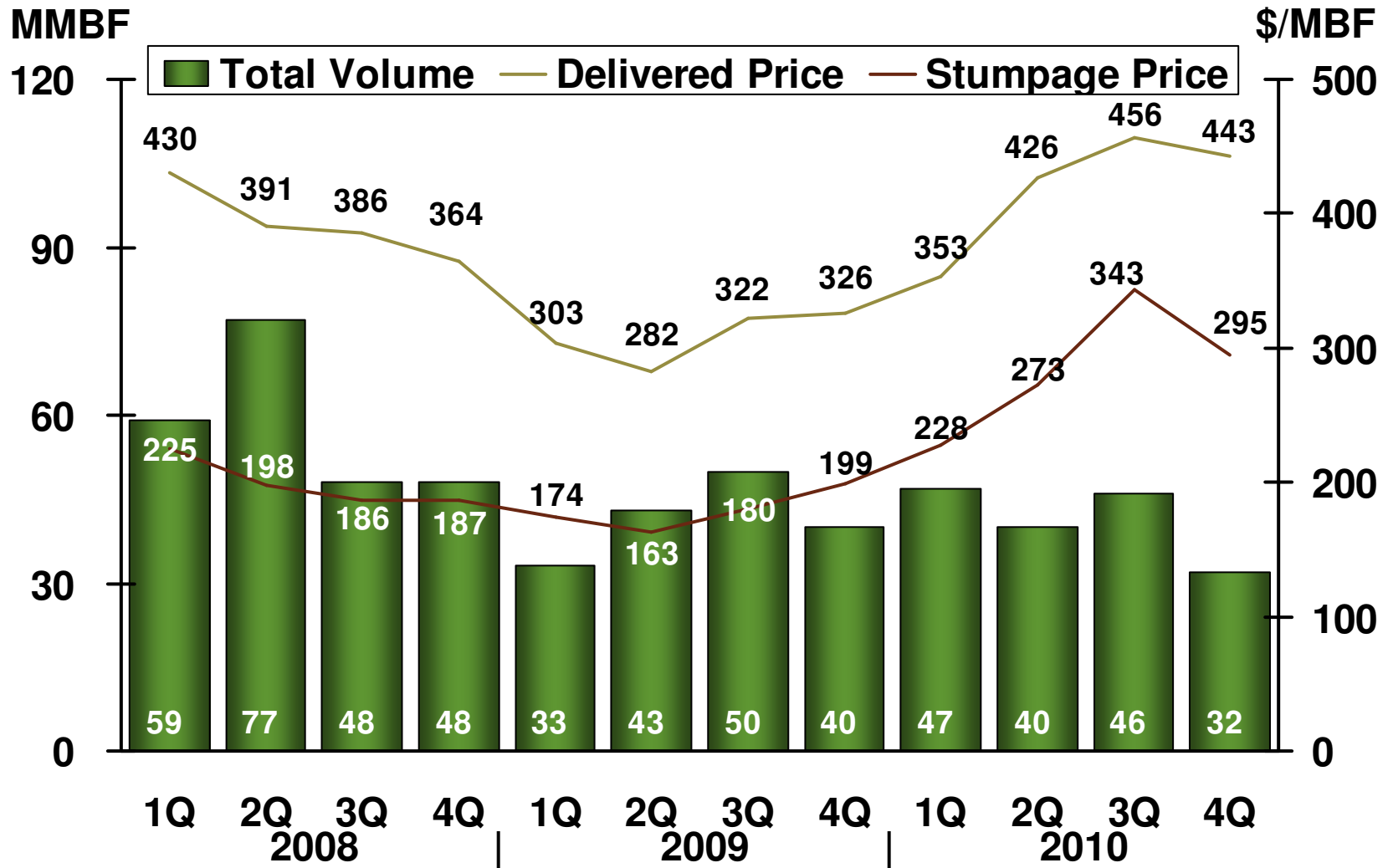
* Non-GAAP measure (See page 17 for definition).

** Capital spending excludes strategic acquisitions.

Markets and Operations

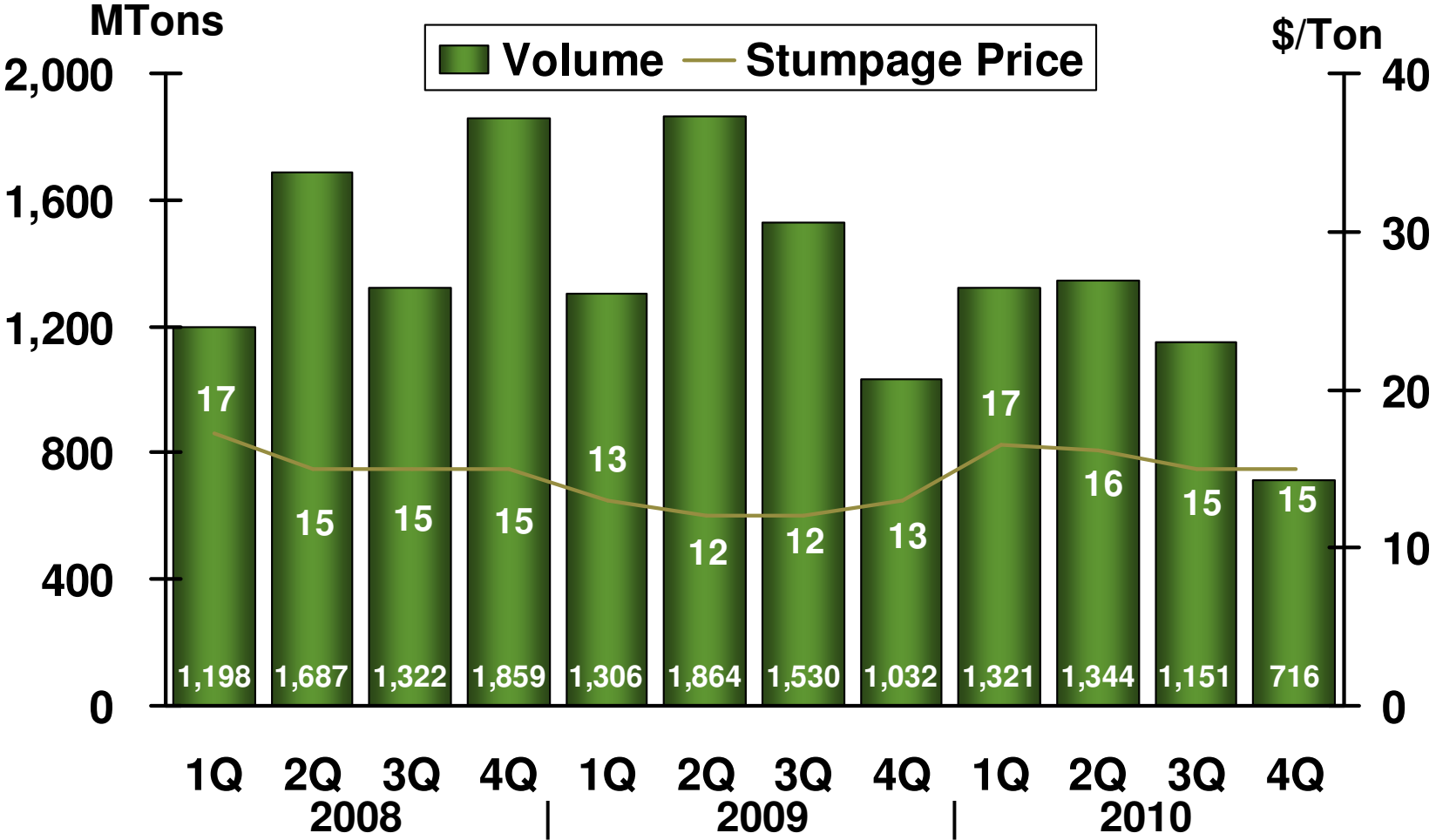


Western Timber Sales *



* The Western region represents the Company's operations in Washington State.

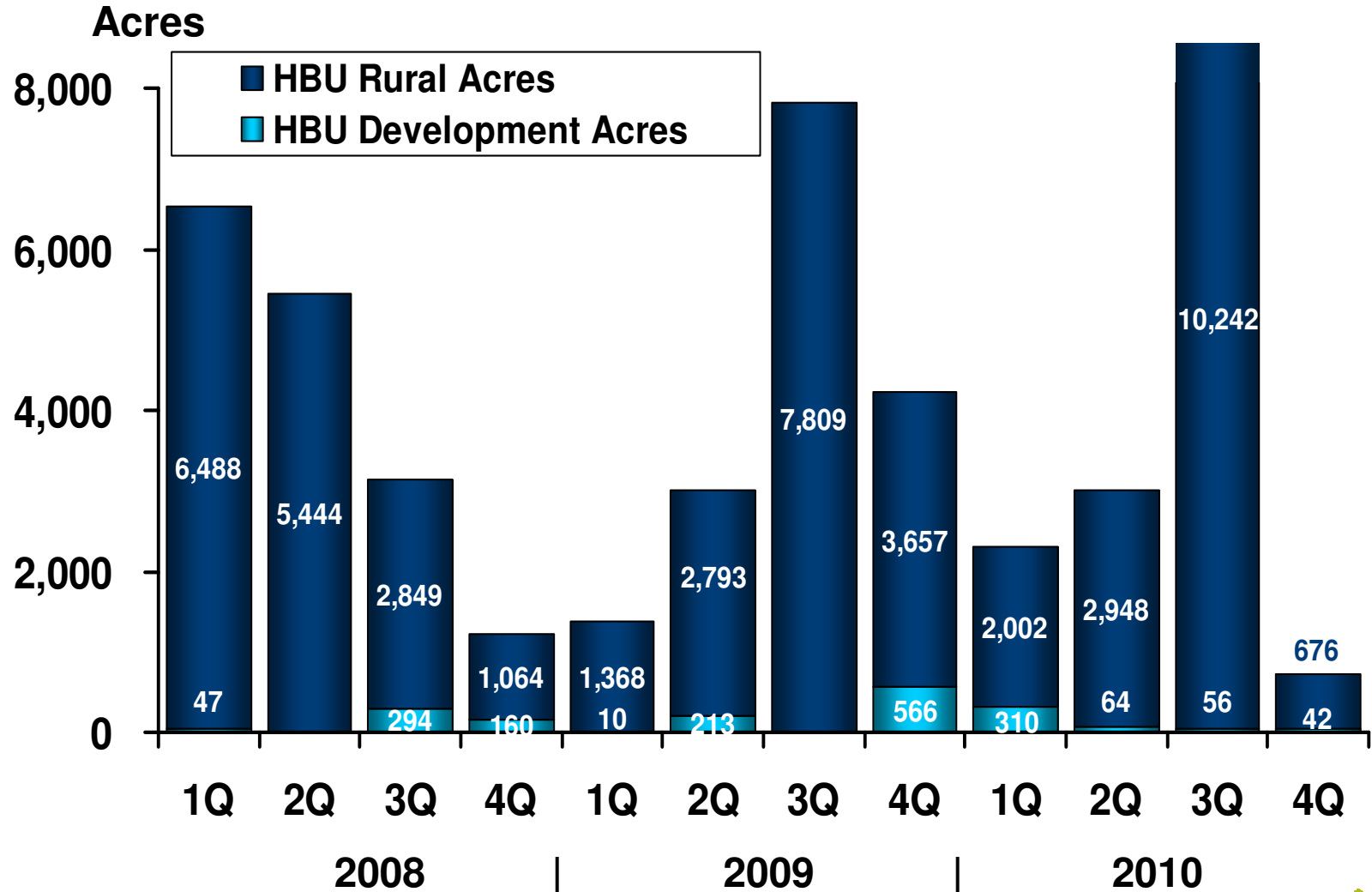
Eastern Pine Timber Sales *



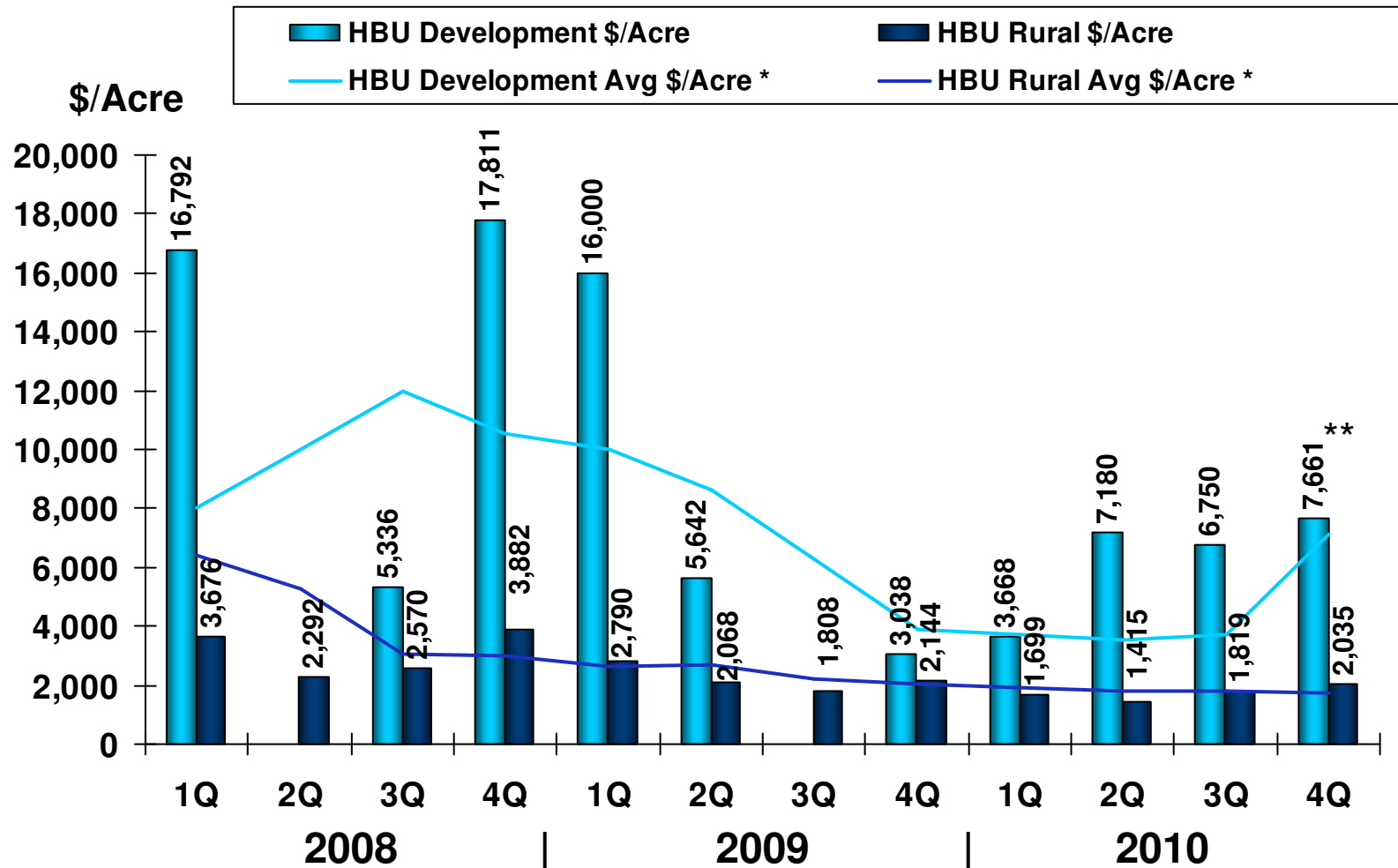
* The Eastern region represents the Company's operations in Alabama, Arkansas, Florida, Georgia, Louisiana, New York, Oklahoma and Texas.



HBU Real Estate Acres - Sales



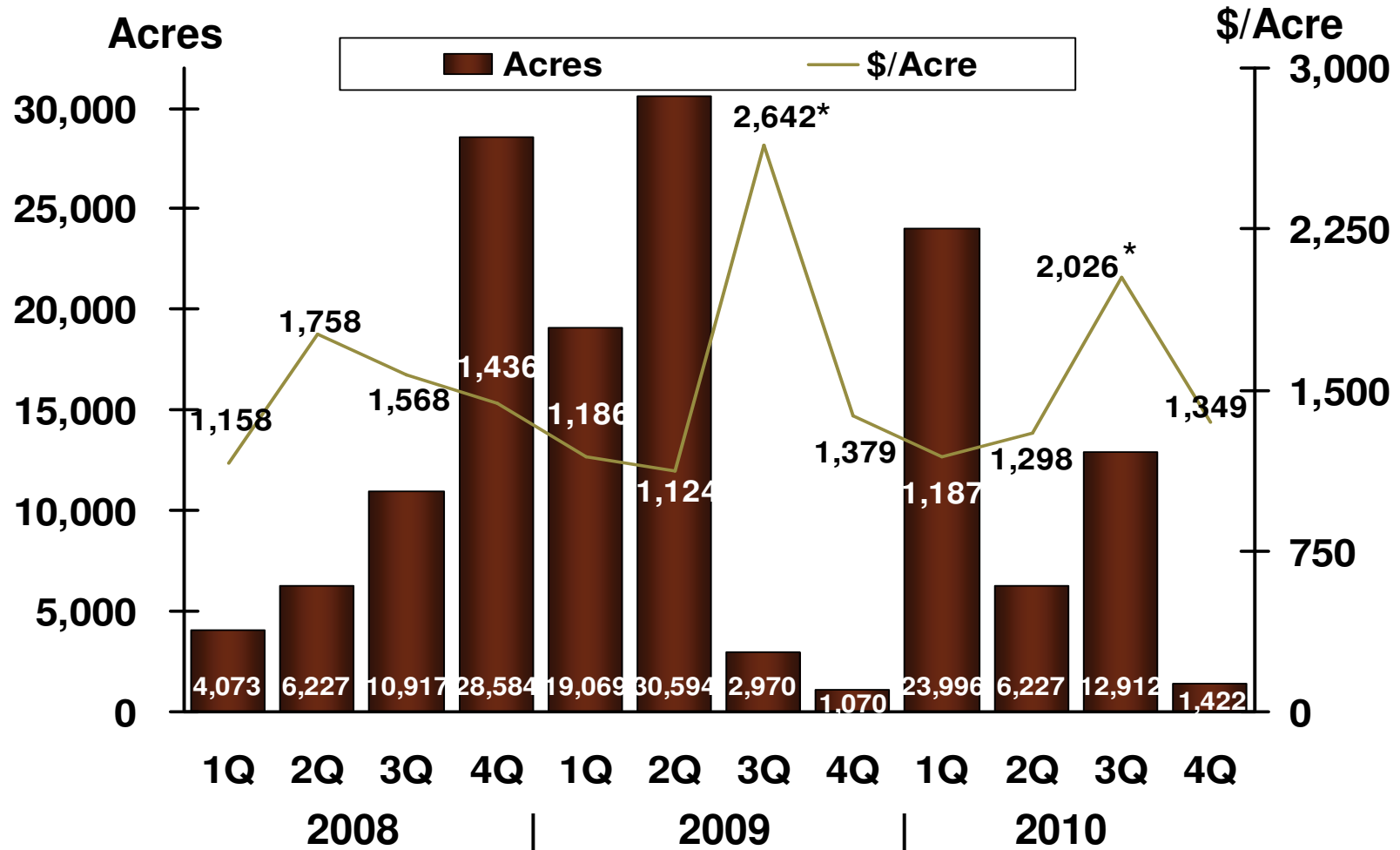
HBU Real Estate Sales Prices



* Four quarter rolling weighted average.

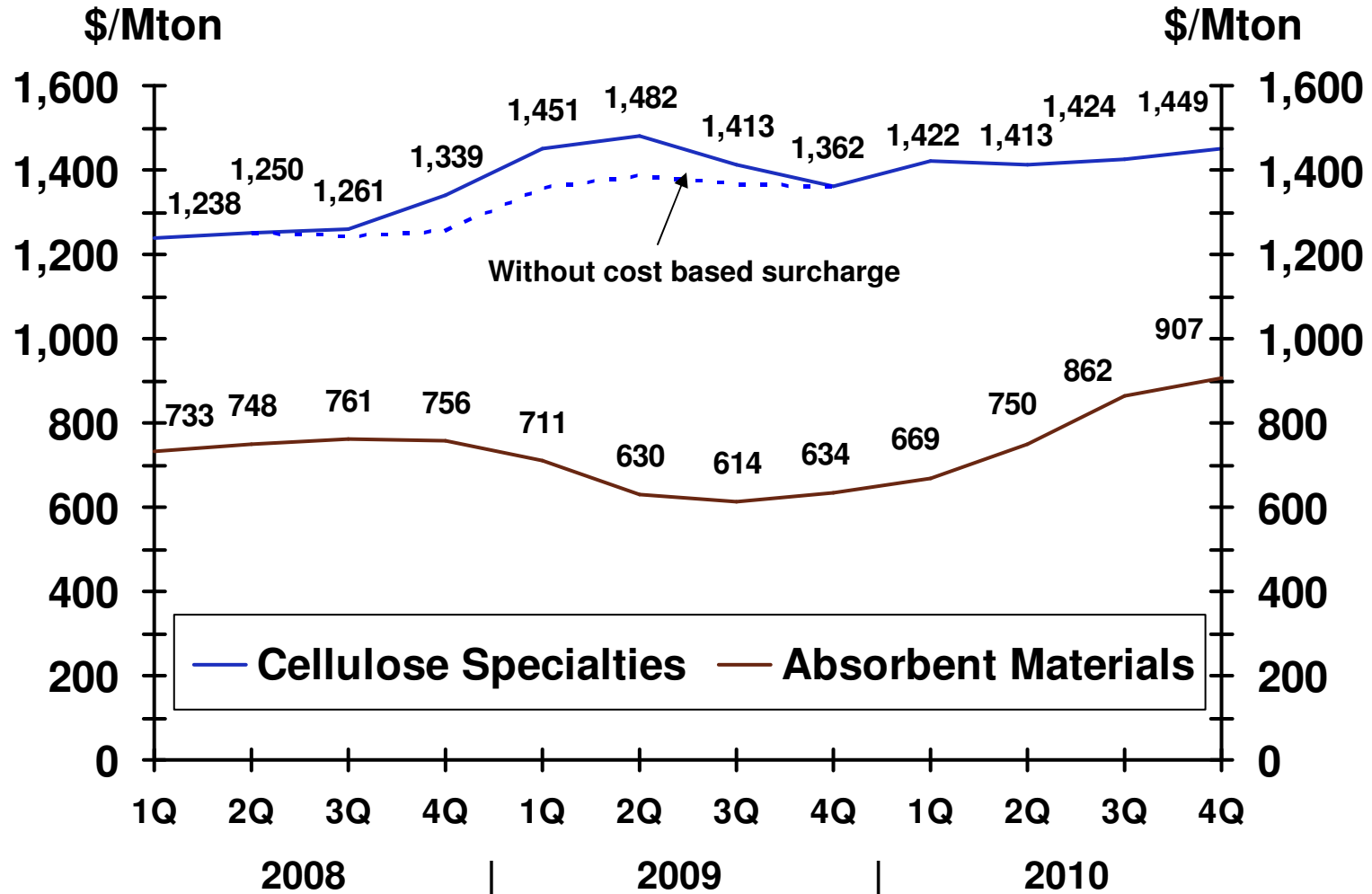
** Excludes \$1.6 million easement sale.

Non-Strategic Timberland Acres - Sales



* Third quarter 2009 and third quarter 2010 include 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

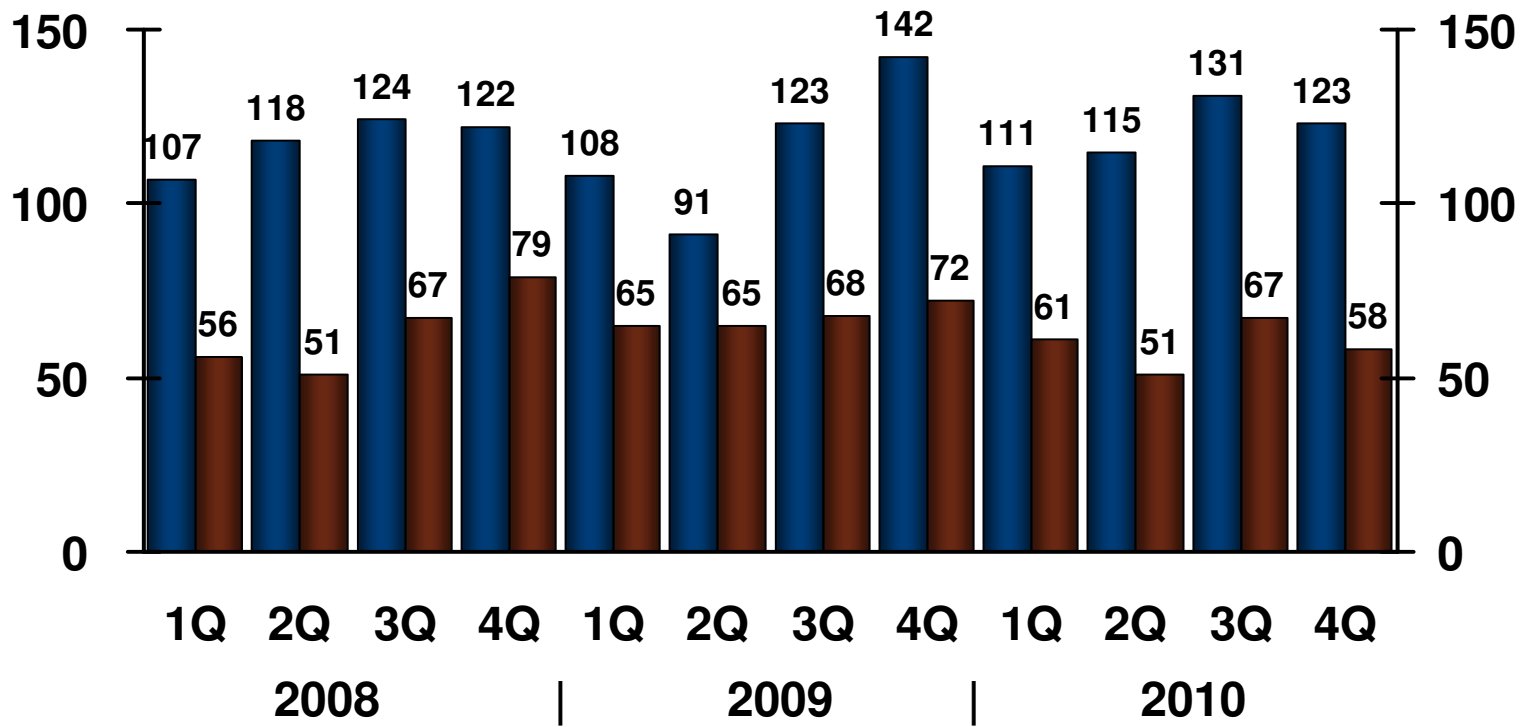


Performance Fibers Sales Volumes

M Metric Tons

M Metric Tons

■ Cellulose Specialties ■ Absorbent Materials



Earnings Per Share

(\$ / Share)

	2011	Pro forma *		Actual	
		2010	2009	2010	2009
First Quarter		\$ 0.56	\$ 0.33	\$ 0.71	\$ 0.33
Second Quarter		0.48	0.36	0.48	1.35
Third Quarter		0.77	0.40	0.77	1.01
Fourth Quarter		<u>0.43</u>	<u>0.42</u>	<u>0.72</u>	<u>1.21</u>
Full Year	(\$2.50 to \$2.70)	<u>\$ 2.24</u>	<u>\$ 1.50</u>	<u>\$ 2.68</u>	<u>\$ 3.91</u>

* First Quarter 2010 pro forma earnings per share excludes a \$0.15 benefit for the gain on sale of a portion of the company's interest in the New Zealand joint venture. Fourth Quarter 2010 pro forma earnings per share excludes a \$0.29 benefit from the cellulosic biofuel mixture credit. Second, third and fourth quarter 2009 pro forma results exclude a per share benefit from the alternative fuel mixture credit of \$0.99, \$0.61 and \$0.79 respectively. Pro forma earnings per share is a non-GAAP measure, see page 18 for reconciliation.

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 for 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, 2010		Mar 31, 2010		Dec 31, 2009		Sep 30, 2009		June 30, 2009	
	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share
Operating Income	\$ 56.7		\$ 76.9		\$ 120.9		\$ 111.1		\$ 134.2	
Gain on sale of portion of New Zealand JV Interest	-		(12.4)		-		-		-	
Alternative Fuel Mixture Credit	-		-		(63.5)		(55.8)		(85.9)	
Pro Forma Operating Income	<u>\$ 56.7</u>		<u>\$ 64.5</u>		<u>\$ 57.4</u>		<u>\$ 55.3</u>		<u>\$ 48.3</u>	
Net Income	\$ 59.2	\$ 0.72	\$ 57.0	\$ 0.71	\$ 97.7	\$ 1.21	\$ 81.1	\$ 1.01	\$ 107.7	\$ 1.35
Cellulosic Biofuel Producer Credit	(24.3)	(0.29)	-	-	-	-	-	-	-	-
Gain on sale of portion of New Zealand JV Interest	-	-	(11.5)	(0.15)	-	-	-	-	-	-
Alternative Fuel Mixture Credit	-	-	-	-	(64.3)	(0.79)	(49.1)	(0.61)	(79.3)	(0.99)
Pro Forma Net Income	<u>\$ 34.9</u>	<u>\$ 0.43</u>	<u>\$ 45.5</u>	<u>\$ 0.56</u>	<u>\$ 33.4</u>	<u>\$ 0.42</u>	<u>\$ 32.0</u>	<u>\$ 0.40</u>	<u>\$ 28.4</u>	<u>\$ 0.36</u>

Reconciliation of Reported to Pro Forma Earnings

(\$ Millions – Except EPS)

	Year Ended			
	December 31, 2010		December 31, 2009	
	\$	Per Diluted Share	\$	Per Diluted Share
Operating Income	\$ 282.0		\$ 409.5	
Gain on sale of portion of New Zealand JV interest	(12.4)		-	
Alternative Fuel Mixture Credit	-		(205.2)	
Pro Forma Operating Income	\$ 269.6		\$ 204.3	
Net Income	\$ 217.6	\$ 2.68	\$ 312.5	\$ 3.91
Cellulosic Biofuel Producer Credit	(24.3)	(0.30)	-	-
Gain on sale of portion of New Zealand JV interest	(11.5)	(0.14)	-	-
Alternative Fuel Mixture Credit	-	-	(192.8)	(2.41)
Pro Forma Net Income	\$ 181.8	\$ 2.24	\$ 119.7	\$ 1.50

Adjusted EBITDA by Segment

(\$ Millions)

	Timber	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
Three Months Ended							
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	<u>\$ 17</u>	<u>\$ 2</u>	<u>\$ 78</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (11)</u>	<u>\$ 85</u>
September 30, 2010							
Operating income (loss)	\$ 9	\$ 31	\$ 62	\$ (1)	\$ (1)	\$ (8)	\$ 92
Depreciation, depletion and amortization	15	9	14	1	-	-	39
Non-cash cost of real estate sold	-	3	-	-	-	-	3
Adjusted EBITDA	<u>\$ 24</u>	<u>\$ 43</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (8)</u>	<u>\$ 134</u>
December 31, 2009							
Pro forma operating income (loss)*	\$ 7	\$ 5	\$ 59	\$ (3)	\$ (1)	\$ (10)	\$ 57
Depreciation, depletion and amortization	12	2	16	2	-	-	32
Non-cash cost of real estate sold	-	1	-	-	-	-	1
Adjusted EBITDA	<u>\$ 19</u>	<u>\$ 8</u>	<u>\$ 75</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (10)</u>	<u>\$ 90</u>

* Pro forma operating income is a non-GAAP measure, see page 18 for reconciliation.

Adjusted EBITDA by Segment

(\$ Millions)

Year Ended	Timber	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
December 31, 2010							
Pro forma operating income (loss)*	\$ 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	<u>\$ 92</u>	<u>\$ 82</u>	<u>\$ 272</u>	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ (32)</u>	<u>\$ 420</u>
December 31, 2009							
Pro forma operating income (loss)*	\$ 7	\$ 56	\$ 184	\$ (11)	\$ (3)	\$ (29)	\$ 204
Depreciation, depletion and amortization	70	24	58	5	-	1	158
Non-cash cost of real estate sold	-	8	-	-	-	-	8
Adjusted EBITDA	<u>\$ 77</u>	<u>\$ 88</u>	<u>\$ 242</u>	<u>\$ (6)</u>	<u>\$ (3)</u>	<u>\$ (28)</u>	<u>\$ 370</u>

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

Timber Supplemental Financial Data

(\$ Millions)

	Three Months Ended			Year Ended	
	Dec. 31, 2010	Sept. 30, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Timber					
Sales					
Eastern U.S.	\$ 17	\$ 25	\$ 19	\$ 101	\$ 104
Western U.S.	14	20	12	66	47
New Zealand *	3	2	3	10	8
Total	<u>\$ 34</u>	<u>\$ 47</u>	<u>\$ 34</u>	<u>\$ 177</u>	<u>\$ 159</u>
Operating income / (loss)					
Eastern U.S.	\$ 8	\$ 5	\$ 8	\$ 26	\$ 16
Western U.S.	-	5	(1)	7	(7)
New Zealand / Other **	(1)	(1)	-	-	(2)
Total	<u>\$ 7</u>	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ 33</u>	<u>\$ 7</u>

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

** Primarily equity earnings related to the Matariki joint venture's timber activities.

Selected Operating Information

	Three Months Ended			Year Ended	
	Dec. 31, 2010	Sept. 30, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Timber					
Sales Volume					
Western U.S.	32	46	40	164	166
in millions of board feet					
Eastern U.S.	850	1,266	1,084	4,980	6,401
in thousands of short green tons					
Real Estate					
Acres sold					
HBU Development	42	56	566	472	789
HBU Rural	676	10,242	3,657	15,868	15,628
Non-Strategic Timberlands	1,422	12,912	1,070	44,556	53,703
Total	<u>2,140</u>	<u>23,210</u>	<u>5,293</u>	<u>60,896</u>	<u>70,120</u>
Performance Fibers					
Sales Volume					
Cellulose specialties,	123	131	142	480	464
in thousands of metric tons					
Absorbent materials,	58	67	72	238	270
in thousands of metric tons					
Lumber					
Sales volume,					
in millions of board feet	63	60	57	243	224

Market Price and Dividend History

(\$ / Share)

	High	Low	Dividends
2010			
Fourth Quarter	\$ 54.52	\$ 48.20	\$ 0.54
Third Quarter	\$ 51.29	\$ 43.14	\$ 0.50
Second Quarter	\$ 50.72	\$ 41.57	\$ 0.50
First Quarter	\$ 46.41	\$ 39.70	\$ 0.50
2009			
Fourth Quarter	\$ 43.92	\$ 37.88	\$ 0.50
Third Quarter	\$ 45.00	\$ 33.63	\$ 0.50
Second Quarter	\$ 41.79	\$ 29.35	\$ 0.50
First Quarter	\$ 32.40	\$ 22.28	\$ 0.50
2008			
Fourth Quarter	\$ 47.09	\$ 26.58	\$ 0.50
Third Quarter	\$ 49.54	\$ 40.60	\$ 0.50
Second Quarter	\$ 48.00	\$ 41.88	\$ 0.50
First Quarter	\$ 47.37	\$ 35.36	\$ 0.50

Wood Products Southeast Lumber Sales

