# (December 2011) Department of the Treasury

## **Report of Organizational Actions Affecting Basis of Securities**

▶ See separate instructions.

OMB No. 1545-2224

Internal Revenue Service Part Reporting Issuer 2 Issuer's employer identification number (EIN) Issuer's name RAYONIER INC. 13-2607329 3 Name of contact for additional information 4 Telephone No. of contact 5 Email address of contact CARL E. KRAUS 904-357-9158 INVESTORRELATIONS@RAYONIER.COM 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 7 City, town, or post office, state, and Zip code of contact 1301 RIVERPLACE BLVD, STE 2300 JACKSONVILLE, FL 32207 8 Date of action 9 Classification and description AUGUST 24, 2011 **COMMON SHARES** 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) RYN 754907103 Organizational Action Attach additional statements if needed. See back of form for additional questions. Part II Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► The organizational action was a 3-for-2 stock split. On August 24, 2011, Issuer distributed one-half additional share of common stock for each share of common stock held by its shareholders. See attached press release. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► The distribution had no effect on the total basis of the security in the hands of a U.S. taxpayer. The basis of each share of common stock in the hands of a U.S. taxpayer after the distribution is equal to two-thirds (2/3) of the basis of each share of common stock before the distribution. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► The basis of each share of common stock in the hands of a U.S. taxpayer before the distribution is allocated between the old and new shares in proportion to the fair market values of each on the date of distribution. The fair market value of both old and new Issuer stock immediately following the distribution was \$40.52 per share.

Par	t II	С	Organizational Action (continued)			, <u>, , , , , , , , , , , , , , , , , , </u>	
17	List t	the a	pplicable Internal Revenue Code section(	s) and subsection(s) upon which the tax tre	eatment is based ►	305(a), 307(a).	
18	Can	an any resulting loss be recognized?► No.					
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ 2011.							
	111	nder	negation of perium. I declare that I have exam	ined this return, including accompanying schedu	ules and statements	and to the hest of my knowledge, and	
	be	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.					
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Use			Firm's name			Firm's EIN ▶	
			Firm's address ▶ Phone no.				
Send	Form	1 893	937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054				



## **News Release**

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#### FOR IMMEDIATE RELEASE

### Rayonier to Split Stock 3 for 2, Increase Dividend 11 Percent

JACKSONVILLE, Fla., July 25, 2011 – Rayonier (NYSE:RYN) announced today that its Board of Directors has approved a three-for-two stock split and a 11.1 percent increase in the quarterly cash dividend to 40 cents per share on a post-split basis. The split will be effected in the form of a stock dividend by issuing one-half additional share for each share held. The additional shares will be distributed August 24, 2011, to shareholders of record on August 10, 2011. The 40 cents per share third quarter dividend will be paid on September 30, 2011, to shareholders of record on September 16, 2011.

Lee Thomas, Chairman and CEO, said: "The stock split recognizes the significant appreciation in value of Rayonier's common shares in the past two years and should further improve trading liquidity and volume. The increased dividend reflects our strong operating performance and confidence in continued growth."

"We expect significant value creation in our Performance Fibers business through the conversion of our absorbent materials line to produce high purity cellulose specialties in order to satisfy global demand growth in this very specialized market. In Forest Resources, our diversified timberland holdings position us well to capitalize on increasing export demand and an eventual domestic economic recovery. Our significant cash balances and strong balance sheet provide continuing strategic and operational flexibility," Thomas concluded.



For further information, visit the company's

website at <u>www.rayonier.com</u>. Complimentary copies of Rayonier press releases and other financial documents are available by calling 1-800-RYN-7611.

### **About Rayonier**

Rayonier is a leading international forest products company with three core businesses: Forest Resources, Real Estate and Performance Fibers. The company owns, leases or manages 2.4 million acres of timber and land in the United States and New Zealand. The company's holdings include approximately 200,000 acres with residential and commercial development potential along the Interstate 95 corridor between Savannah, Ga., and Daytona Beach, Fla. Its Performance Fibers business is one of the world's leading producers of high-value specialty cellulose fibers, which are used in products such as filters, pharmaceuticals and LCD screens. Approximately 45 percent of the company's sales are outside the U.S. to customers in approximately 40 countries. Rayonier is structured as a real estate investment trust. More information is available at www.rayonier.com.

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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 the Company's most recent Form 10-K.

*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 forwardlooking 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.

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