Rayonier

Value From The Ground Up™

Second Quarter 2012
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 continues to impact 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, particularly in our Performance Fibers business; changes in global economic conditions and world events, including political changes in particular regions or countries; the uncertainties of potential impacts of climate-related weather changes and legislative 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 and changes in tax laws that could reduce the benefits associated with REIT status.

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.

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Financial Highlights
($ Millions – Except EPS)

	2Q 2012	1Q 2012	2Q 2011
Profitability			
Sales	372	356	357
Operating income	99	84	79
Net income	69	53	56
Earnings Per Share: *			
Diluted EPS	0.54	0.42	0.45
Average diluted shares (millions)	127.4	127.9	126.2

	Six Months Ended June 30,	
	2012	2011
Capital Resources and Liquidity		
Cash Provided by Operating Activities	209	195
Cash Used for Investing Activities	(164)	(71)
Cash Provided by (Used for) Financing Activities	65	(160)
EBITDA**	249	230
Cash Available for Distribution (CAD) **	141	134
	6/30/2012	12/31/2011
Debt	1,018	847
Debt / Capital	43%	39%
Cash	189	79

* The impact of the August 2011 3-for-2 stock split is reflected for the three months ended June 30, 2011.

** Non-GAAP measures (see pages 6, 16 and 19 for definitions and reconciliations).

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Variance Analysis – 1Q 12 to 2Q 12
($ Millions)

	Operating Income
1Q 2012	**$ 84**
Variance	
Forest Resources	
- Price	2
- Costs / Mix / Other	(2)
Real Estate	-
Performance Fibers	
- Price	9
- Volume	(1)
- Costs / Other	(5)
Wood Products - Price	3
Other Operations	2
Corporate / Other	
- Stock-based compensation - prior CEO retirement	3
- Other	4
2Q 2012	**$ 99**

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Variance Analysis – 2Q 11 to 2Q 12

($ Millions)

	Operating Income	
	Quarter	**Year-to-date**
2Q 2011	**$ 79**	**$ 167**
Variance		
Forest Resources		
- Price	(1)	(2)
- Costs / Mix / Other	(3)	(5)
Real Estate	1	-
Performance Fibers		
- Price	17	35
- Volume	2	(3)
- Costs / Other	(6)	(15)
Wood Products		
- Price	5	4
- Costs / Other	-	2
Other Operations	2	-
Corporate/Other	3	-
2Q 2012	**$ 99**	**$ 183**

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Cash Available for Distribution*

($ Millions – Except Per Share Data)

	Six Months Ended June 30,	
	2012	2011
Cash Available for Distribution (CAD)		
Cash provided by operating activities	$ 209	$ 195
Capital expenditures **	(76)	(65)
Change in committed cash	3	-
Excess tax benefits on stock-based compensation	4	5
Other	1	(1)
Cash Available for Distribution	$ 141	$ 134
Shares outstanding ***	122,538,279	121,808,453
CAD per share	$ 1.15	$ 1.10
Dividends per share	$ 0.80	$ 0.72

* Non-GAAP measure (See page 16 for definition).

** Capital expenditures exclude strategic capital. For the six months ended June 30, 2012, strategic capital totaled $73 million for the Jesup mill cellulose specialties expansion and $9 million for timberland acquisitions. For the six months ended June 30, 2011, strategic capital totaled $4 million for the Jesup mill cellulose specialties expansion and $13 million for timberland acquisitions.

*** The impact of the August 2011 3-for-2 stock split is reflected for the six months ended June 30, 2011.

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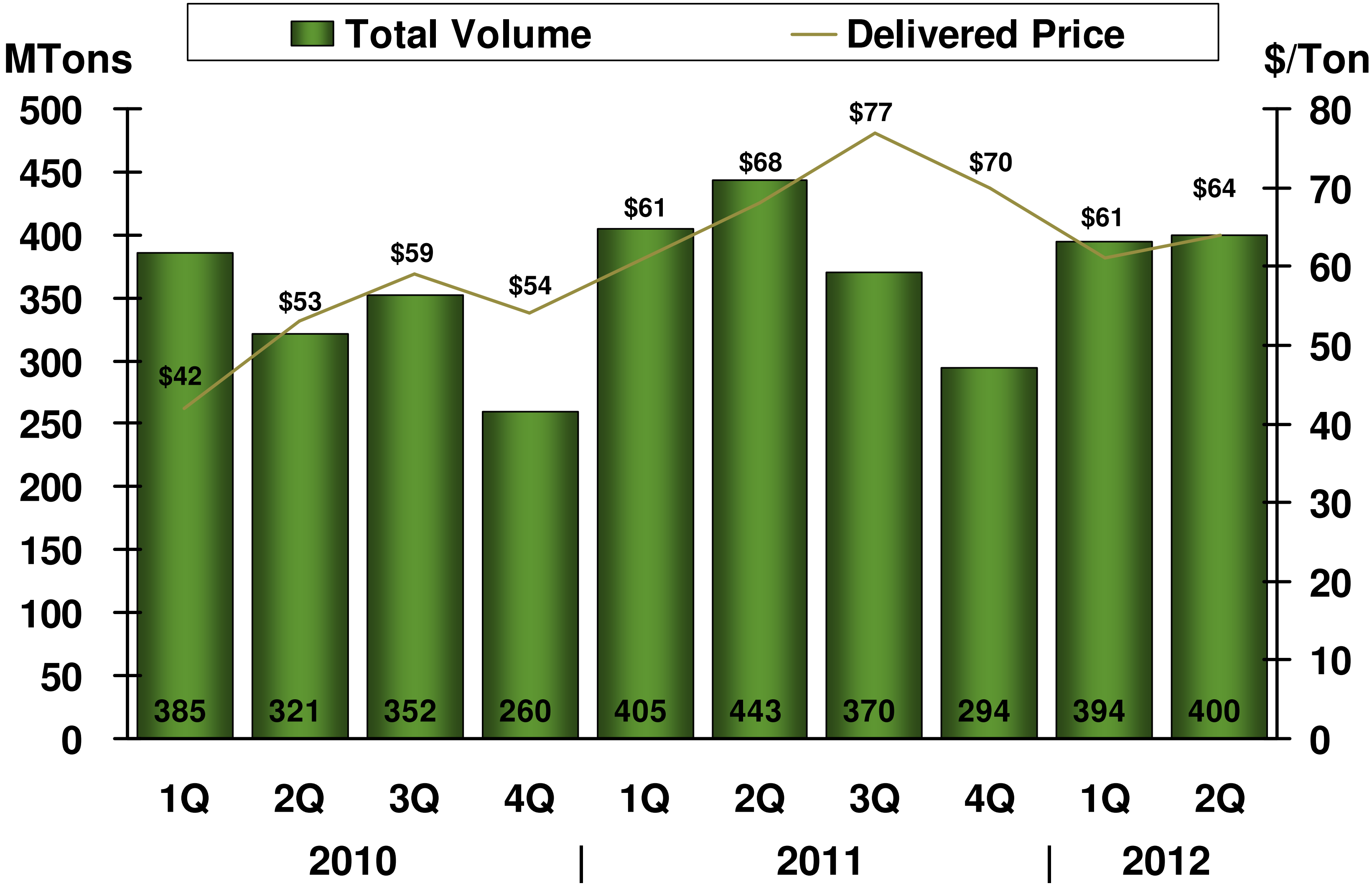
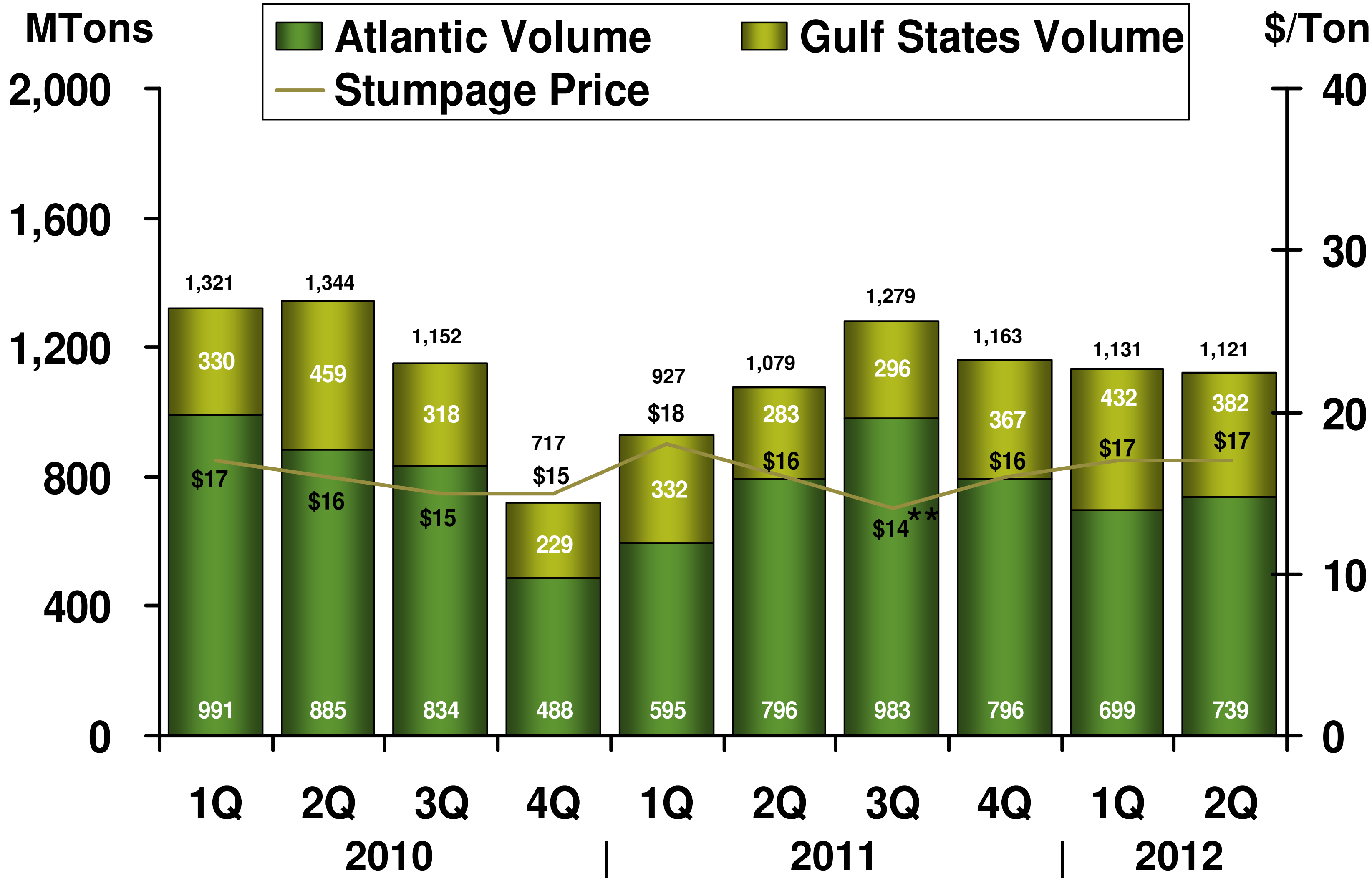
Markets and Operations

Northern U.S. Timber Sales *



* Chart includes timber sales from Washington state which represent nearly all of the Company's Northern region sales.

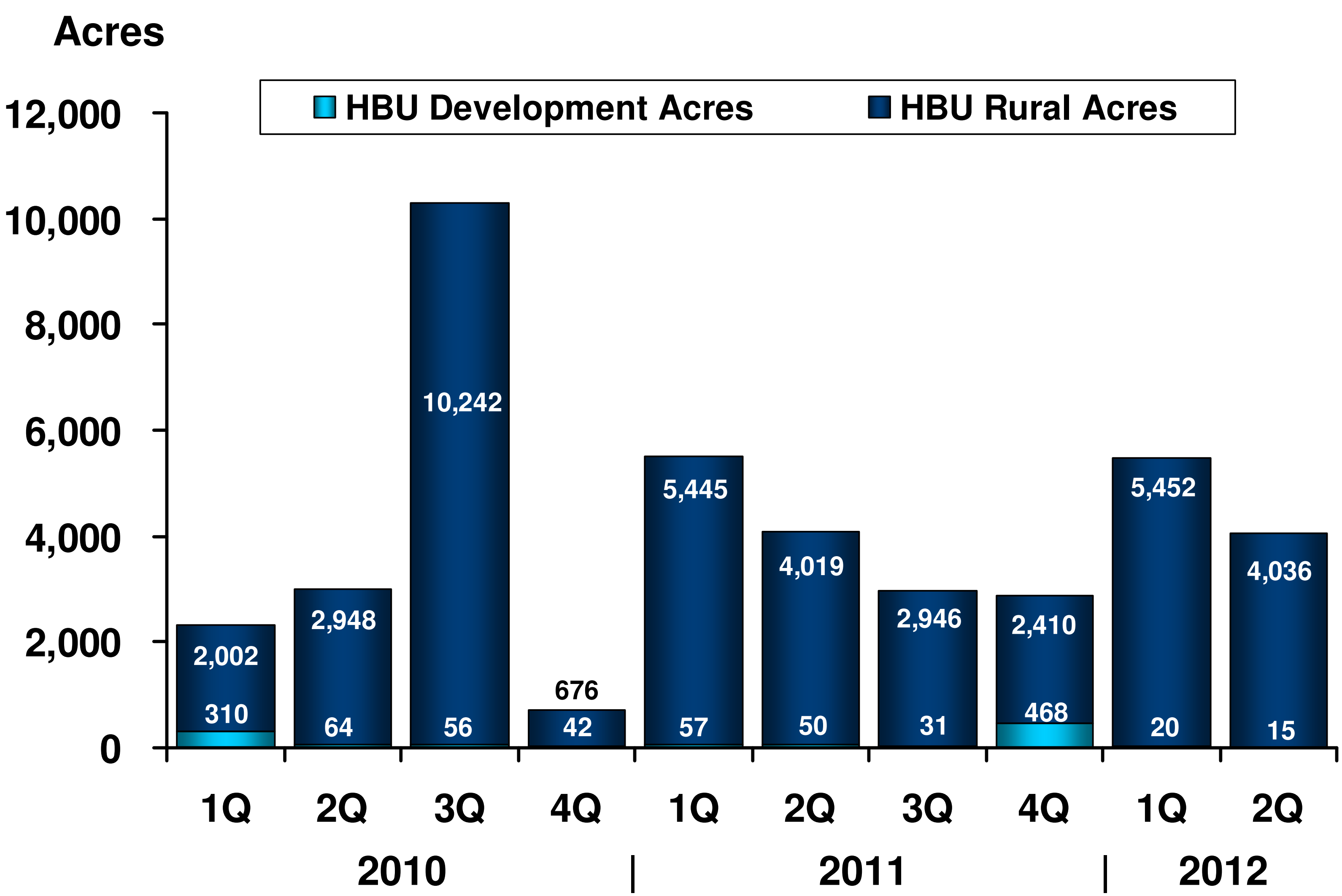
U.S. Pine Timber Sales *



* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Texas) regions.

** Q3 2011 prices were lower due to the impact of fire salvage timber.

HBU Real Estate Acres - Sales



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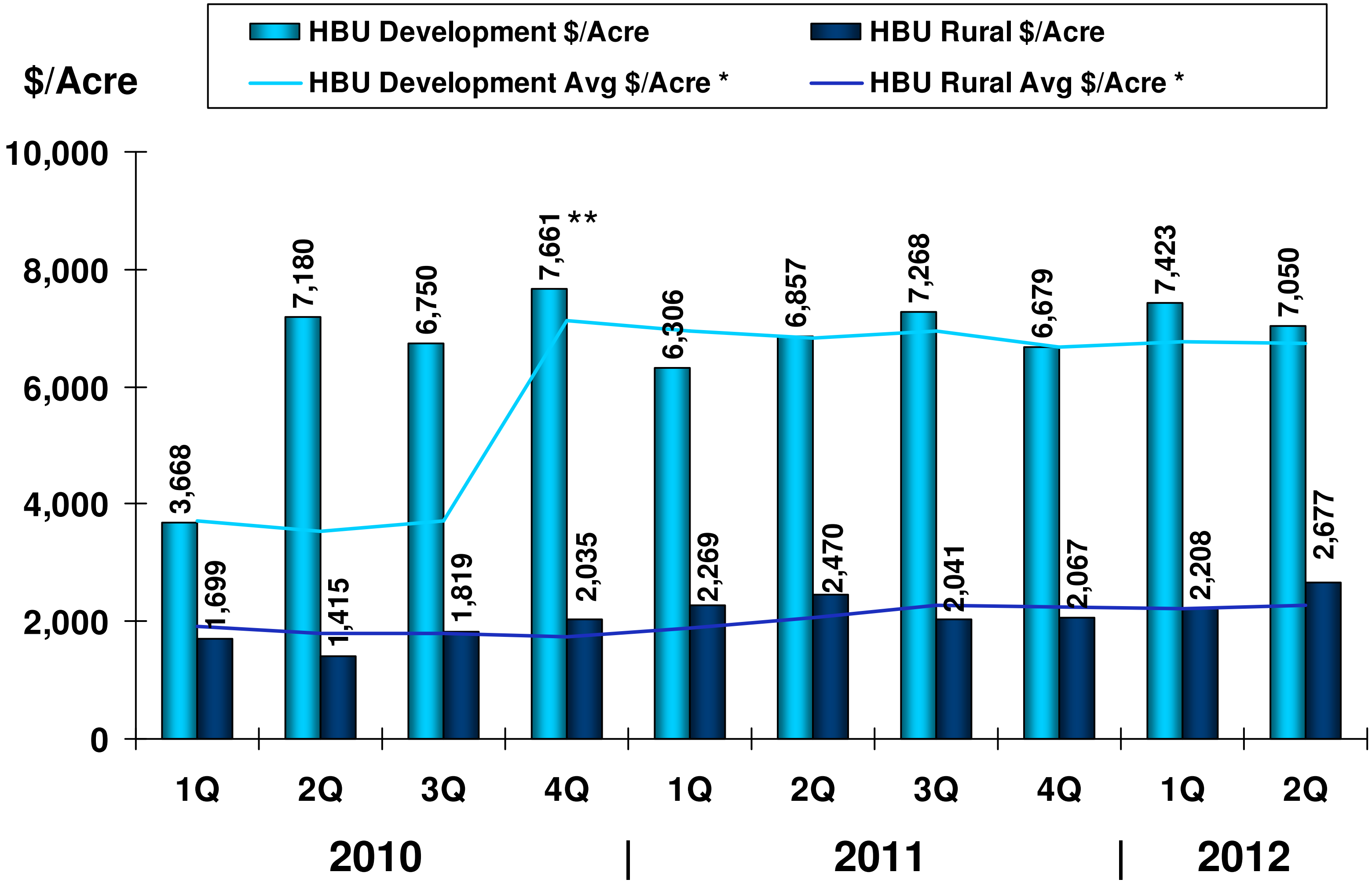
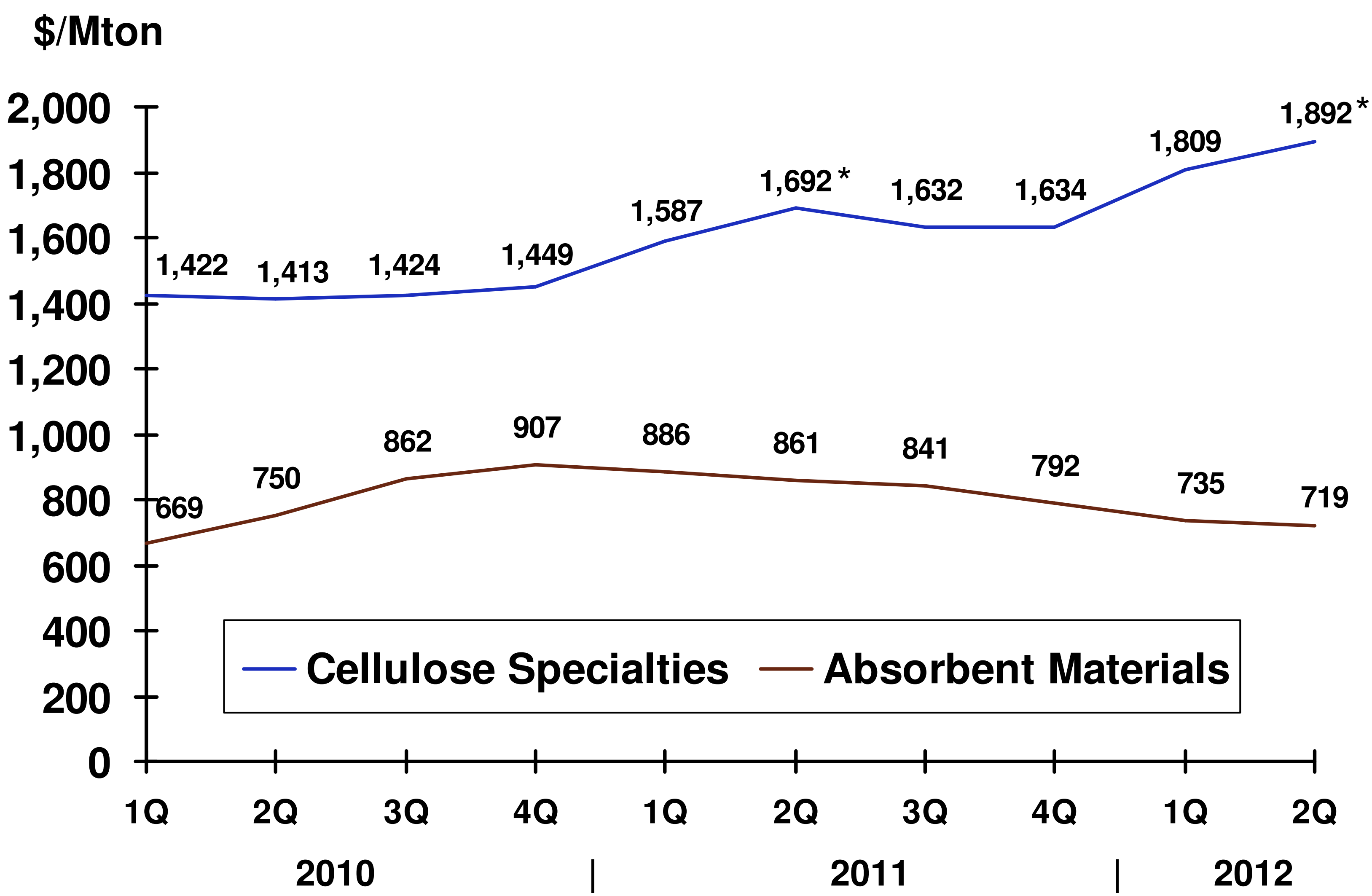
HBU Real Estate Sales Prices



* Four quarter rolling weighted average.
** Excluded $1.6 million easement sale.

Performance Fibers Net Selling Prices



* Prices were higher in Q2 2011 and Q2 2012 due to sales mix.

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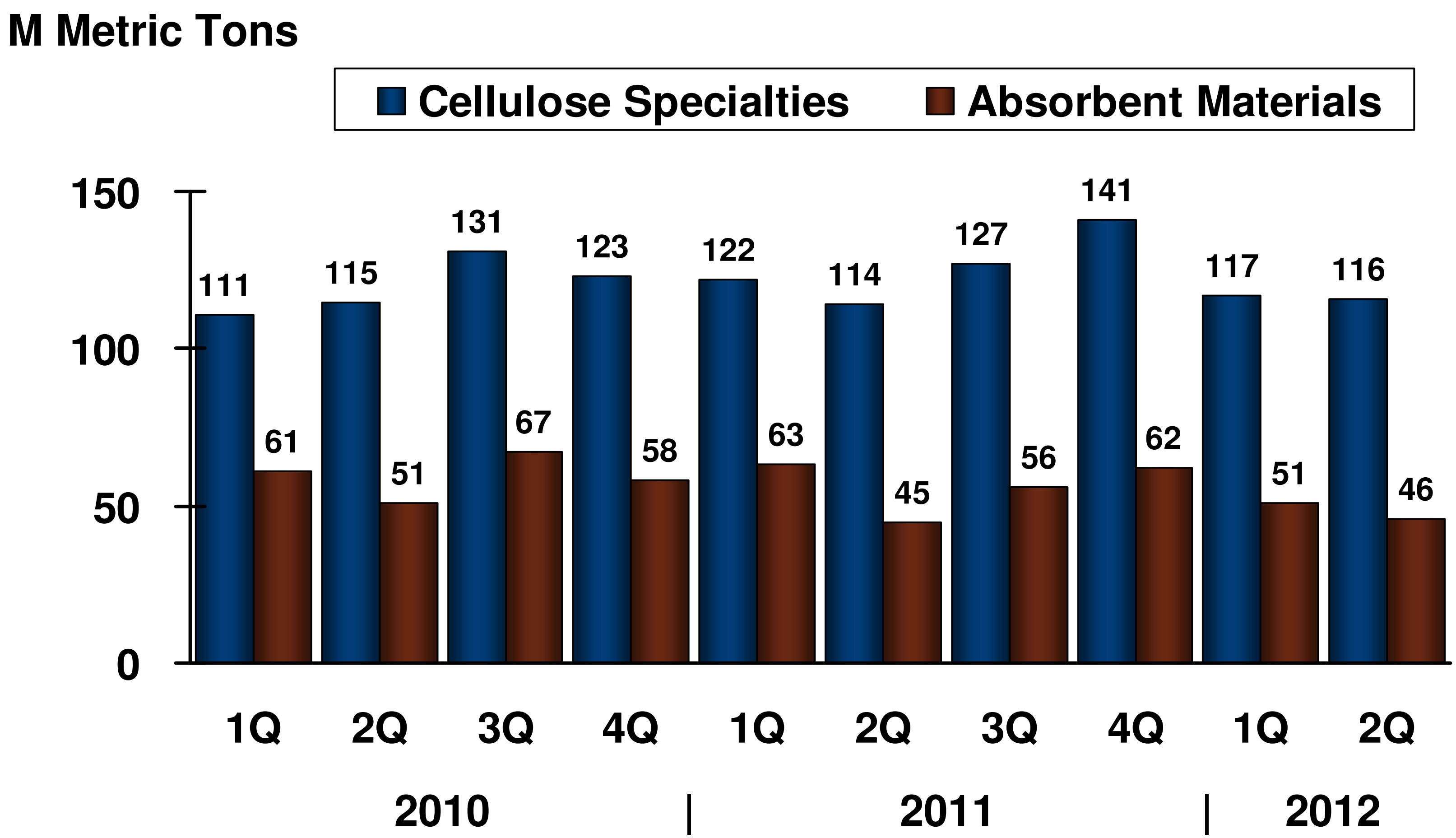
Performance Fibers Sales Volumes



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Earnings Per Share*

($ / Share)

	Pro forma **		Actual	
	2012	2011	2012	2011
First Quarter	$ 0.42	$ 0.47	$ 0.42	$ 0.47
Second Quarter	0.54	0.45	0.54	0.45
Third Quarter		0.71		0.84
Fourth Quarter		0.48		0.45
Full Year	Comparable	$ 2.11		$ 2.20

* The impact of the August 2011 3-for-2 stock split is reflected for all periods presented.

** Pro forma earnings per share is a non-GAAP measure (see page 17 for reconciliation).

Appendix

Definitions of Non-GAAP Measures

EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization. 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 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 strategic acquisitions. 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, 2011		Sept. 30, 2011	
	$	Per Diluted Share	$	Per Diluted Share
Operating Income	$ 81		$ 108	
Increase in disposition reserve	7		-	
Pro Forma Operating Income	**$ 88**		**$ 108**	
Net Income	$ 56	$ 0.45	$ 105	$ 0.84
Reversal of reserve related to the taxability of the AFMC	-	-	(16)	(0.13)
Increase in disposition reserve	4	0.03	-	-
Pro Forma Net Income	**$ 60**	**$ 0.48**	**$ 89**	**$ 0.71**

EBITDA by Segment

($ Millions)

Three Months Ended	Forest Resources	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
June 30, 2012							
Operating income	$ 8	$ 6	$ 84	$ 4	$ 1	$ (4)	$ 99
Depreciation, depletion and amortization	17	2	15	1	-	-	35
EBITDA	$ 25	$ 8	$ 99	$ 5	$ 1	$ (4)	$ 134
March 31, 2012							
Operating income (loss)	$ 8	$ 6	$ 81	$ 1	$ (1)	$ (11)	$ 84
Depreciation, depletion and amortization	17	2	11	1	-	-	31
EBITDA	$ 25	$ 8	$ 92	$ 2	$ (1)	$ (11)	$ 115
June 30, 2011							
Operating income (loss)	$ 12	$ 5	$ 71	$ (1)	$ (1)	$ (7)	$ 79
Depreciation, depletion and amortization	16	2	12	1	-	-	31
EBITDA	$ 28	$ 7	$ 83	$ -	$ (1)	$ (7)	$ 110

EBITDA by Segment

($ Millions)

Six Months Ended	Forest Resources	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
June 30, 2012							
Operating income	$ 16	$ 12	$ 164	$ 5	$ -	$ (14)	$ 183
Depreciation, depletion and amortization	34	3	26	2	-	1	66
EBITDA	$ 50	$ 15	$ 190	$ 7	$ -	$ (13)	$ 249
June 30, 2011							
Operating income (loss)	$ 23	$ 12	$ 147	$ (1)	$ -	$ (14)	$ 167
Depreciation, depletion and amortization	31	5	24	2	-	1	63
EBITDA	$ 54	$ 17	$ 171	$ 1	$ -	$ (13)	$ 230

Forest Resources Supplemental Financial Data
($ Millions)

	Three Months Ended			Six Months Ended	
	June 30, 2012	Mar. 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Forest Resources					
Sales					
Atlantic	$ 16	$ 15	$ 18	$ 31	$ 31
Gulf States	9	10	7	19	16
Northern	26	24	29	50	53
New Zealand *	2	3	3	5	5
Total	$ 53	$ 52	$ 57	$ 105	$ 105
Operating income					
Atlantic	$ 2	$ 3	$ -	$ 5	$ 2
Gulf States	2	1	-	2	-
Northern	4	4	11	8	18
New Zealand /Other	-	-	1	1	3
Total	$ 8	$ 8	$ 12	$ 16	$ 23

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

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Selected Operating Information

	Three Months Ended			Six Months Ended	
	June 30, 2012	Mar. 31 2012	June 30, 2011	June 30, 2012	June 30, 2011
Forest Resources					
Sales Volume, in thousands of short green tons					
Atlantic	823	737	863	1,560	1,508
Gulf States	403	442	299	845	645
Northern	426	441	476	868	912
	1,652	1,620	1,638	3,273	3,065
Real Estate					
Acres sold					
HBU Development	15	20	50	35	107
HBU Rural	4,036	5,452	4,019	9,488	9,464
Non-Strategic Timberlands	717	238	897	956	1,227
Total	4,768	5,710	4,966	10,479	10,798
Performance Fibers					
Sales Volume, in thousands of metric tons					
Cellulose specialties	116	117	114	234	236
Absorbent materials	46	51	45	97	109
Total	162	168	159	331	345
Wood Products					
Sales volume,					
in millions of board feet	75	70	70	146	126

Market Price and Dividend History*

($ / Share)

	High		Low		Dividends	
2012						
Second Quarter	$	46.04	$	41.33	$	0.40
First Quarter	$	47.56	$	43.38	$	0.40
2011						
Fourth Quarter	$	45.28	$	34.68	$	0.40
Third Quarter	$	45.37	$	35.34	$	0.40
Second Quarter	$	44.88	$	39.64	$	0.36
First Quarter	$	41.81	$	35.28	$	0.36
2010						
Fourth Quarter	$	36.35	$	32.13	$	0.36
Third Quarter	$	34.19	$	28.76	$	0.33
Second Quarter	$	33.81	$	27.71	$	0.33
First Quarter	$	30.94	$	26.47	$	0.33

* The impact of the August 2011 3-for-2 stock split is reflected in all periods presented.

Wood Products Sales