Rayonier

Value From The Ground Up™

First Quarter 2011
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 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 annual report on 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 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)

	1Q 2011	4Q 2010	1Q 2010
Profitability			
Sales	358	315	310
Operating income	88	57	77
Pro forma operating income *	88	57	65
Net income	58	59	57
Pro forma net income *	58	35	45
Earnings Per Share:			
Net income	0.70	0.72	0.71
Pro forma net income *	0.70	0.43	0.56
Average diluted shares (millions)	82.9	81.8	80.7

	Three Months Ended March 31,	
	2011	2010
Capital Resources and Liquidity		
Cash Provided by Operating Activities	116	91
Cash Used for Investing Activities	(31)	(38)
Cash (Used for) Provided by Financing Activities	(117)	24
Adjusted EBITDA *	120	110
Cash Available for Distribution (CAD) *	88	77
	3/31/2011	12/31/2010
Debt	695	768
Debt / Capital	35.3%	38.0%
Cash	317	349

* Non-GAAP measures (see pages 6 and 17-19 for definitions and reconciliations).

Variance Analysis – 4Q 10 to 1Q 11
($ Millions)

	Operating Income
2010 4Q	**$ 57**
Variance	
Forest Resources	
- Price	6
- Volume	5
- Costs	(1)
- Recreational lease income *	(6)
Real Estate	6
Performance Fibers	
- Price	16
- Cost / Other	(2)
Wood Products	2
Other Operations	1
Corporate/Other	4
2011 1Q	**$ 88**

* The majority of recreational lease income is recognized in the fourth quarter.

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Variance Analysis – 1Q 10 to 1Q 11
($ Millions)

	Operating Income	
2010 1Q (Pro forma) *	**$**	**65**
Variance		
Forest Resources		
- Price		7
- Volume		(2)
- Costs / Other		(2)
Real Estate		(10)
Performance Fibers		
- Price		34
- Volume		5
- Costs / Other		(8)
Corporate/Other		(1)
2011 1Q	**$**	**88**

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

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Cash Available for Distribution*

($ Millions – Except Per Share Data)

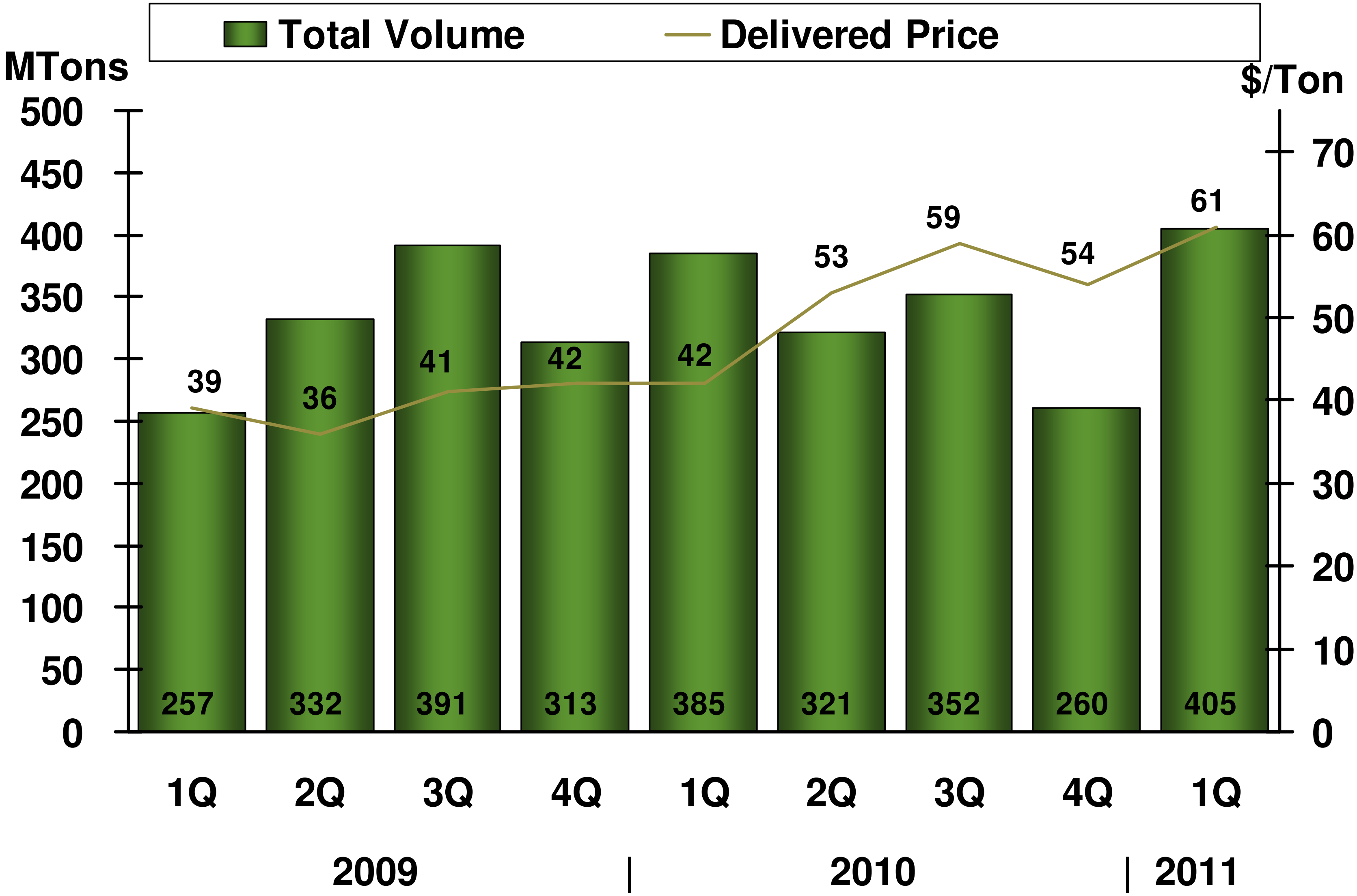
	Three Months Ended March 31,	
	2011	2010
Cash Available for Distribution (CAD)		
Cash provided by operating activities	$ 116	$ 91
Capital expenditures **	(35)	(36)
Change in committed cash	(1)	10
Excess tax benefits on stock-based compensation	4	3
Other	4	9
Cash Available for Distribution	$ 88	$ 77
Shares outstanding	81,125,758	80,064,618
CAD per share	$ 1.08	$ 0.96
Dividends per share	$ 0.54	$ 0.50

* Non-GAAP measure (See page 17 for definition).

** Capital spending excludes strategic acquisitions.

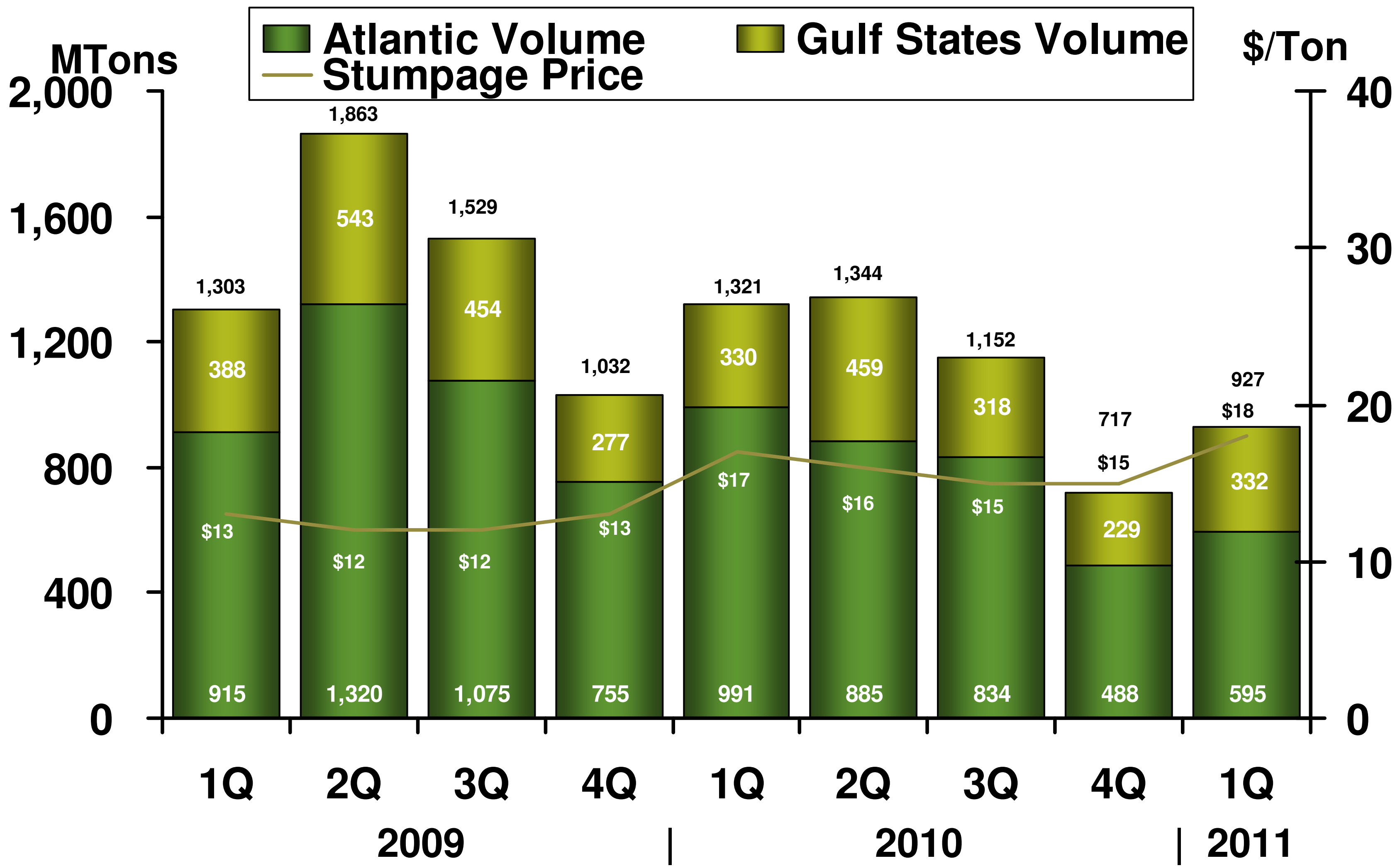
Markets and Operations

Northern U.S. Timber Sales *



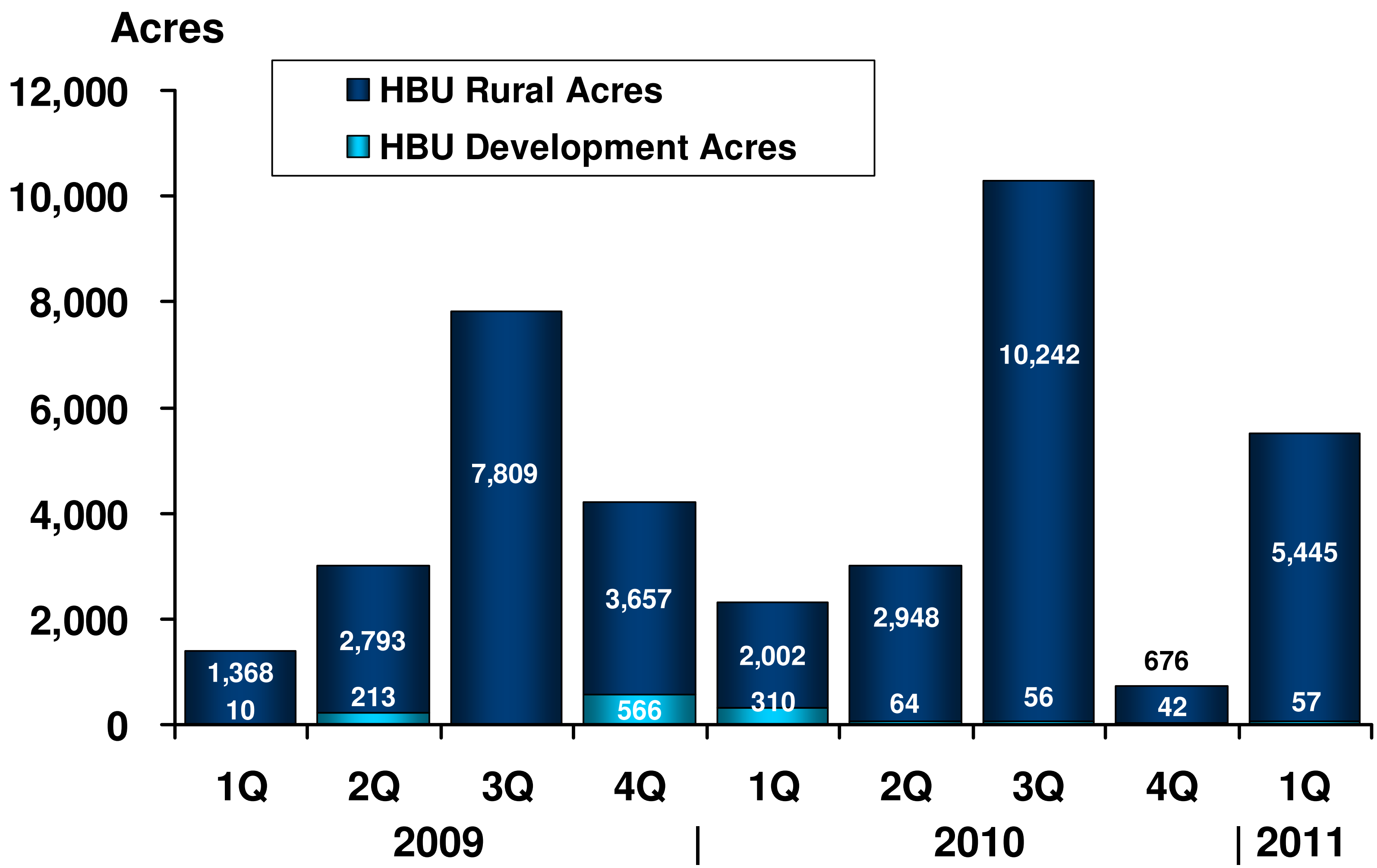
* Chart includes timber sales from Washington state which represents nearly all of the Company's Northern region sales.

U.S. Pine Timber Sales *

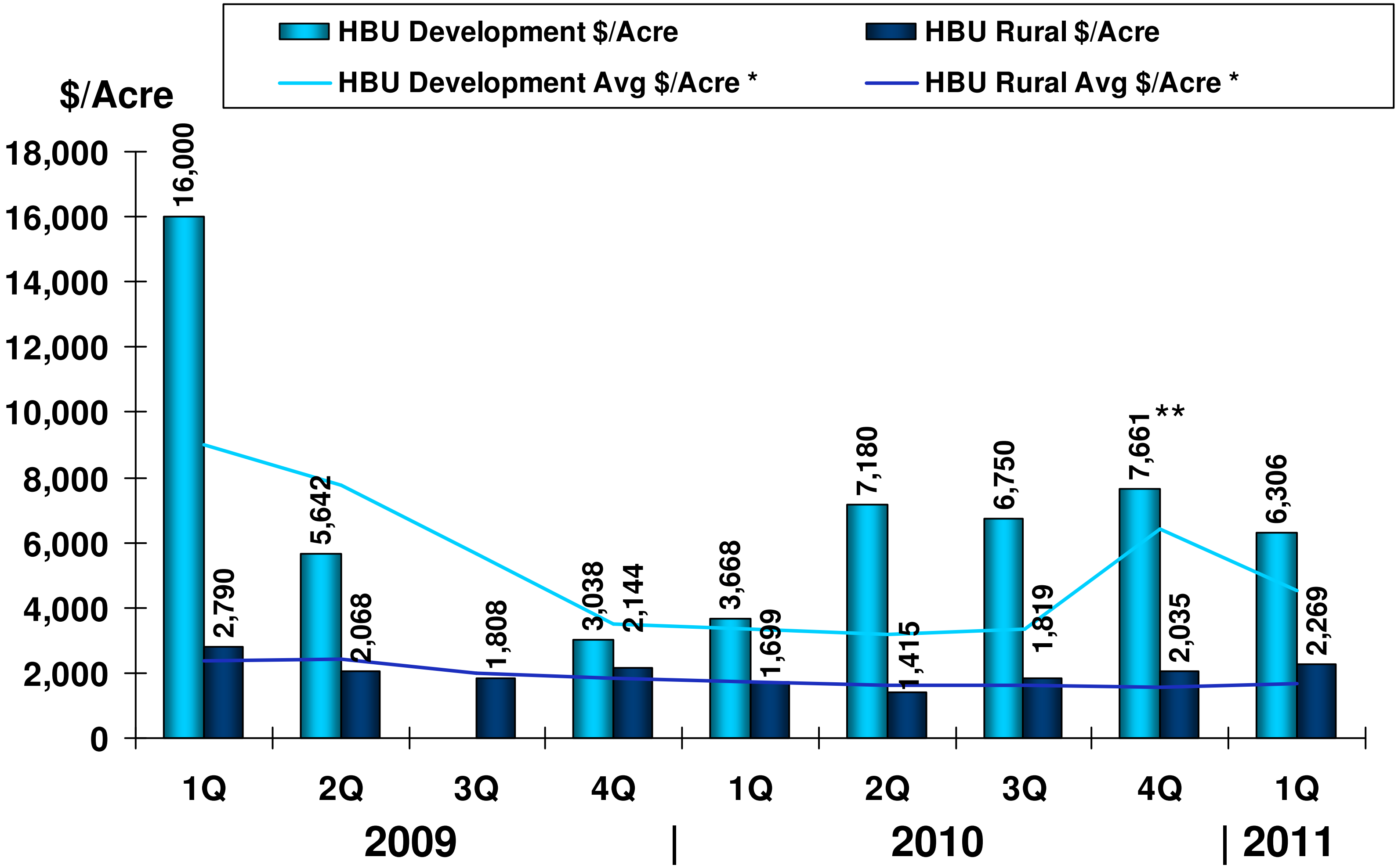


* U.S. pine timber sales are pine sales in the Atlantic (Florida and Georgia) and Gulf States (Alabama, Arkansas, Louisiana, Oklahoma and Texas) regions.

HBU Real Estate Acres - Sales

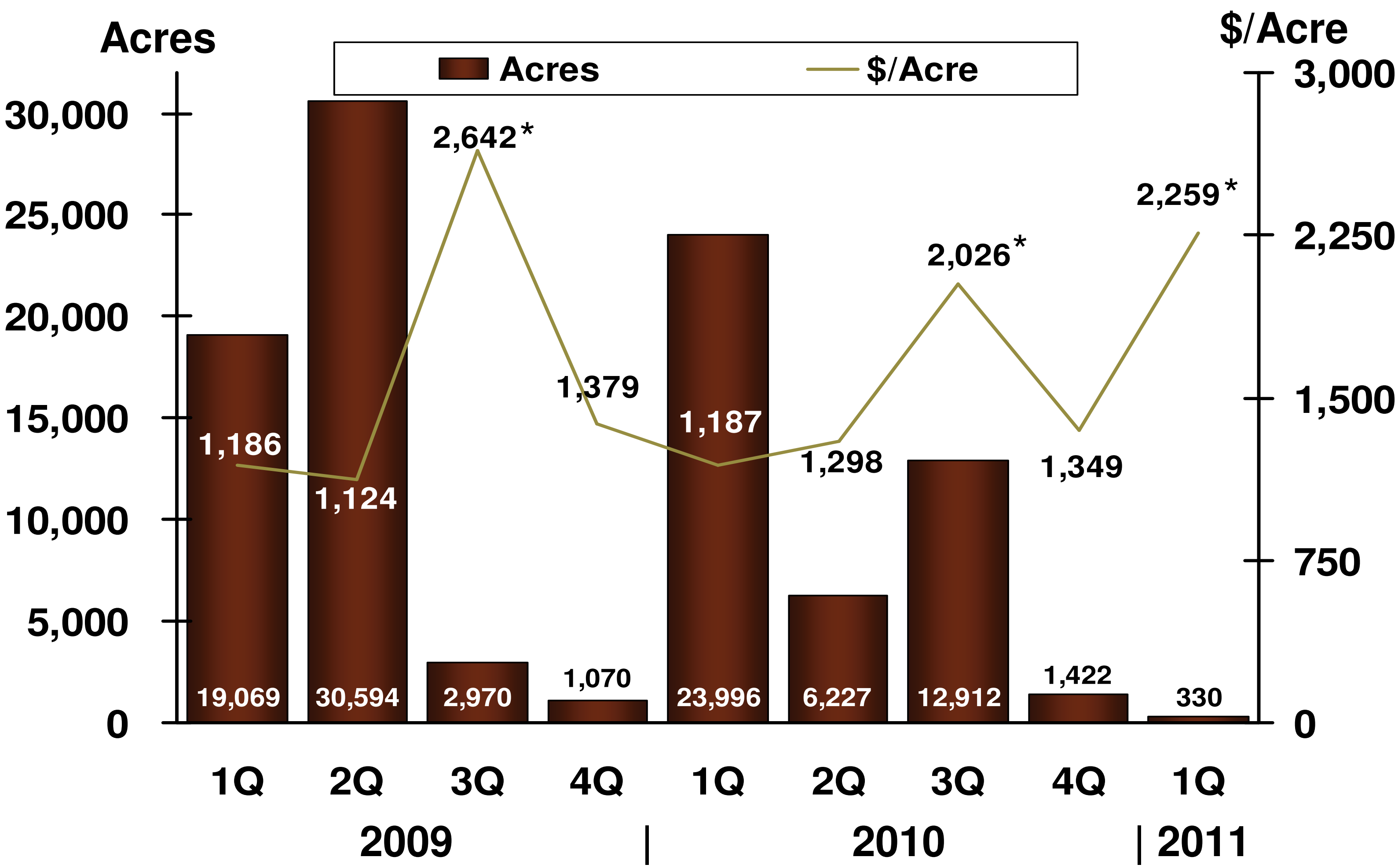


HBU Real Estate Sales Prices



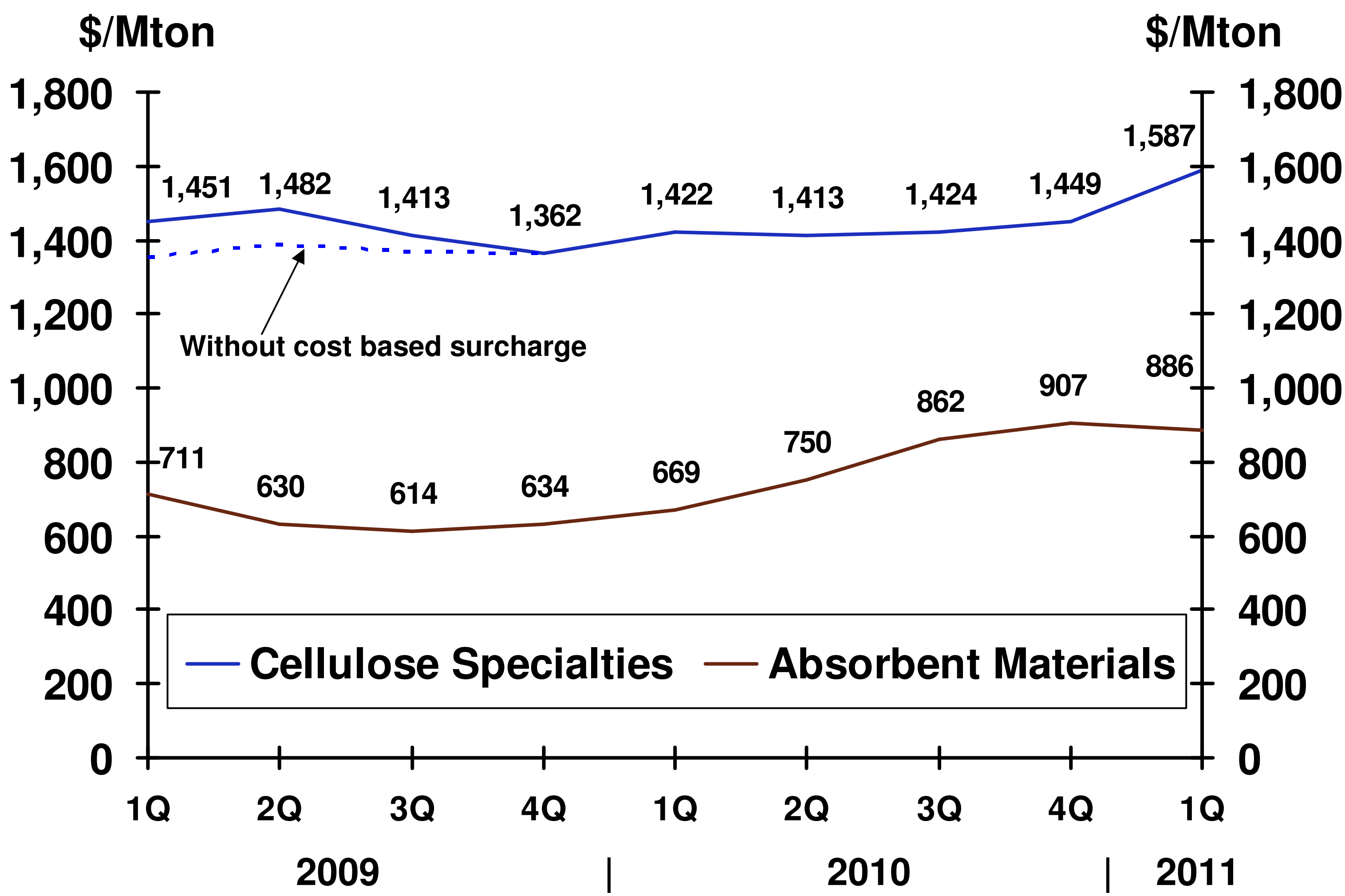
* Four quarter rolling weighted average.
** Excludes $1.6 million easement sale.

Non-Strategic Timberland Acres - Sales



* Third quarter 2009, third quarter 2010 and first quarter 2011 include 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



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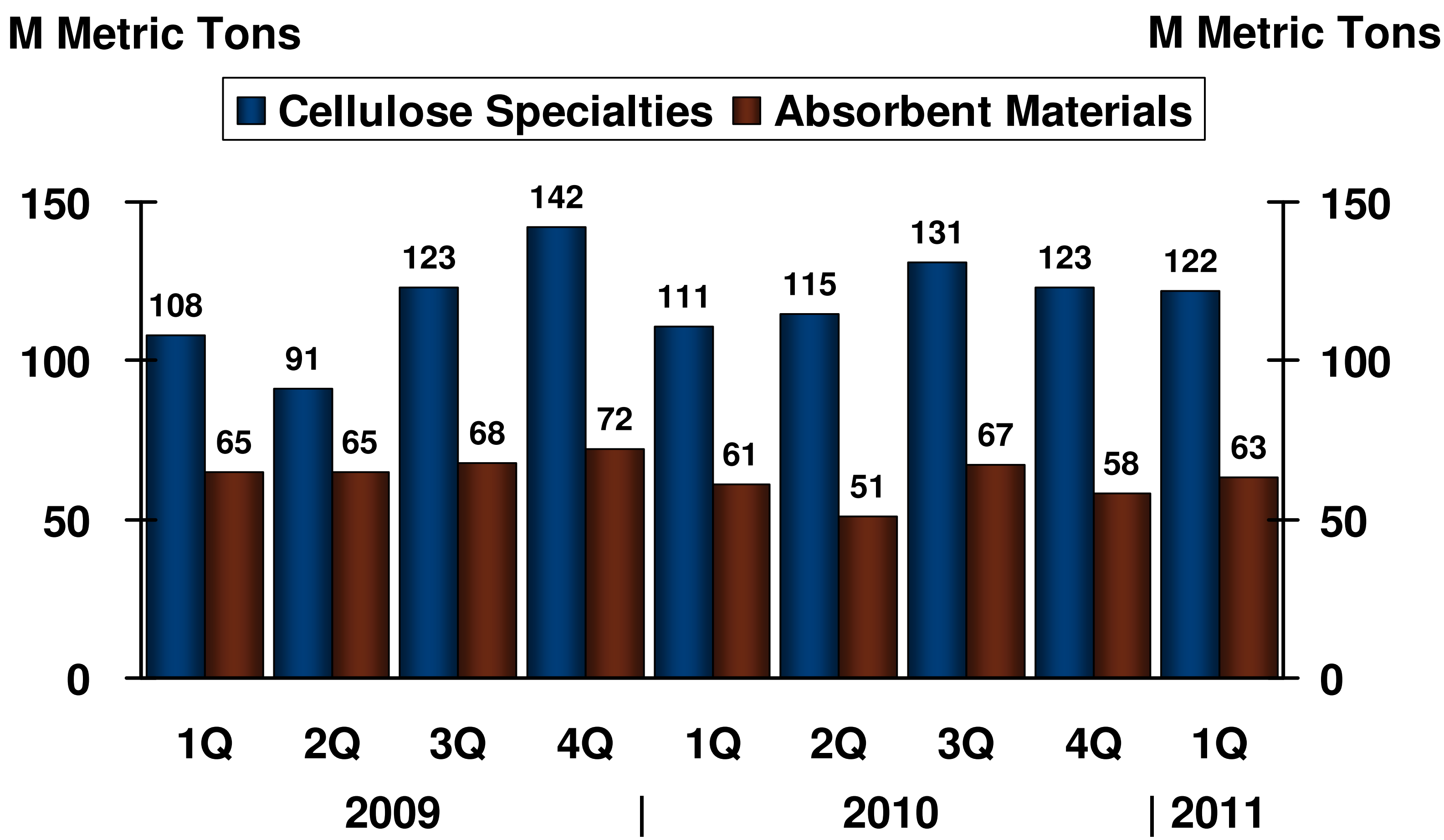
Performance Fibers Sales Volumes



Earnings Per Share
($ / Share)

	Pro forma *		Actual	
	2011	2010	2011	2010
First Quarter	$ 0.70	$ 0.56	$ 0.70	$ 0.71
Second Quarter		0.48		0.48
Third Quarter		0.77		0.77
Fourth Quarter		0.43		0.72
Full Year	$2.85 - $3.10	$ 2.24		$ 2.68

* First Quarter 2010 pro forma earnings per share excludes a $0.15 benefit for the gain on sale of a portion of the Company's interest in the New Zealand joint venture. Fourth Quarter 2010 pro forma earnings per share excludes a $0.29 benefit from the cellulosic biofuel mixture credit. Pro forma earnings per share is a non-GAAP measure, see page 18 for reconciliation.

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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 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 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, 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 net of associated financing. CAD is not necessarily indicative of the CAD that may be generated in future periods.

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Reconciliation of Reported to Pro Forma Earnings

($ Millions – Except EPS)

	Three Months Ended			
	Dec 31, 2010		Mar 31, 2010	
	$	Per Diluted Share	$	Per Diluted Share
Operating Income	$ 57		$ 77	
Gain on sale of portion of New Zealand JV Interest	-		(12)	
Pro Forma Operating Income	**$ 57**		**$ 65**	
Net Income	$ 59	$ 0.72	$ 57	$ 0.71
Cellulosic Biofuel Producer Credit	(24)	(0.29)	-	-
Gain on sale of portion of New Zealand JV Interest	-	-	(12)	(0.15)
Pro Forma Net Income	**$ 35**	**$ 0.43**	**$ 45**	**$ 0.56**

Adjusted EBITDA by Segment
($ Millions)

Three Months Ended	Forest Resources	Real Estate	Performance Fibers	Wood Products	Trading	Corporate and other	Total
March 31, 2011							
Operating income	$ 11	$ 7	$ 76	$ -	$ 1	$ (7)	$ 88
Depreciation, depletion and amortization	15	3	13	1	-	-	32
Non-cash cost of real estate sold	-	-	-	-	-	-	-
Adjusted EBITDA	$ 26	$ 10	$ 89	$ 1	$ 1	$ (7)	$ 120
December 31, 2010							
Operating income (loss)	$ 7	$ 1	$ 62	$ (2)	$ -	$ (11)	$ 57
Depreciation, depletion and amortization	10	1	16	1	-	-	28
Non-cash cost of real estate sold	-	-	-	-	-	-	-
Adjusted EBITDA	$ 17	$ 2	$ 78	$ (1)	$ -	$ (11)	$ 85
March 31, 2010							
Pro forma operating income*	$ 8	$ 17	$ 45	$ -	$ 1	$ (6)	$ 65
Depreciation, depletion and amortization	17	9	16	1	-	-	43
Non-cash cost of real estate sold	-	2	-	-	-	-	2
Adjusted EBITDA	$ 25	$ 28	$ 61	$ 1	$ 1	$ (6)	$ 110

* Pro forma operating income is a non-GAAP measure, see page 18 for reconciliation.

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Forest Resources Supplemental Financial Data

($ Millions)

	Three Months Ended		
	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2010
Forest Resources			
Sales			
Atlantic	$ 13	$ 12	$ 22
Gulf States	8	5	7
Northern	24	14	16
New Zealand *	3	3	2
Total	$ 48	$ 34	$ 47
Operating income			
Atlantic	$ 2	$ 5	$ 5
Gulf States	-	2	3
Northern	8	-	-
New Zealand /Other	1	-	-
Total	$ 11	$ 7	$ 8

* 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		
	Mar. 31, 2011	Dec. 31, 2010	Mar. 31, 2010
Forest Resources			
Sales Volume, in thousands of short green tons			
Atlantic	645	590	1,074
Gulf States	346	234	335
Northern	436	287	392
	1,427	1,111	1,801
Real Estate			
Acres sold			
HBU Development	57	42	310
HBU Rural	5,445	676	2,002
Non-Strategic Timberlands	330	1,422	23,996
Total	5,832	2,140	26,308
Performance Fibers			
Sales Volume, in thousands of metric tons			
Cellulose specialties	122	123	111
Absorbent materials	63	58	61
Lumber			
Sales volume, in millions of board feet	56	63	55

Market Price and Dividend History

($ / Share)

	High		Low		Dividends	
2011						
First Quarter	$	62.72	$	52.92	$	0.54
2010						
Fourth Quarter	$	54.52	$	48.20	$	0.54
Third Quarter	$	51.29	$	43.14	$	0.50
Second Quarter	$	50.72	$	41.57	$	0.50
First Quarter	$	46.41	$	39.70	$	0.50
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

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Wood Products
Southeast Lumber Sales