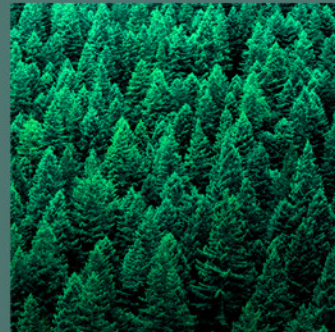


Fourth Quarter 2009 Financial Presentation Material



Rayonier

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, pricing of raw materials and energy, 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; 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 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, or the alternative fuel mixture 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 2009</u>	<u>3Q 2009</u>	<u>4Q 2008</u>
<u>Profitability</u>			
Sales	310	301	365
Operating income	121	111	63
Pro forma operating income *	57	55	63
Net Income	98	81	43
Pro forma net income *	33	32	43
Earnings Per Share:			
Net income	1.21	1.01	0.55
Pro forma net income *	0.42	0.40	0.55
Average diluted shares (millions)	80.5	80.1	79.4
Year Ended December 31,			
	<u>2009</u>	<u>2008</u>	
<u>Capital Resources and Liquidity</u>			
Cash Provided by Operating Activities	307	340	
Cash Used for Investing Activities	(93)	(330)	
Cash Used for Financing Activities	(202)	(128)	
Adjusted EBITDA *	370	406	
Cash Available for Distribution (CAD) *	230	213	
	<u>12/31/2009</u>	<u>12/31/2008</u>	
Debt	700	747	
Debt / Capital	37.9%	44.3%	
Cash	75	62	

* Non-GAAP measures (see pages 6, 18, 19, 20 and 21 for definitions and reconciliations).

Variance Analysis – Q3 09 to Q4 09 (\$ Millions)

Operating Income	
2009 Q3 (Pro forma) *	\$ 55
Variance	
Timber	
- Price	1
- Volume / Costs	(2)
- Other	7
Real Estate - Volume	(8)
Performance Fibers	
- Price	(6)
- Volume	8
- Cost / Other	7
Wood Products	(1)
Other Operations	1
Corporate and other	(5)
2009 Q4 (Pro forma) *	<u>\$ 57</u>

* Non-GAAP measure (See page 19 for reconciliation).

Variance Analysis - 2008 to 2009
 (\$ Millions)

	Operating Income	
	Quarter	Year-to-date
2008 4Q	\$ 63	\$ 226
Variance		
Timber		
- Price	(4)	(32)
- Volume / Mix	(7)	(12)
- Costs / Other	8	20
Real Estate	(25)	(24)
Performance Fibers		
- Price	(5)	40
- Volume	7	(2)
- Costs / Other	25	(3)
Wood Products	1	(5)
Other Operations	(3)	(6)
Corporate and other	(3)	2
2009 4Q (Pro forma) *	\$ 57	\$ 204

* Non-GAAP measure (See page 19 for reconciliation).

Cash Available for Distribution*

(\$ Millions – Except Per Share Data)

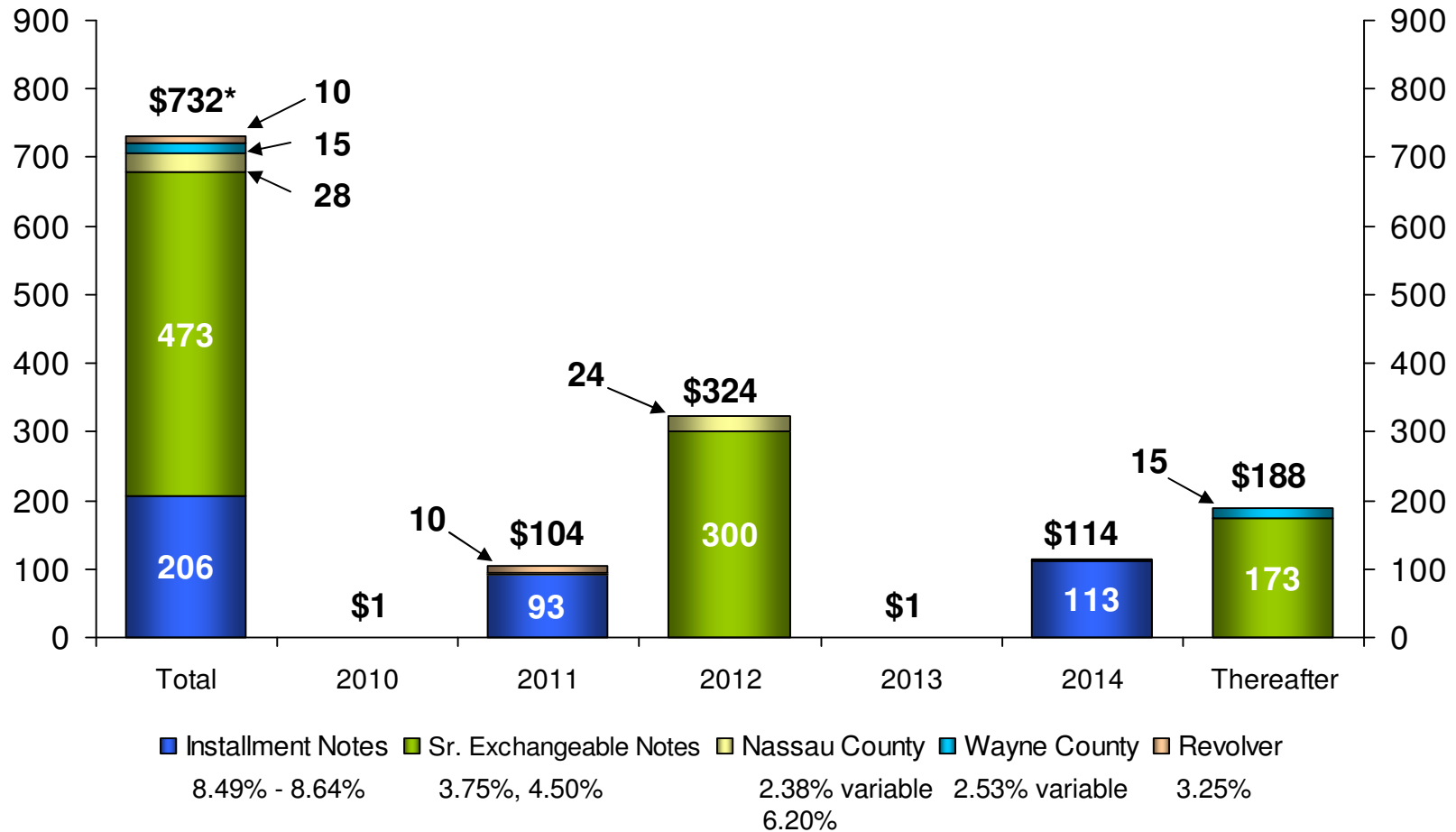
	Year Ended December 31,	
	2009	2008
Cash Available for Distribution (CAD)		
Cash provided by operating activities	\$ 307.3	\$ 340.2
Capital expenditures **	(91.7)	(104.8)
Change in committed cash	17.0	(10.0)
Like-kind exchange tax benefits on real estate sales ***	-	(12.1)
Other	(2.4)	(0.1)
Cash Available for Distribution	<u>\$ 230.2</u>	<u>\$ 213.2</u>
Shares outstanding	<u>79,541,974</u>	<u>78,814,431</u>
CAD per share	\$ 2.89	\$ 2.71
Dividends per share	\$ 2.00	\$ 2.00

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

** Capital spending excludes strategic acquisitions.

*** Represents taxes that would have been paid if the Company had not completed LKE transactions.

Debt Maturity Schedule as of December 31, 2009

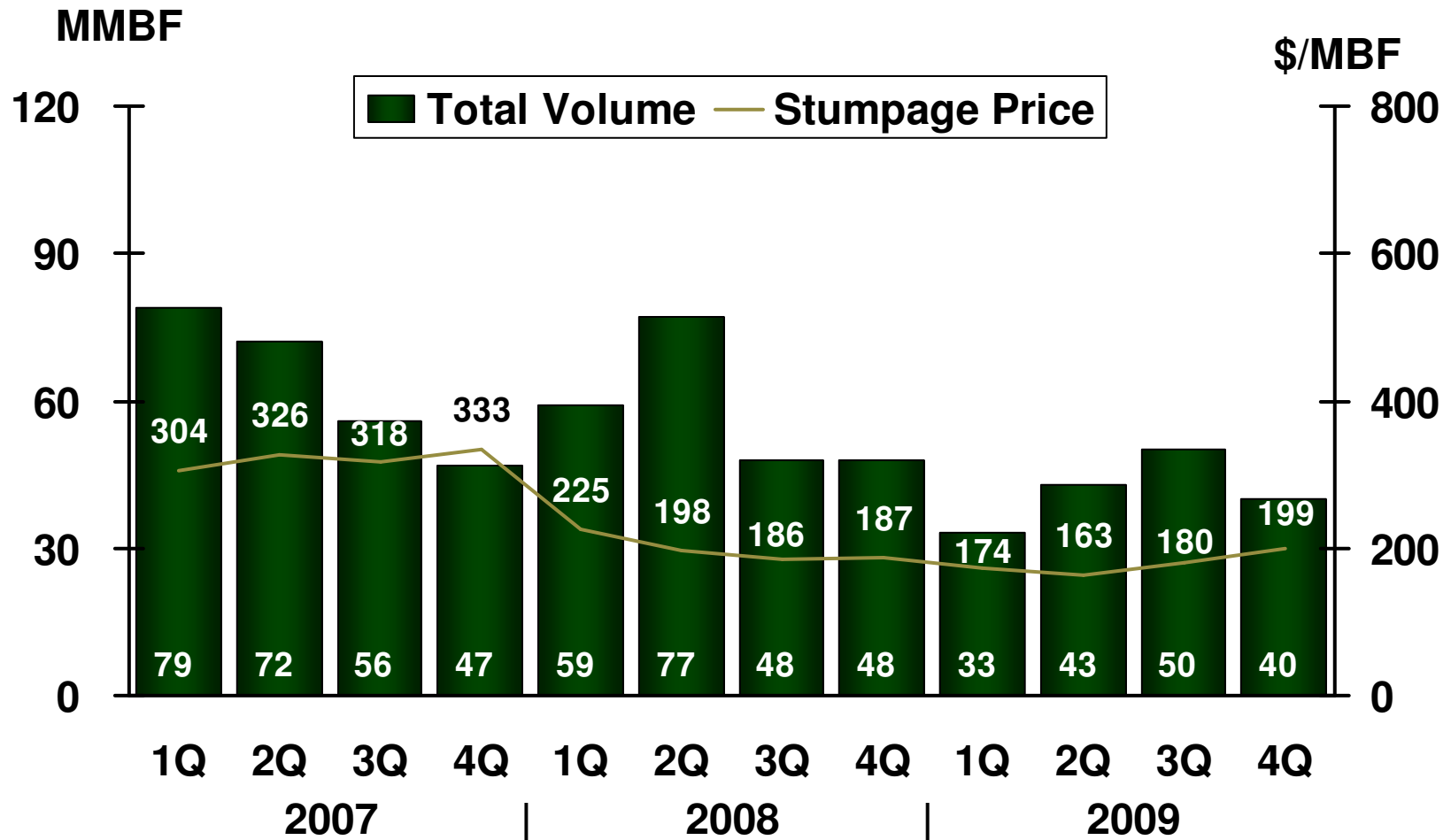


* Due to the adoption of FASB Staff Position No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)*, our Sr. Exchangeable Notes are currently valued at \$441 million on the company's consolidated balance sheet, but upon maturity the liability will be \$300 million in 2012 and \$173 million in 2015.



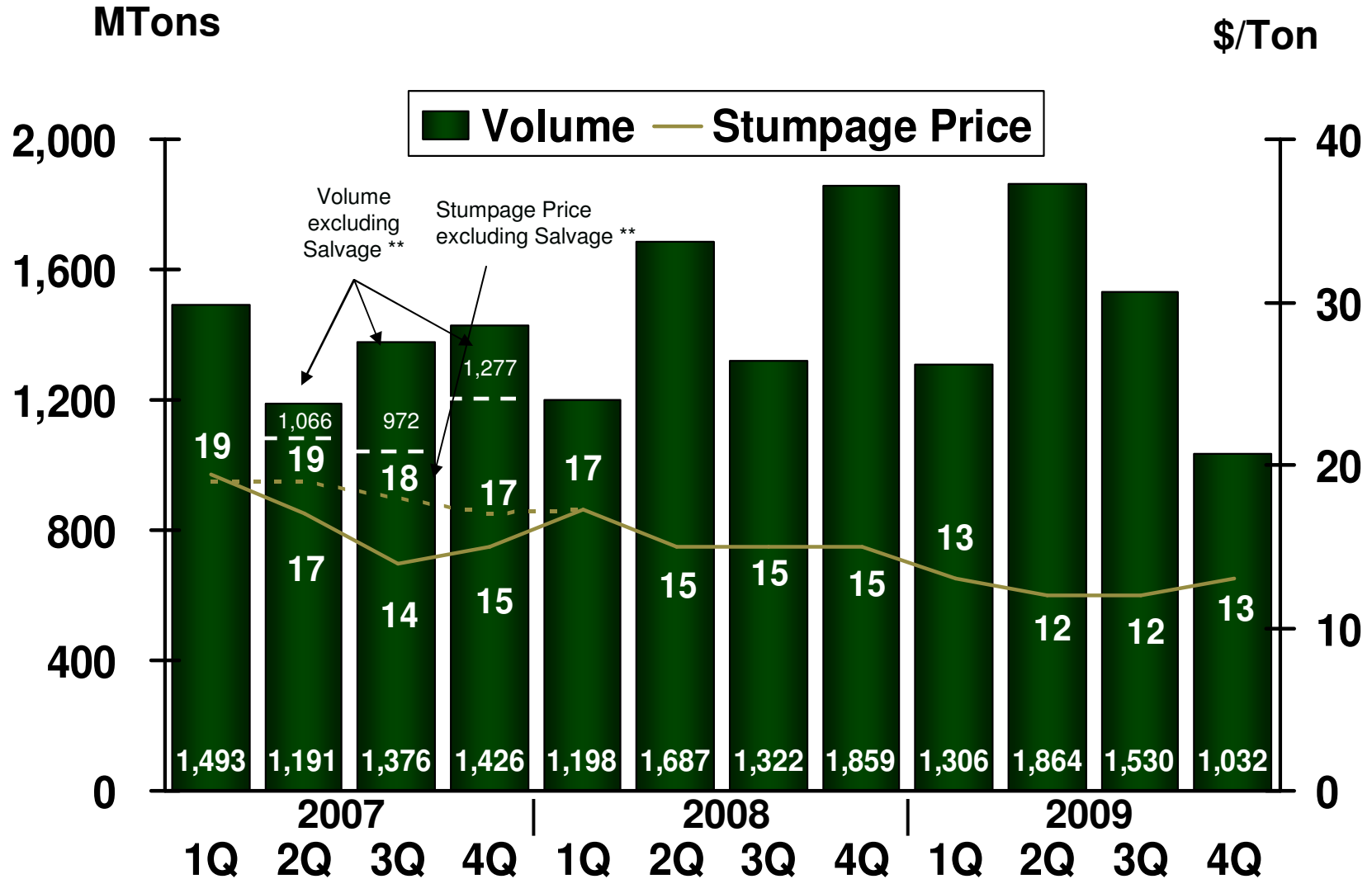
Markets and Operations

Western Timber Sales *



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

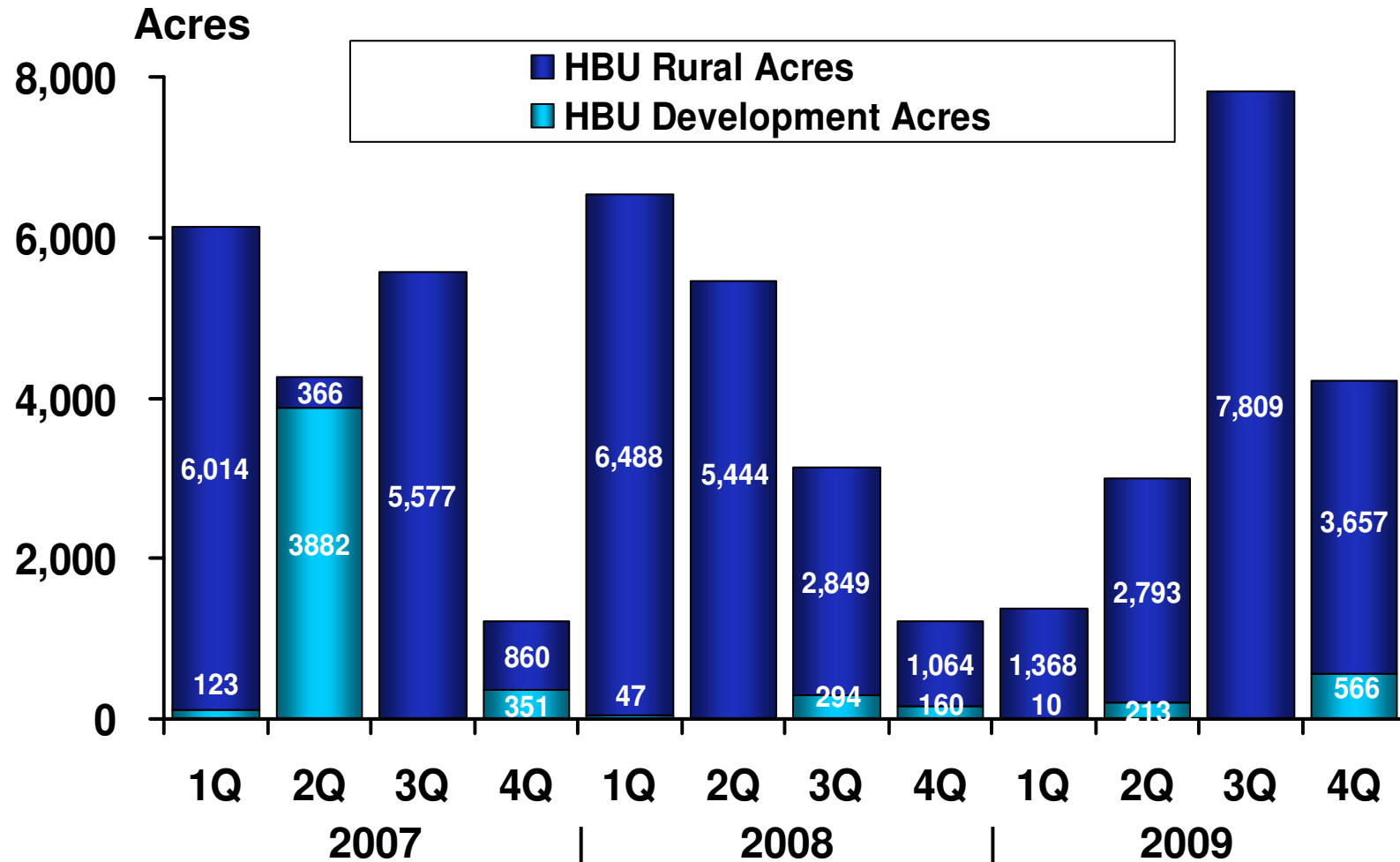
Eastern Pine Timber Sales *



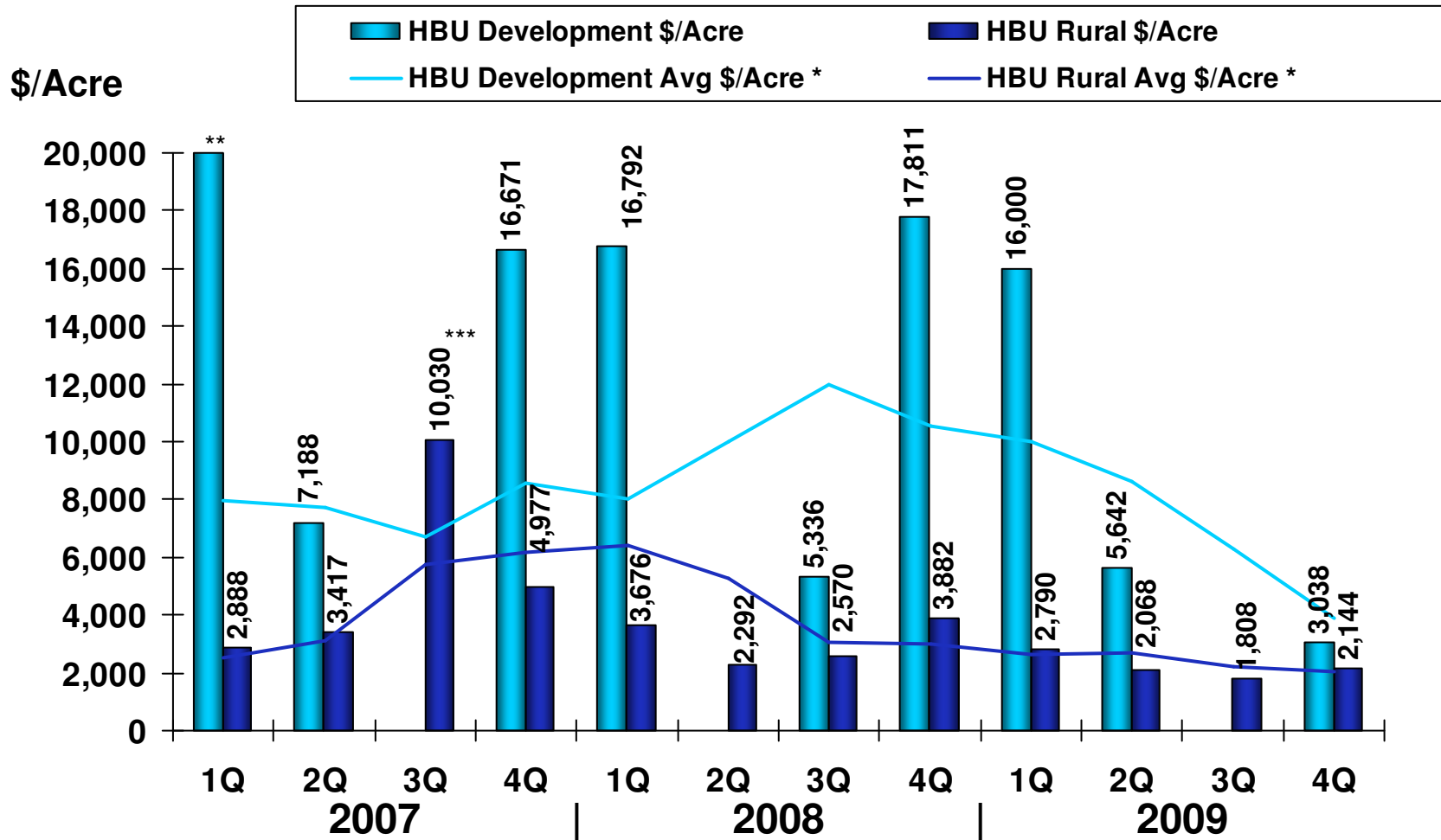
* The Eastern region represents the Company's operations in Alabama, Arkansas, Florida, Georgia, Louisiana, New York, Oklahoma and Texas.

** Salvage volumes and prices are related to second quarter 2007 Southern Georgia and Northern Florida wildfire damaged timber.

HBU Real Estate Acres - Sales



HBU Real Estate Sales Prices

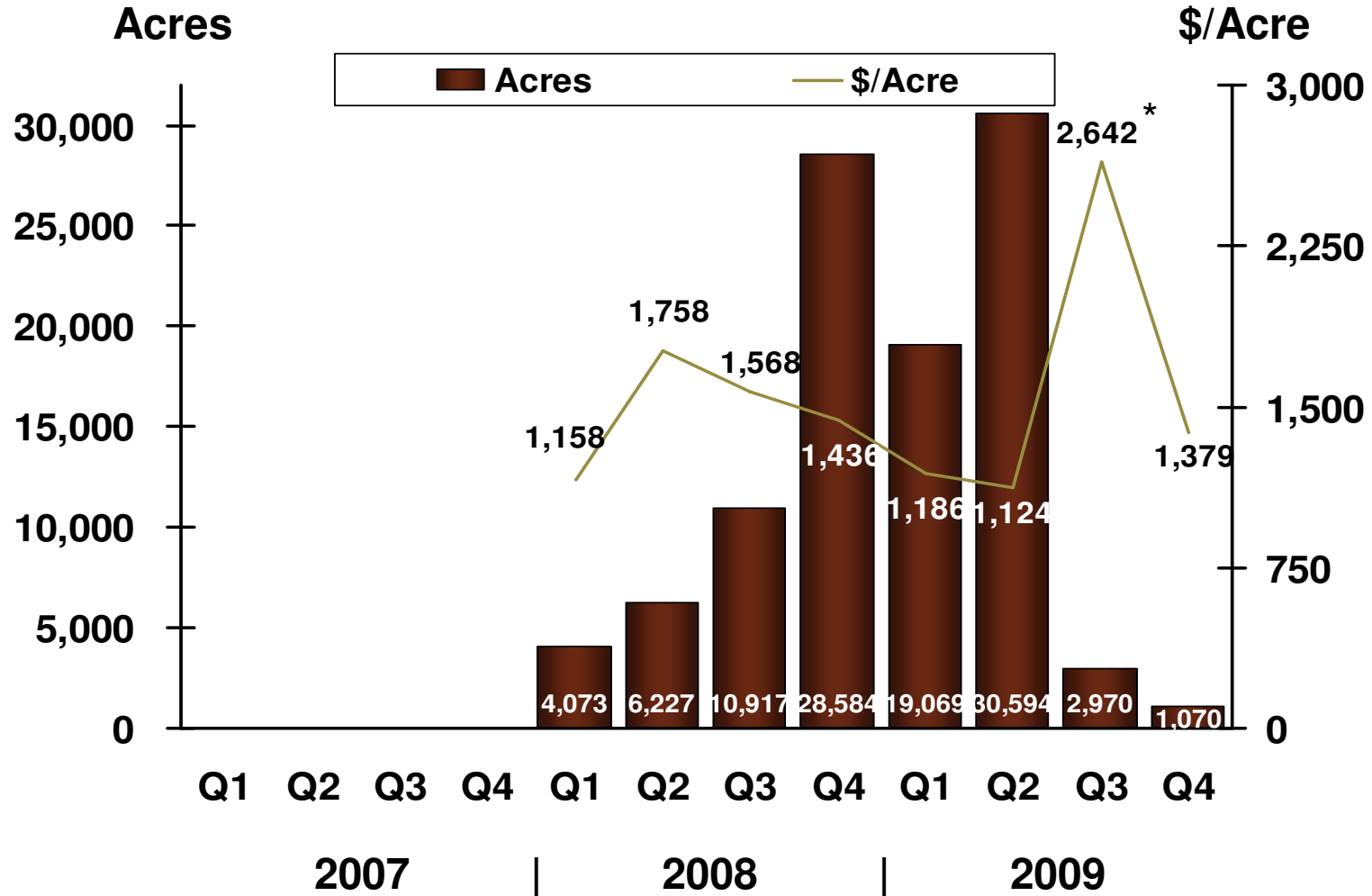


* Four quarter rolling weighted average.

** 1st Quarter 2007 HBU Development \$/Acre was \$29,490 on 123 acres.

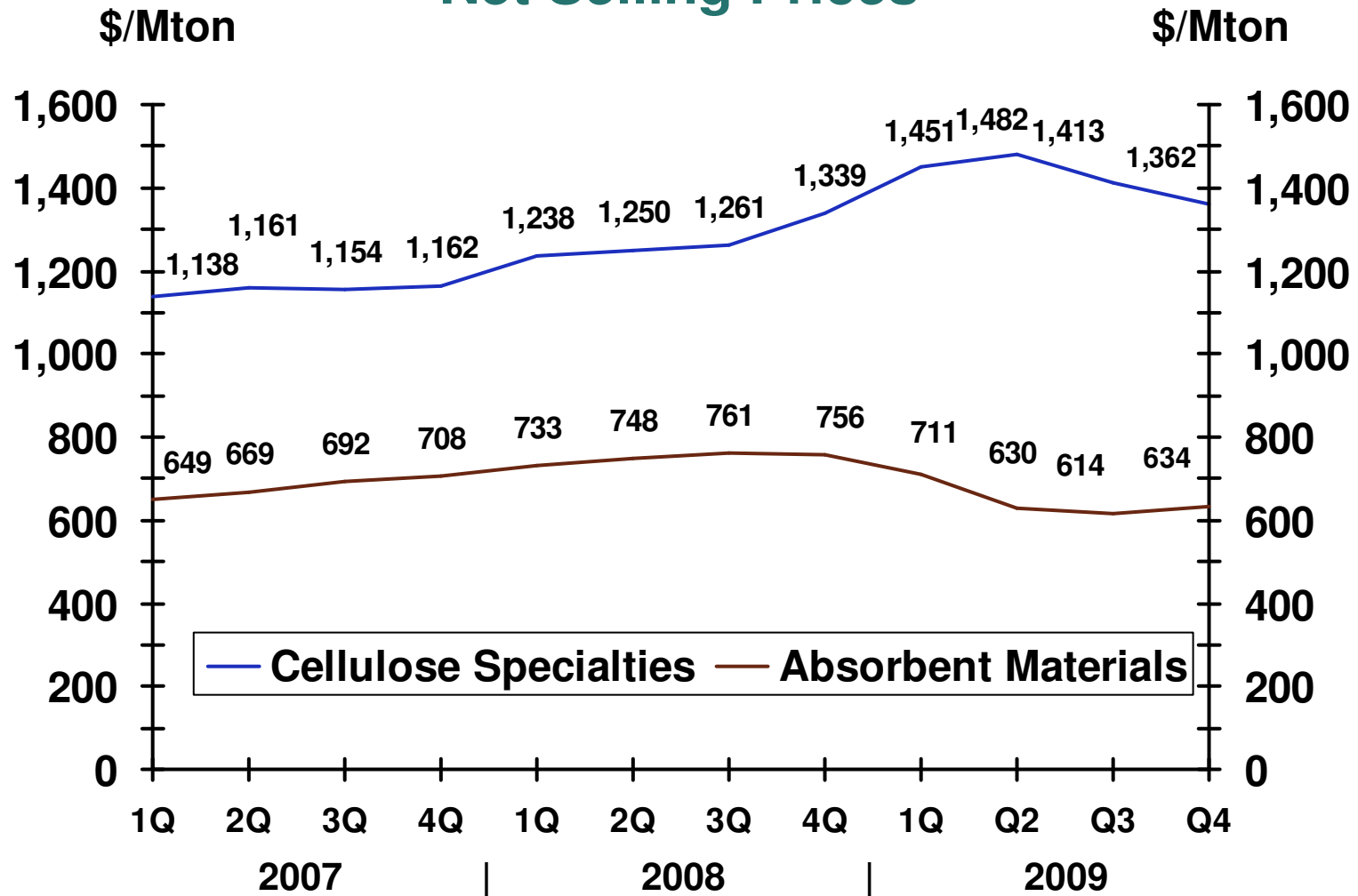
*** 3rd quarter 2007 includes a 3,100 acre sale to an industrial buyer at \$15,000 / acre.

Non-Strategic Timberland Acres - Sales



* Third quarter 2009 includes a proportionately higher percentage of sales in the Pacific Northwest where the price per acre is traditionally higher than the Southeast.

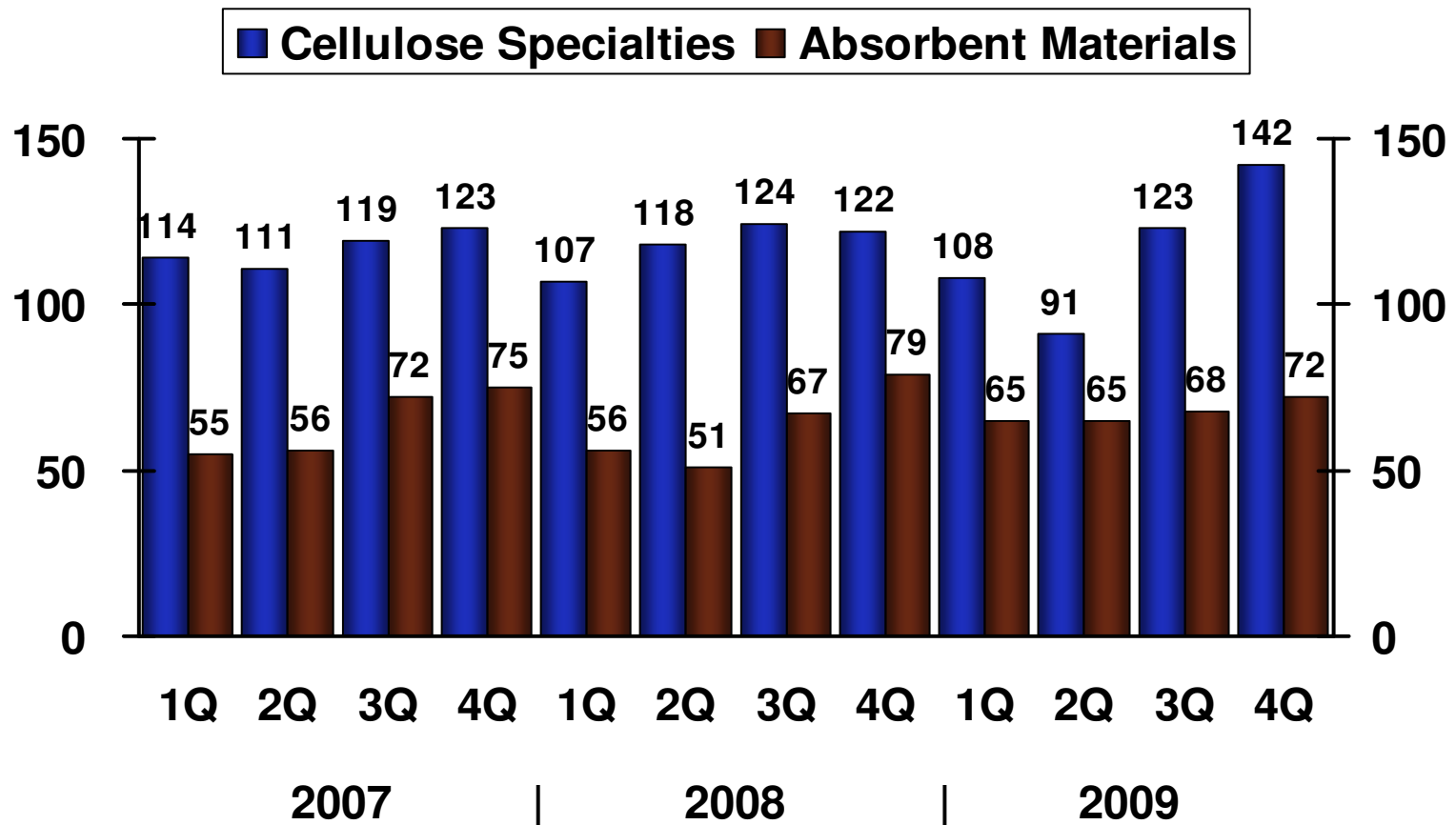
Performance Fibers Net Selling Prices



Performance Fibers Sales Volumes

M Metric Tons

M Metric Tons



Earnings Per Share (\$ / Share)

	<u>2010</u>	<u>Pro forma</u> <u>2009</u>	<u>Actual</u>	
			<u>2009</u>	<u>2008</u>
First Quarter		\$ 0.33	\$ 0.33	\$ 0.50
Second Quarter		0.36 *	1.35	0.46
Third Quarter		0.40 *	1.01	0.36
Fourth Quarter		<u>0.42 *</u>	<u>1.21</u>	<u>0.55</u>
Full Year	? ← Higher	<u>\$ 1.50</u>	<u>\$ 3.91</u>	<u>\$ 1.87</u>

* 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 19 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 of the operating cash generating capacity of the Company.

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 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, 2009		Sep 30, 2009		June 30, 2009		Dec 31, 2008	
	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share
Operating Income	\$ 120.9		\$ 111.1		\$ 134.2		\$ 63.4	
Alternative Fuel Mixture Credit	(63.5)		(55.8)		(85.9)		-	
Pro Forma Operating Income	\$ 57.4		\$ 55.3		\$ 48.3		\$ 63.4	
Net Income	\$ 97.7	\$ 1.21	\$ 81.1	\$ 1.01	\$ 107.7	\$ 1.35	\$ 43.4	\$ 0.55
Alternative Fuel Mixture Credit	(64.3)	(0.79)	(49.1)	(0.61)	(79.3)	(0.99)	-	-
Pro Forma Net Income	\$ 33.4	\$ 0.42	\$ 32.0	\$ 0.40	\$ 28.4	\$ 0.36	\$ 43.4	\$ 0.55

	Year Ended			
	Dec 31, 2009		Dec 31, 2008	
	\$	Per Diluted	\$	Per Diluted
Operating Income	\$ 409.5		\$ 226.4	
Alternative Fuel Mixture Credit	(205.2)		-	
Pro Forma Operating Income	\$ 204.3		\$ 226.4	
Net Income	\$ 312.5	\$ 3.91	\$ 148.6	\$ 1.87
Alternative Fuel Mixture Credit	(192.8)	(2.41)	-	-
Pro Forma Net Income	\$ 119.7	\$ 1.50	\$ 148.6	\$ 1.87

Adjusted EBITDA by Segment (\$ Millions)

	Timber	Real Estate	Performance Fibers	Wood Products	Corporate and other	Total
Three Months Ended						
December 31, 2009						
Cash provided by operating activities	\$ 9.5	\$ 7.0	\$ 97.4	\$ (1.0)	\$ (19.9)	\$ 93.0
Income tax expense *	-	-	-	-	10.5	10.5
Interest, net	-	-	-	-	13.4	13.4
Working capital and other *	9.9	0.9	(22.4)	(0.6)	(14.6)	(26.8)
Adjusted EBITDA *	<u>\$ 19.4</u>	<u>\$ 7.9</u>	<u>\$ 75.0</u>	<u>\$ (1.6)</u>	<u>\$ (10.6)</u>	<u>\$ 90.1</u>
September 30, 2009						
Cash provided by operating activities	\$ 23.9	\$ 19.2	\$ 56.9	\$ (1.5)	\$ (11.4)	\$ 87.1
Income tax expense *	-	-	-	-	10.8	10.8
Interest, net	-	-	-	-	12.5	12.5
Working capital and other *	(3.8)	(0.6)	7.7	0.5	(17.7)	(13.9)
Adjusted EBITDA *	<u>\$ 20.1</u>	<u>\$ 18.6</u>	<u>\$ 64.6</u>	<u>\$ (1.0)</u>	<u>\$ (5.8)</u>	<u>\$ 96.5</u>
December 31, 2008						
Cash provided by operating activities	\$ 22.8	\$ 44.1	\$ 63.7	\$ 0.6	\$ (39.2)	\$ 92.0
Income tax expense	-	-	-	-	6.5	6.5
Interest, net	-	-	-	-	12.8	12.8
Working capital and other	13.3	(0.1)	(13.8)	(2.7)	14.6	11.3
Adjusted EBITDA	<u>\$ 36.1</u>	<u>\$ 44.0</u>	<u>\$ 49.9</u>	<u>\$ (2.1)</u>	<u>\$ (5.3)</u>	<u>\$ 122.6</u>

* Excludes the impact of the alternative fuel mixture credit.

Adjusted EBITDA by Segment (\$ Millions)

	Timber	Real Estate	Performance Fibers	Wood Products	Corporate and other	Total
Year Ended						
December 31, 2009						
Cash provided by operating activities	\$ 78.4	\$ 87.0	\$ 228.4	\$ (6.1)	\$ (80.4)	\$ 307.3
Income tax expense *	-	-	-	-	33.9	33.9
Interest, net	-	-	-	-	50.4	50.4
Working capital and other *	(1.4)	0.8	13.7	(0.2)	(34.5)	(21.6)
Adjusted EBITDA *	<u>\$ 77.0</u>	<u>\$ 87.8</u>	<u>\$ 242.1</u>	<u>\$ (6.3)</u>	<u>\$ (30.6)</u>	<u>\$ 370.0</u>
December 31, 2008						
Cash provided by operating activities	\$ 114.4	\$ 115.2	\$ 190.9	\$ (2.0)	\$ (78.3)	\$ 340.2
Income tax expense	-	-	-	-	29.4	29.4
Interest, net	-	-	-	-	47.9	47.9
Working capital and other	1.2	(2.7)	13.9	1.3	(25.6)	(11.9)
Adjusted EBITDA	<u>\$ 115.6</u>	<u>\$ 112.5</u>	<u>\$ 204.8</u>	<u>\$ (0.7)</u>	<u>\$ (26.6)</u>	<u>\$ 405.6</u>

* Excludes the impact of alternative fuel mixture credit.

Timber Supplemental Financial Data (\$ Millions)

	Three Months Ended			Year Ended	
	Dec 31, 2009	Sep 30, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Sales					
Western U.S.	\$ 12.4	\$ 14.8	\$ 16.4	\$ 47.2	\$ 77.7
Eastern U.S.	19.3	29.5	35.4	103.6	112.0
New Zealand *	2.5	2.2	1.9	8.4	9.4
Total	<u>\$ 34.2</u>	<u>\$ 46.5</u>	<u>\$ 53.7</u>	<u>\$ 159.2</u>	<u>\$ 199.1</u>
Operating income / (loss)					
Western U.S.	\$ (0.5)	\$ (0.4)	\$ (2.1)	\$ (7.2)	\$ 11.8
Eastern U.S.	7.8	2.4	13.4	16.6	20.6
New Zealand / Other **	-	(1.0)	(0.6)	(2.9)	(1.6)
Total	<u>\$ 7.3</u>	<u>\$ 1.0</u>	<u>\$ 10.7</u>	<u>\$ 6.5</u>	<u>\$ 30.8</u>

* Represents timberland management fees for services provided to the Matariki Forestry Group of which Rayonier has a 40 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, 2009	Sep 30, 2009	Dec 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Timber					
Sales Volume					
Western U.S.					
in millions of board feet	40	50	48	166	232
Eastern U.S.					
in thousands of short green tons	1,084	1,726	2,140	6,401	6,824
Real Estate					
Acres sold					
HBU Development	566	-	160	789	501
HBU Rural	3,657	7,809	1,064	15,628	15,845
Non-Strategic Timberlands	1,070	2,970	28,584	53,703	49,801
Total	5,293	10,779	29,808	70,120	66,147
Performance Fibers					
Sales Volume					
Cellulose specialties,					
in thousands of metric tons	142	123	122	464	471
Absorbent materials,					
in thousands of metric tons	72	68	79	270	253
Lumber					
Sales volume,					
in millions of board feet	57	57	76	224	321

Market Price and Dividend History

(\$ / Share)

	High	Low	Dividends
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
2007			
Fourth Quarter	\$ 49.16	\$ 42.46	\$ 0.50
Third Quarter	\$ 49.55	\$ 38.17	\$ 0.50
Second Quarter	\$ 45.77	\$ 42.35	\$ 0.47
First Quarter	\$ 46.31	\$ 39.83	\$ 0.47

Wood Products Southeast Lumber Sales

