

| OMB APPROVAL                                 |           |
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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

|  |  |   |
|--|--|---|
| 1. Name and Address of Reporting Person*<br><u>Frazier W. Edwin III</u><br><br>(Last) (First) (Middle)<br>1301 RIVERPLACE BOULEVARD<br>SUITE 2300<br><br>(Street)<br>JACKSONVILLE FL 32207<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>RAYONIER INC [ RYN ]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable)<br>Director 10% Owner<br>X Officer (give title below) Other (specify below)<br><u>SR VP, CAO &amp; Corp Sec</u> |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br>12/22/2011             |   |
|  | 4. If Amendment, Date of Original Filed (Month/Day/Year)                   | 6. Individual or Joint/Group Filing (Check Applicable Line)<br>X Form filed by One Reporting Person<br>Form filed by More than One Reporting Person                                     |

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) |   | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) |            |                          | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|--------------------------|---|--|---|
|                                 |                                      |  | Code                           | V | Amount  | (A) or (D) | Price                    |   |  |   |
| Common Shares                   | 12/22/2011                           |  | M                              |   | 36,600  | A          | \$27.56                  | 225,003   | D  |   |
| Common Shares                   | 12/22/2011                           |  | S                              |   | 36,600  | D          | \$43.4798 <sup>(1)</sup> | 188,403 <sup>(2)</sup>  | D  |   |
| Common Shares                   |                                      |  |                                |   |   |            |                          | 785.9044  | I  | In Trust <sup>(3)</sup>                               |

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |        | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) |                            | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |  |
|--|--|--------------------------------------|--|--------------------------------|---|--|--------|--|-----------------|---|----------------------------|--|--|---|--|--|
|  |  |                                      |  | Code                           | V | (A)  | (D)    | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |  |  |   |  |  |
| Employee Stock Option                      | \$27.56 <sup>(4)</sup>                                 | 12/22/2011                           |  | M                              |   |  | 36,600 |  | <sup>(5)</sup>  | 01/03/2016  | Common Shares              | 36,600 <sup>(4)</sup>                      | \$0.0000   | 0.0000  | D  |  |

**Explanation of Responses:**

- This transaction was executed in multiple trades at prices ranging from \$43.38 to \$43.64. The price reported above reflects the weighted average sale price. Upon written request by the Commission staff, the issuer or a security holder of the issuer, full information regarding the number of shares sold at each separate price is available.
- Adjusted to reflect a 3-for-2 stock split effective 8/24/2011.
- Shares are held in the Rayonier Investment and Savings Plan, a 401(k) plan, for this person's account.
- This option was previously reported as covering 24,400 shares at an exercise price of \$41.34 per share, but was adjusted to reflect the stock split on 8/24/2011.
- The option vests in three equal annual installments beginning on 1/3/07.

W. Edwin Frazier, III 12/27/2011

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.