Rayonier

Value From The Ground Up™

Third 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.

Financial Highlights
($ Millions – Except EPS)

	3Q 2012	2Q 2012	3Q 2011
Profitability			
Sales	409	372	385
Operating income	113	99	108
Net income	81	69	105
Pro forma net income *	81	69	89
Earnings Per Share:			
Diluted EPS	0.62	0.54	0.84
Pro forma diluted EPS*	0.62	0.54	0.71
Average diluted shares (millions)	130.0	127.4	125.6

	Nine Months Ended September 30,	
	2012	2011
Capital Resources and Liquidity		
Cash Provided by Operating Activities	354	326
Cash Used for Investing Activities	(237)	(181)
Cash Provided by (Used for) Financing Activities	20	(133)
EBITDA*	398	377
Cash Available for Distribution (CAD) *	261	242
	9/30/2012	12/31/2011
Debt	1,009	847
Debt / Capital	42%	39%
Cash	215	79

* Non-GAAP measures (see pages 6 and 18-21 for definitions and reconciliations).

Variance Analysis – 2Q 12 to 3Q 12
($ Millions)

	Operating Income
2Q 2012	**$ 99**
Variance	
Forest Resources	
- Price	(2)
- Volume	3
- Costs / Mix / Other	2
Real Estate	2
Performance Fibers	
- Price	(1)
- Volume	11
- Costs / Other	7
Wood Products	
- Price	(1)
- Costs / Other	(1)
Other Operations	(2)
Corporate / Other	(4)
3Q 2012	**$ 113**

Variance Analysis – 3Q 11 to 3Q 12
($ Millions)

	Operating Income	
	Quarter	Year-to-date
3Q 2011	**$ 108**	**$ 275**
Variance		
Forest Resources		
- Price	(4)	(7)
- Volume	4	2
- Costs / Mix / Other	-	(2)
Real Estate	(20)	(19)
Performance Fibers		
- Price	27	62
- Volume	2	(1)
- Costs / Other	(3)	(17)
Wood Products		
- Price	4	8
- Costs / Other	(1)	-
Other Operations	(1)	(1)
Corporate / Other	(3)	(4)
3Q 2012	**$ 113**	**$ 296**

Cash Available for Distribution*

($ Millions – Except Per Share Data)

	Nine Months Ended September 30,	
	2012	2011
Cash Available for Distribution (CAD)		
Cash provided by operating activities	$ 354	$ 326
Capital expenditures **	(112)	(87)
Change in committed cash	6	-
Excess tax benefits on stock-based compensation	7	5
Other	6	(2)
Cash Available for Distribution	$ 261	$ 242
Shares outstanding	123,189,001	121,827,626
CAD per share	$ 2.12	$ 1.99
Dividends per share	$ 1.24	$ 1.12

* Non-GAAP measure (See page 18 for definition).

** Capital expenditures exclude strategic capital. For the nine months ended September 30, 2012, strategic capital totaled $130.7 million for the Jesup mill cellulose specialties expansion and $11.6 million for timberland acquisitions. For the nine months ended September 30, 2011, strategic capital totaled $94.2 million for timberland acquisitions and $14.6 million for the Jesup mill cellulose specialties expansion.

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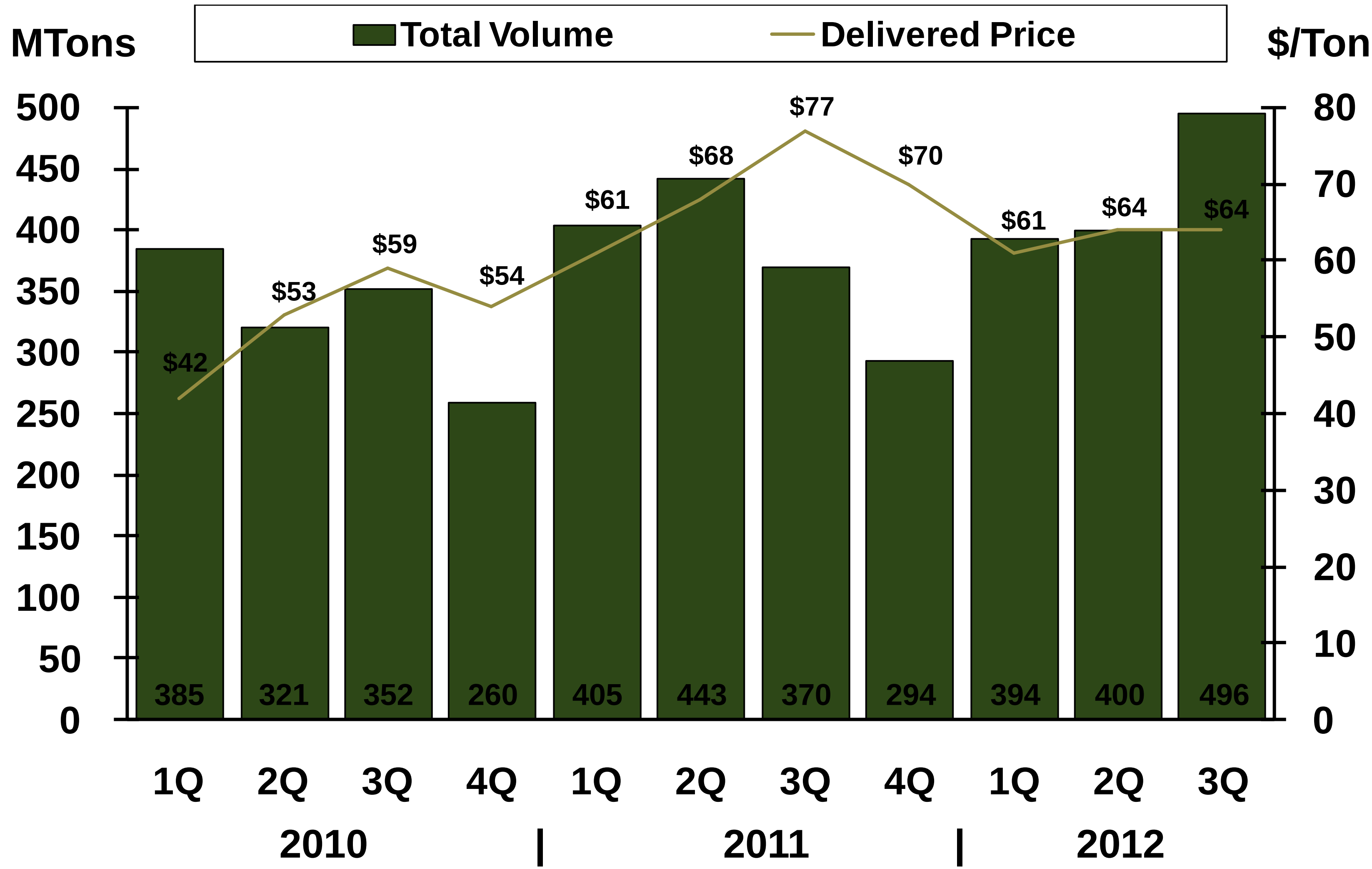
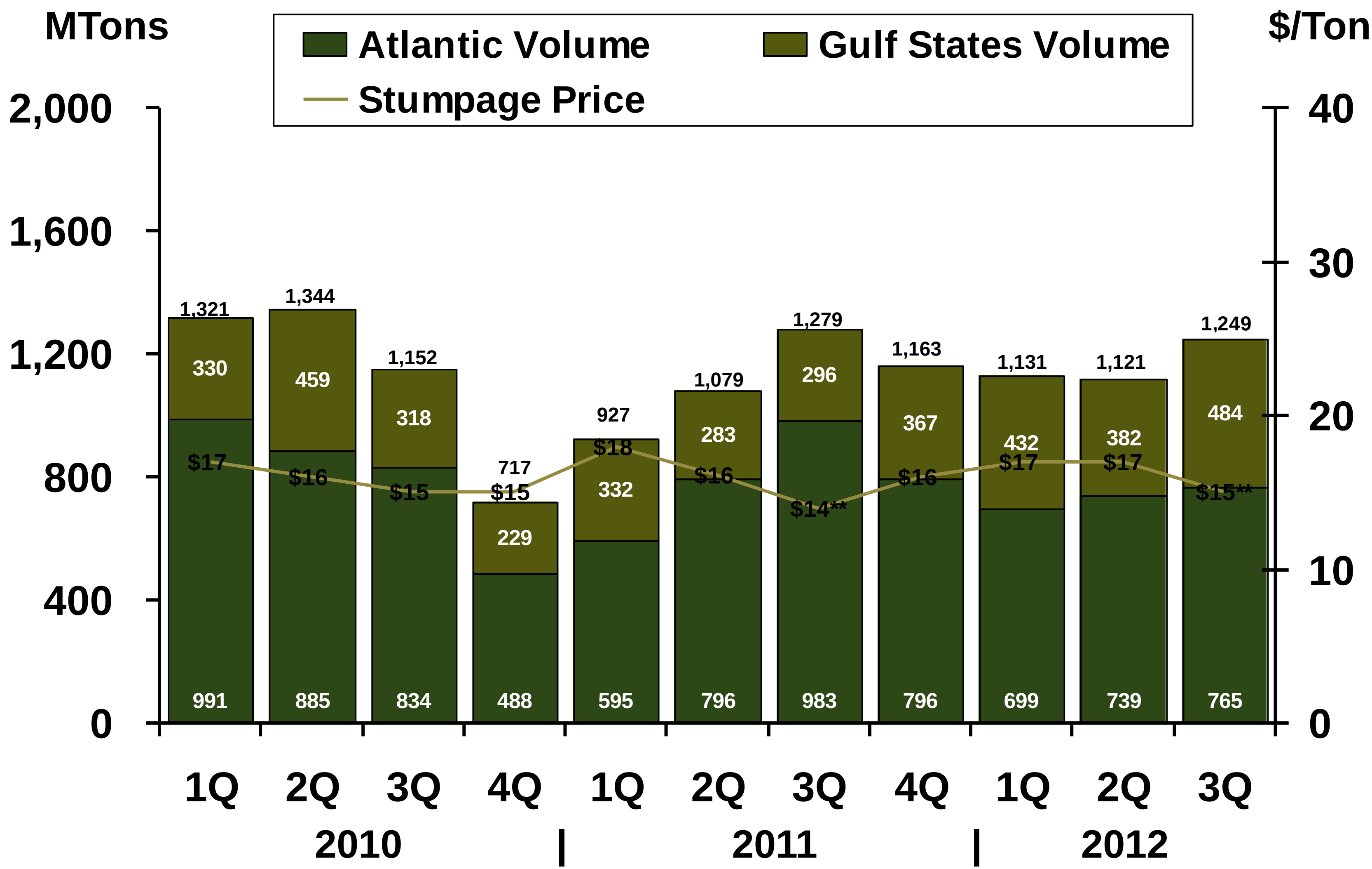
Markets and Operations

Northern U.S. Timber Sales *



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

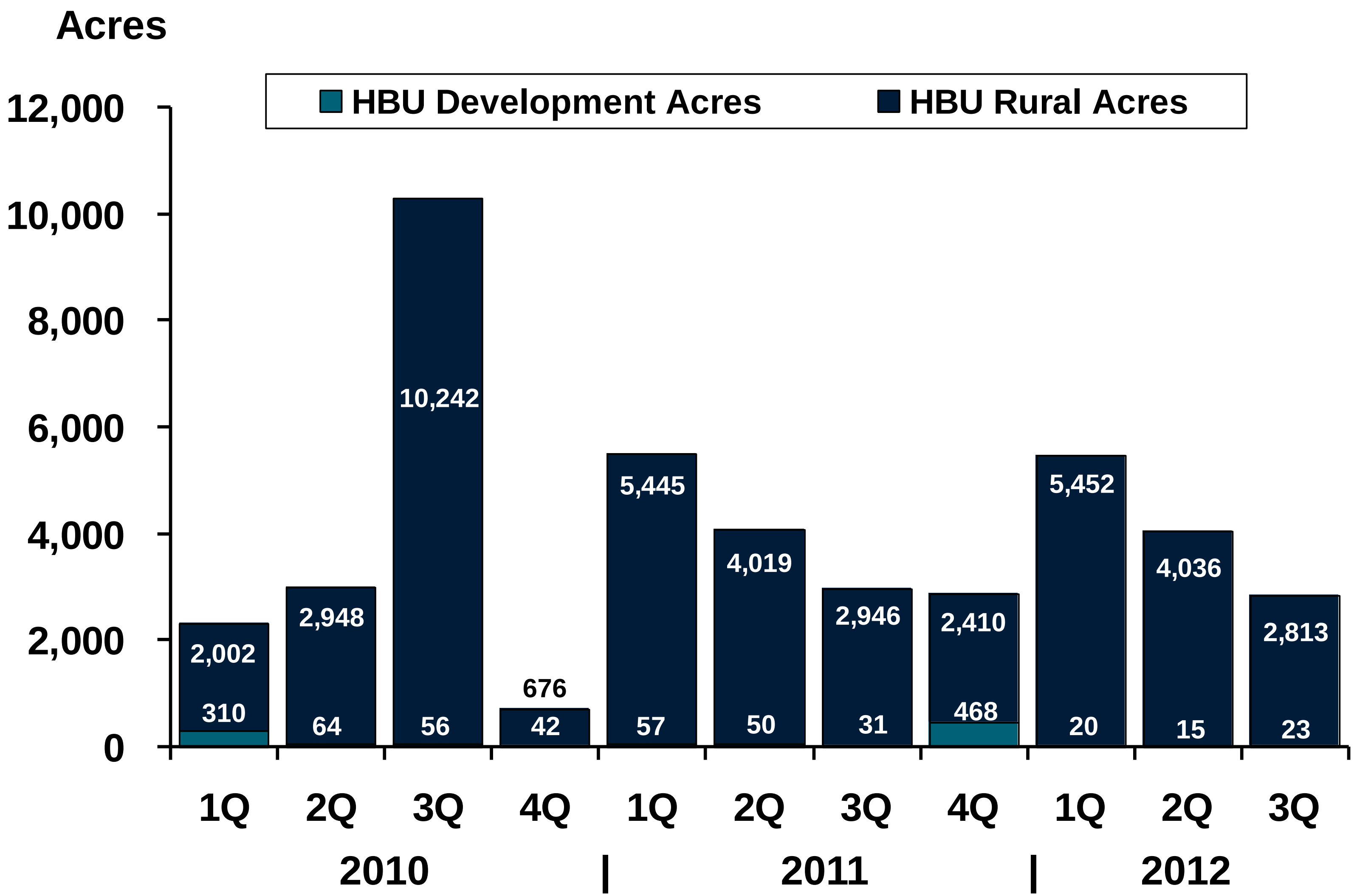
U.S. Pine Timber Sales *



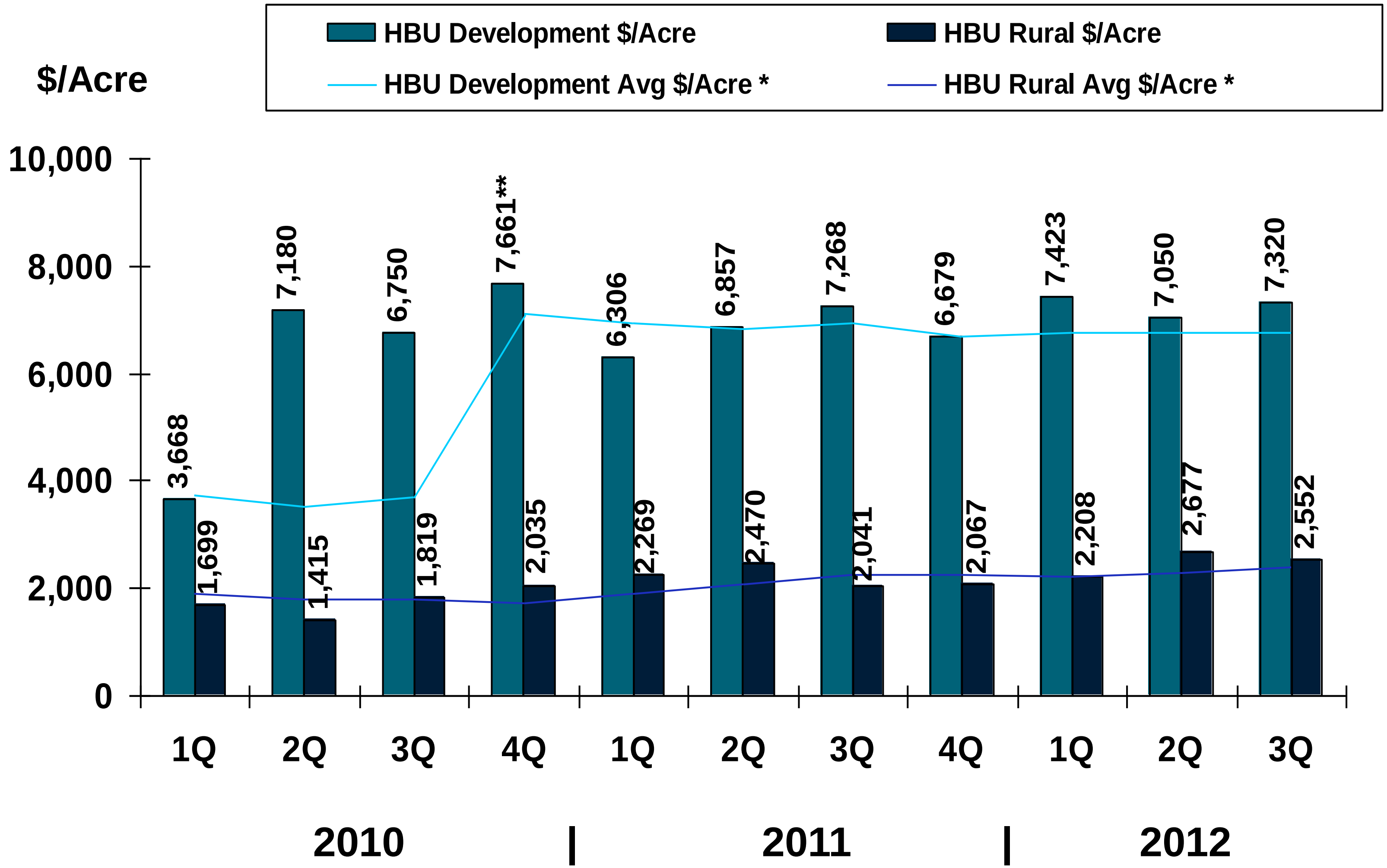
* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma and Texas) regions.

** Q3 2011 prices were lower due to the impact of fire salvage timber. Q3 2012 prices were lower due to sales mix.

HBU Real Estate Acres - Sales



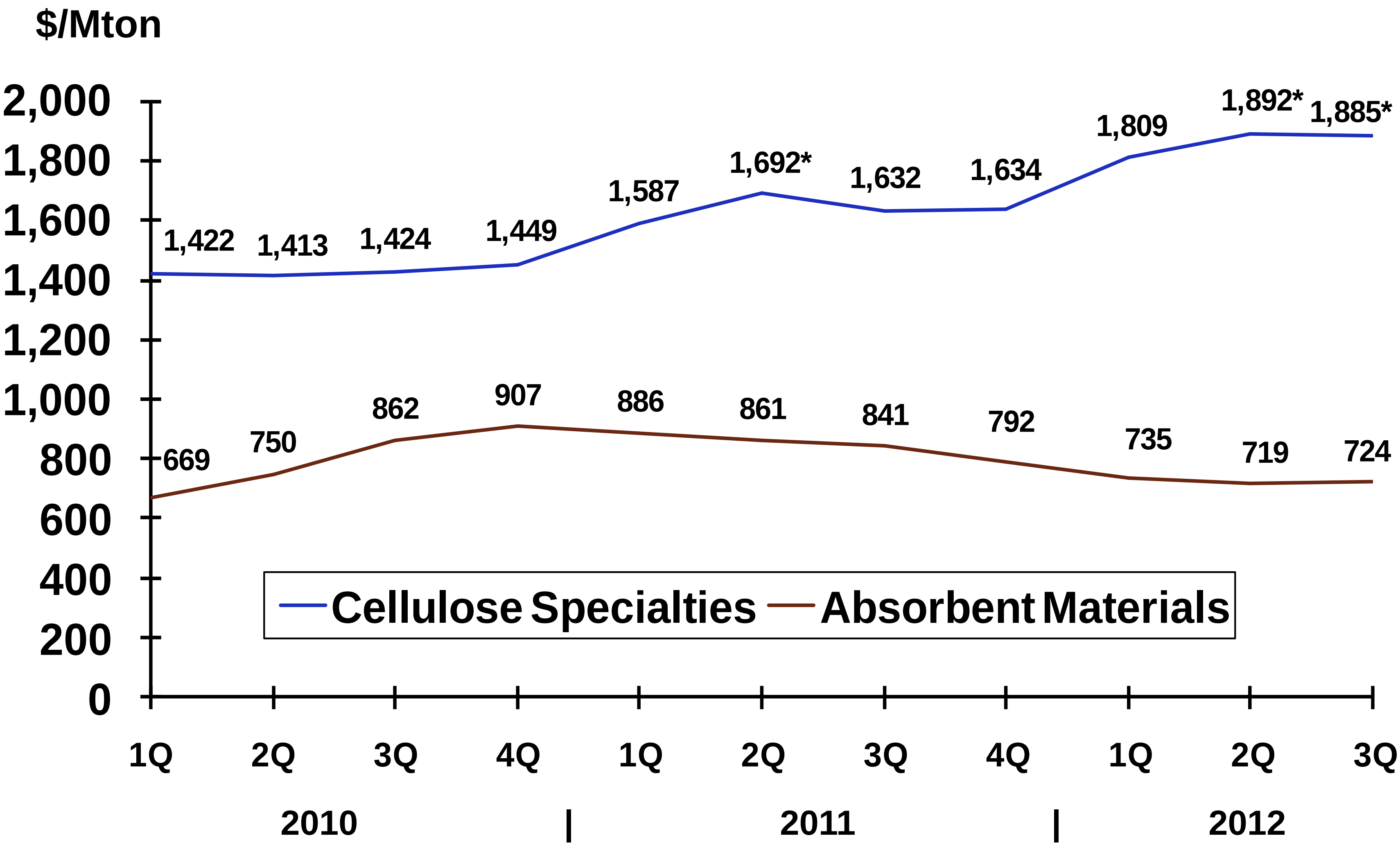
HBU Real Estate Sales Prices



* Four quarter rolling weighted average.

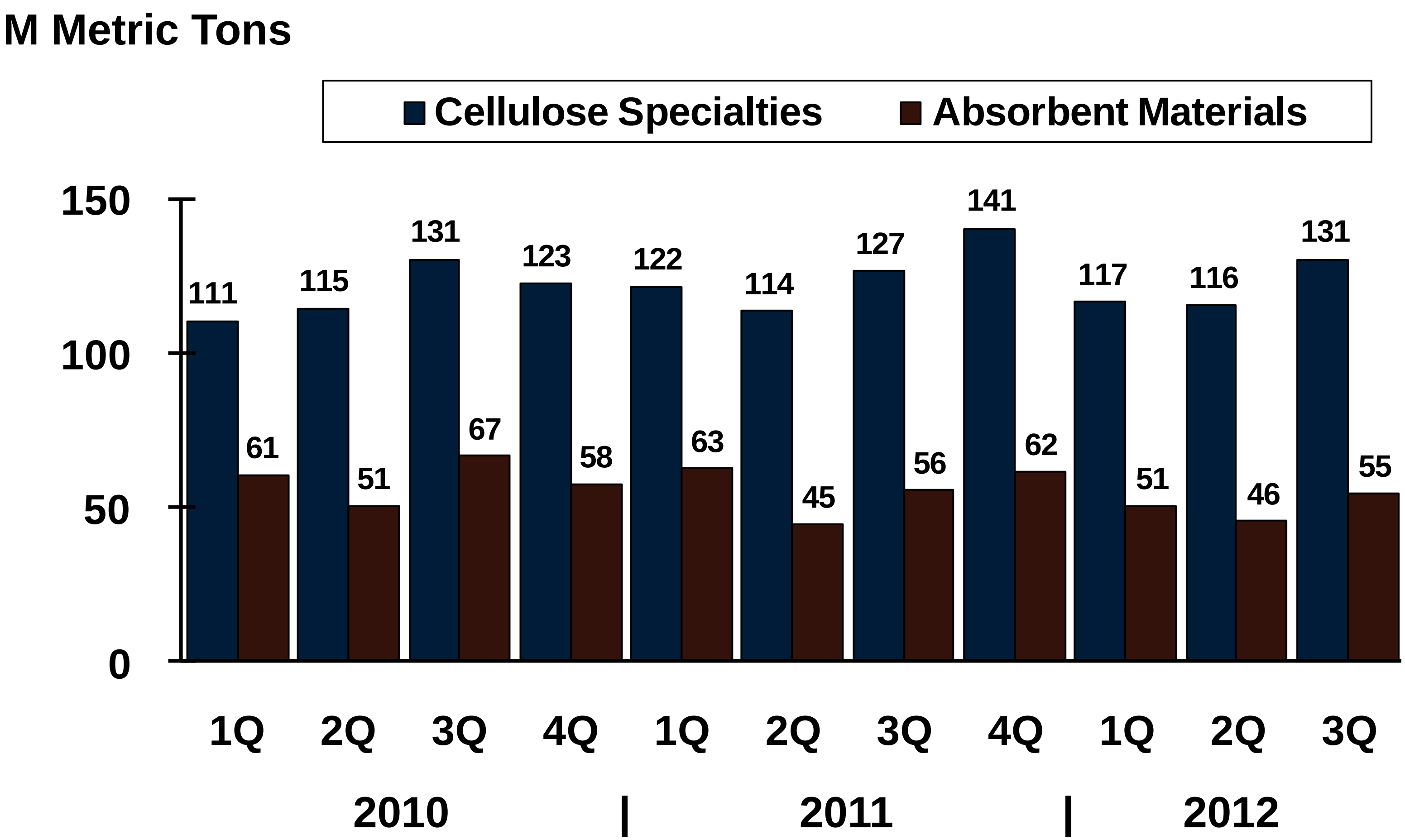
** Excluded $1.6 million easement sale.

Performance Fibers Net Selling Prices



* Prices were higher in Q2 2011, Q2 2012 and Q3 2012 due to sales mix.

Performance Fibers Sales Volumes



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	0.62	0.71	0.62	0.84
Fourth Quarter		0.48		0.45
Full Year	Comparable	$ 2.11		$ 2.20

* Pro forma earnings per share is a non-GAAP measure (see page 19 for reconciliation).

Jesup C-Mill Conversion Update

		2013			
	2012F	1H13	2H13	Total	2014
Sales Volumes (000s MT)					
C-Mill:					
Absorbent Materials	214	80	15 [1]	95	-
Commodity Viscose	11	5	55	60	55
Cellulose Specialties [2]	-	-	5	5	100
C-Mill Total	225	85	75	160	155
Performance Fibers, excluding C-Mill (all Cellulose Specialties)	502	237	273	510	505
Total Performance Fibers	727	322	348	670	660
Total Cellulose Specialties	502	237	278	515	605

Performance Fibers Cost per MT

	2013	2014
Cash Costs [3]	up 10-12%	up 3-4%
Depreciation and Amortization	up 22-24%	up 17-19%
Total Costs per MT	up 11-13%	up 4-5%

[1] Sales of Absorbent Materials in 2H13 represent shipments of inventory produced prior to the mid-year shutdown.

[2] Sales likely to range from 5-20K MT in 2013 and from 90-110K MT in 2014.

[3] Cash cost per MT increases reflect assumptions for production input costs, fixed cost absorption, and higher costs associated with producing Cellulose Specialties.

C-Mill production in 2014 expected to be at 80-90% of capacity, with ultimate capacity of 190K MT annual run rate achieved during 2015.

Income Tax Analysis
($ Millions)

	Three Months Ended				Nine Months Ended			
	September 30, 2012		September 30, 2011		September 30, 2012		September 30, 2011	
Income tax expense at federal statutory rate	$ 37	35.0%	$ 34	35.0%	$ 91	35.0%	$ 83	35.0%
REIT income not subject to tax	(6)	(5.7)%	(11)	(11.3)%	(18)	(7.0)%	(25)	(10.6)%
Other	(3)	(2.9)%	(4)	(3.7)%	(4)	(1.6)%	(5)	(1.9)%
Income tax expense before non-routine items	28	26.4%	19	20.0%	69	26.4%	53	22.5%
AFMC for CBPC exchange	(3)	(3.0)%	(2)	(2.1)%	(12)	(4.5)%	(6)	(2.6)%
AFMC reserve reversal	-	-	(16)	(16.6)%	-	-	(16)	(6.7)%
Installment note prepayment	-	-	(9)	(9.3)%	-	-	(9)	(3.9)%
Built-in gains tax holiday	-	-	(1)	(1.0)%	-	-	(4)	(1.8)%
Income tax expense (benefit) as reported	$ 25	23.4%	$ (9)	(9.0)%	$ 57	21.9%	$ 18	7.5%

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**

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EBITDA by Segment
($ Millions)

Three Months Ended	Forest Resources	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
September 30, 2012							
Operating income	$ 11	$ 8	$ 101	$ 2	$ -	$ (9)	113
Depreciation, depletion and amortization	19	1	15	1	-	-	36
EBITDA	$ 30	$ 9	$ 116	$ 3	$ -	$ (9)	$ 149
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
September 30, 2011							
Operating income (loss)	$ 11	$ 28	$ 75	$ (1)	$ 1	$ (6)	$ 108
Depreciation, depletion and amortization	17	6	16	-	-	-	39
EBITDA	$ 28	$ 34	$ 91	$ (1)	$ 1	$ (6)	$ 147

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EBITDA by Segment
($ Millions)

Nine Months Ended	Forest Resources	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
September 30, 2012							
Operating income	$ 27	$ 21	$ 266	$ 7	$ -	$ (25)	$ 296
Depreciation, depletion and amortization	53	5	42	2	-	-	102
EBITDA	$ 80	$ 26	$ 308	$ 9	$ -	$ (25)	$ 398
September 30, 2011							
Operating income (loss)	$ 34	$ 40	$ 222	$ (1)	$ 1	$ (21)	$ 275
Depreciation, depletion and amortization	48	11	40	2	-	1	102
EBITDA	$ 82	$ 51	$ 262	$ 1	$ 1	$ (20)	$ 377

Forest Resources Supplemental Financial Data

($ Millions)

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Forest Resources					
Sales					
Atlantic	$ 16	$ 16	$ 20	$ 46	$ 50
Gulf States	11	9	7	31	23
Northern	30	26	27	80	81
New Zealand *	3	2	3	8	8
Total	$ 60	$ 53	$ 57	$ 165	$ 162
Operating income					
Atlantic	$ 3	$ 2	$ 2	$ 8	$ 4
Gulf States	1	2	-	3	-
Northern	7	4	8	15	26
New Zealand / Other	-	-	1	1	4
Total	$ 11	$ 8	$ 11	$ 27	$ 34

* 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			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Forest Resources					
Sales Volume, in thousands of short green tons					
Atlantic	847	823	1,056	2,407	2,563
Gulf States	509	403	301	1,354	946
Northern	529	426	409	1,396	1,321
Total	1,885	1,652	1,766	5,157	4,830
Real Estate					
Acres sold					
HBU Development	23	15	31	57	138
HBU Rural	2,813	4,036	2,946	12,301	12,411
Non-Strategic Timberlands	5,624	717	6,814	6,580	8,040
Total	8,460	4,768	9,791	18,938	20,589
Performance Fibers					
Sales Volume, in thousands of metric tons					
Cellulose specialties	131	116	127	365	363
Absorbent materials	55	46	56	152	165
Total	186	162	183	517	528
Wood Products					
Sales volume, in millions of board feet	76	75	66	221	192

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Market Price and Dividend History

	High		Low		Dividends	
2012						
Third Quarter	$	51.87	$	44.82	$	0.44
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

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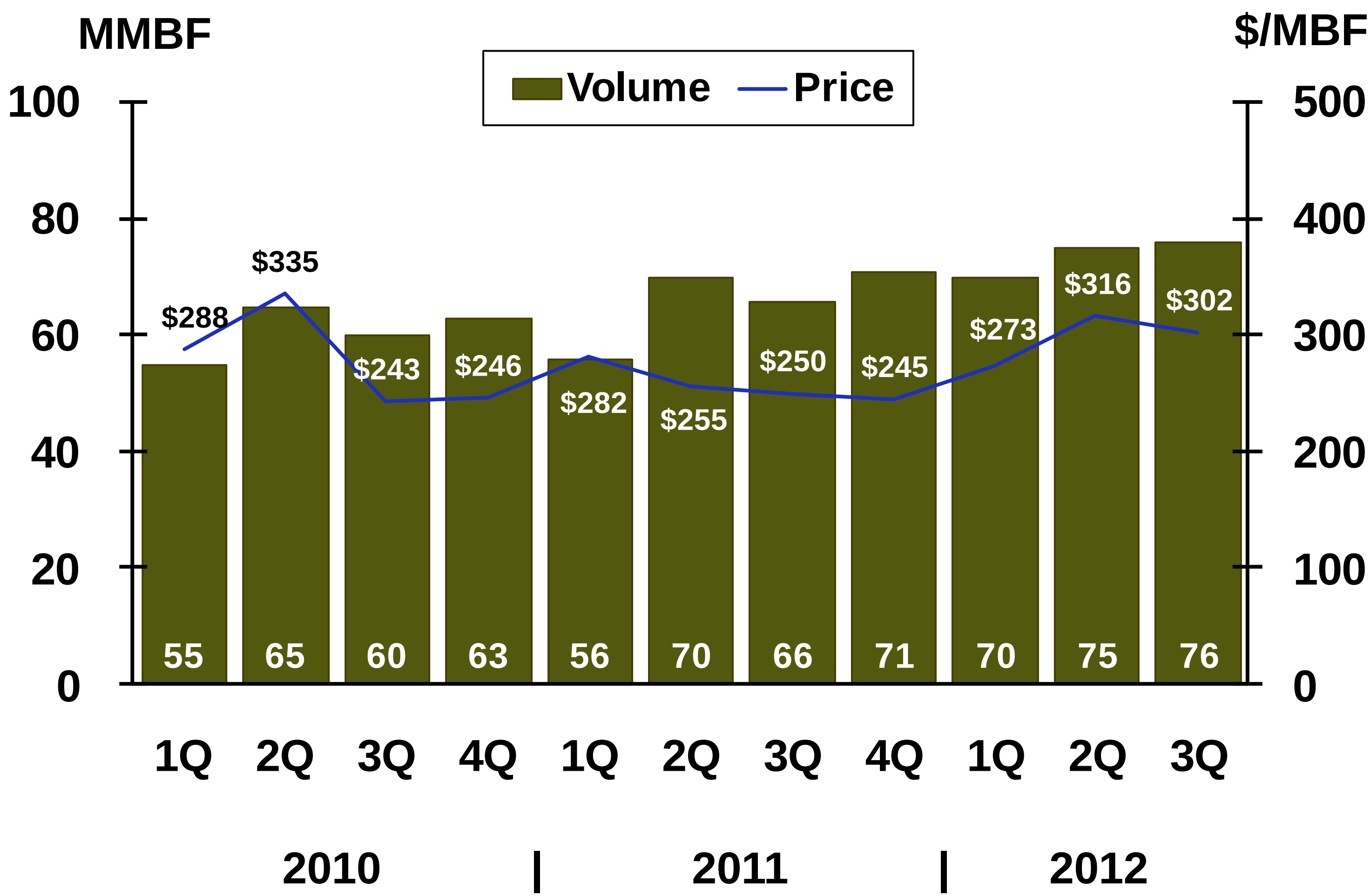
Wood Products Sales



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