UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

(x) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM -------------- TO -------------

COMMISSION FILE NUMBER 1-6780

RAYONIER INC.

Incorporated in the State of North Carolina
I.R.S. Employer Identification Number 13-2607329

50 North Laura Street, Jacksonville, FL 32202
(Principal Executive Office)

Telephone Number: (904) 357-9100

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 months and (2) has been subject to such filing requirements for the past 90 days.

YES (X) NO ( )

As of August 4, 2001, there were outstanding 27,236,502 Common Shares of the Registrant.

RAYONIER INC.
FORM 10-Q
JUNE 30, 2001

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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
(unaudited)
(Thousands of dollars, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
SALES	$ 346,362	$ 303,910	$ 622,849	$ 658,507
Costs and Expenses				
Cost of sales	272,167	246,280	503,688	514,715
Selling and general expenses	9,635	9,416	17,193	19,352
Other operating expense (income), net	38	948	(432)	2,521
	281,840	256,644	520,449	536,588
OPERATING INCOME	64,522	47,266	102,400	121,919
Interest expense	(17,537)	(21,612)	(36,452)	(44,402)
Interest and miscellaneous income (expense), net	737	(790)	214	(623)
INCOME BEFORE INCOME TAXES	47,722	24,864	66,162	76,894
Income tax expense	(16,259)	(7,433)	(22,447)	(23,990)
NET INCOME	$ 31,463	$ 17,431	$ 43,715	$ 52,904
EARNINGS PER COMMON SHARE (EPS)				
BASIC EPS	$ 1.16	$ 0.64	$ 1.61	$ 1.93
DILUTED EPS	$ 1.14	$ 0.63	$ 1.59	$ 1.90

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Thousands of dollars)

ASSETS

	June 30, 2001	December 31, 2000
CURRENT ASSETS		
Cash and short-term investments	$ 10,113	$ 9,824
Accounts receivable, less allowance for doubtful accounts of $3,573 and $3,969	119,834	117,114
Inventories		
Finished goods	63,327	60,627
Work in process	8,729	9,076
Raw materials	9,690	11,044
Manufacturing and maintenance supplies	16,956	16,359
Total inventories	98,702	97,106
Timber purchase agreements	28,971	33,775
Other current assets	9,106	12,779
Total current assets	266,726	270,598
OTHER ASSETS	58,078	63,129
TIMBER PURCHASE AGREEMENTS	6,168	6,335
TIMBER, TIMBERLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	1,147,758	1,192,388
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings, machinery and equipment	1,373,505	1,360,296
Less - accumulated depreciation	766,713	730,472
Total property, plant and equipment, net	606,792	629,824
TOTAL ASSETS	$2,085,522	$2,162,274

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2001	December 31, 2000
CURRENT LIABILITIES		
Accounts payable	$ 65,825	$ 87,401
Bank loans and current maturities	2,580	2,565
Accrued taxes	22,131	10,314
Accrued payroll and benefits	25,561	27,756
Accrued interest	26,225	11,745
Accrued customer incentives	9,103	18,163
Other current liabilities	19,581	22,389
Current reserves for dispositions and discontinued operations	15,239	15,434
Total current liabilities	186,245	195,767
DEFERRED INCOME TAXES	131,428	130,333
LONG-TERM DEBT	876,605	970,415
NON-CURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	157,879	161,465
OTHER NON-CURRENT LIABILITIES	24,160	24,193
SHAREHOLDERS' EQUITY		
Common Shares, 60,000,000 shares authorized, 27,225,002 and 27,104,462 shares issued and outstanding	53,658	48,717
Retained earnings	655,547	631,384
	709,205	680,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,085,522	$2,162,274

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(unaudited)
(Thousands of dollars)

	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
OPERATING ACTIVITIES		
Net income	$ 43,715	$ 52,904
Non-cash items included in income:		
Depreciation, depletion and amortization	99,820	92,801
Deferred income taxes	(316)	4,839
Non-cash cost of land sales	8,170	8,058
(Decrease) increase in other non-current liabilities	(33)	3,913
Change in accounts receivable, inventory and accounts payable	(25,988)	1,250
Decrease (increase) in current timber purchase agreements	4,804	(6,510)
Decrease (increase) in other current assets	3,673	(2,309)
Increase in accrued liabilities	12,234	1,431
Expenditures for dispositions and discontinued operations, net of tax benefits of $1,411 and $1,802	(2,370)	(3,118)
CASH FROM OPERATING ACTIVITIES	143,709	153,259
INVESTING ACTIVITIES		
Capital expenditures, net of sales and retirements of $237 and $571	(39,771)	(49,431)
Change in timber purchase agreements and other assets	4,757	8,801
CASH USED FOR INVESTING ACTIVITIES	(35,014)	(40,630)
FINANCING ACTIVITIES		
Issuance of debt	135,000	55,549
Repayment of debt	(228,795)	(138,748)
Dividends paid	(19,552)	(19,652)
Repurchase of common shares	--	(9,350)
Issuance of common shares	4,941	1,723
CASH USED FOR FINANCING ACTIVITIES	(108,406)	(110,478)
CASH AND SHORT TERM INVESTMENTS		
Increase in cash and short-term investments	289	2,151
Balance, beginning of year	9,824	12,265
Balance, end of period	$ 10,113	$ 14,416
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 21,972	$ 43,574
Income taxes	$ 14,221	$ 11,208

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated statements.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(DOLLAR AMOUNTS IN THOUSANDS UNLESS OTHERWISE STATED)

1. BASIS OF PRESENTATION

The unaudited financial statements reflect, in the opinion of Rayonier Inc. and subsidiaries (Rayonier or the Company), all adjustments (which include normal recurring adjustments) necessary for a fair presentation of the results of operations, the financial position and the cash flows for the periods presented. For a full description of accounting policies, please refer to the Notes to Consolidated Financial Statements in the 2000 Annual Report on Form 10-K.

2. EARNINGS PER COMMON SHARE

The following table provides details of the calculation of basic and diluted earnings per common share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share" for the three months and six months ended June 30, 2001, and 2000 (share amounts actual):

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Net income	$ 31,463	$ 17,431	$ 43,715	$ 52,904
Shares used for determining basic earnings per common share	27,166,182	27,324,476	27,145,779	27,357,419
Dilutive effect of:				
Stock options	216,054	192,293	210,763	193,325
Contingent shares	202,000	360,000	202,000	360,000
Shares used for determining diluted earnings per common share	27,584,236	27,876,769	27,558,542	27,910,744
Basic earnings per common share	$ 1.16	$ 0.64	$ 1.61	$ 1.93
Diluted earnings per common share	$ 1.14	$ 0.63	$ 1.59	$ 1.90

3. FINANCIAL INSTRUMENTS

The Company is exposed to various market risks, including changes in commodity prices, interest rates and foreign exchange rates. The Company's objective is to minimize the economic impact of these market risks. Derivatives are used, as noted below, in accordance with policies and procedures approved by the Board of Directors and are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. The Company does not enter into such financial instruments for trading purposes.

The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, on January 1, 2001. The adoption did not have a material impact on the Company's consolidated financial position or results of operations.

Rayonier holds New Zealand dollar forward contracts in order to minimize foreign exchange risk. The Company has exposure on New Zealand dollar denominated expenses it pays in conjunction with its operations in New Zealand. These contracts are marked to market as in the past, and the resulting gains and losses are included in the "Interest and miscellaneous income (expense), net" line. The Company incurred a gain of approximately $0.2 million and a loss of approximately $0.8 million on these foreign currency contracts during the three months and six months ended June 30, 2001, respectively. At June 30, 2001, the Company held contracts maturing through April 2002 totaling $6.3 million (nominal value).

The Company also held Danish Krone forward contracts during the first six months of 2001 to hedge a firm commitment related to equipment purchases. The final payment on the equipment, payable in Danish Krones, was made by the Company during June 2001, and all outstanding Danish Krone contracts matured.

The maximum foreign currency forward contracts outstanding during the first six months of 2001 totaled $17.7 million.

RAYONIER INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(DOLLAR AMOUNTS IN THOUSANDS UNLESS OTHERWISE STATED)

4. IDENTIFIABLE ASSETS

Total assets by segment as of June 30, 2001, and December 31, 2000, follows (in millions):

IDENTIFIABLE ASSETS

	2001	2000
Performance Fibers	$ 613	$ 643
Timberland Management	1,210	1,243
Wood Products and Trading	228	234
Corporate and other	24	32
Dispositions	11	10
Total	$2,086	$2,162

See Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations for information about segment sales and operating income.

5. SHAREHOLDERS' EQUITY

An analysis of shareholders' equity for the six months ended June 30, 2001, and the year ended December 31, 2000, follows (share amounts actual):

	Common Shares		Total	
	Shares	Amount	Retained Earnings	Shareholders' Equity
BALANCE, JANUARY 1, 2000	27,407,094	$ 63,709	$ 592,382	$ 656,091
Net income	--	--	78,187	78,187
Dividends paid ($1.44 per share)	--	--	(39,185)	(39,185)
Issuance of shares under incentive stock plans	130,368	2,632	--	2,632
Repurchase of common shares	(433,000)	(17,624)	--	(17,624)
BALANCE, DECEMBER 31, 2000	27,104,462	$ 48,717	$ 631,384	$ 680,101
Net income	--	--	43,715	43,715
Dividends paid ($0.72 per share)	--	--	(19,552)	(19,552)
Issuance of shares under incentive stock plans	120,540	4,941	--	4,941
Repurchase of common shares	--	--	--	--
BALANCE, JUNE 30, 2001	27,225,002	$ 53,658	$ 655,547	$ 709,205

6. RECLASSIFICATIONS

Certain reclassifications of the prior period amounts have been made to conform to the current year presentation. Effective December 31, 2000, the Company changed its method of reporting freight revenue and costs in compliance with Emerging Issues Task Force (EITF) Issue 00-10, "Accounting for Shipping and Handling Fees and Costs." Freight costs are now charged to cost of sales rather than netted against sales. The Company's financial statements have been reclassified to reflect the increase in sales and cost of sales of $20.4 million for the three months ended June 30, 2000, and $36.2 million for the six months ended June 30, 2000.

On November 28, 2000, the Company announced its intention to focus on two core businesses, Performance Fibers and Timberland Management, and de-emphasize activities in a third segment, Wood Products and Trading. Based upon the segment changes and the Company's intention of selling timberlands on a more regular basis, certain items in the financial statements have been reclassified. The gain of $23.1 million from the sale of timberland in the first quarter of 2000 was reclassified to Timberland and Real Estate and had the effect of increasing sales by $49.6 million and cost of sales by $26.5 million. The non-cash expenses relating to the depletion of merchantable and pre-merchantable timber for timberland sales are recorded in the "Depreciation, depletion and amortization" line of the cash flow statement, and the basis in the land is recorded in the "Non-cash cost of land sales" line. All changes noted herein had no effect on net income or earnings per share in the prior period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEGMENT INFORMATION

Rayonier operates in three major business segments: Performance Fibers, Timberland Management, and Wood Products and Trading. The Performance Fibers segment includes two reportable business units, Cellulose Specialties and Absorbent Materials. The Timberland Management segment includes two reportable business units, Timber Harvest, and Timberland and Real Estate. Prior years' segment information has been reclassified to conform with the segment information presented in the current year.

The amounts and relative contributions to sales and operating income attributable to each of Rayonier's reportable business units for the three months and six months ended June 30, 2001, and 2000, were as follows (thousands of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
SALES				
Performance Fibers				
Cellulose Specialties	$ 95,930	$ 86,531	$ 185,885	$ 173,969
Absorbent Materials	49,791	57,469	98,870	111,183
Total Performance Fibers	145,721	144,000	284,755	285,152
Timberland Management				
Timber Harvest	49,839	50,606	111,663	113,283
Timberland and Real Estate	62,224	3,856	63,458	56,935
Total Timberland Management	112,063	54,462	175,121	170,218
Wood Products and Trading	92,284	114,633	176,091	222,515
Intersegment Eliminations	(3,706)	(9,185)	(13,118)	(19,378)
TOTAL SALES	$ 346,362	$ 303,910	$ 622,849	$ 658,507
OPERATING INCOME (LOSS)				
Performance Fibers	13,158	21,008	27,878	38,509
Timberland Management				
Timber Harvest	21,370	27,881	56,673	68,647
Timberland and Real Estate	34,344	3,089	35,184	29,107
Total Timberland Management	55,714	30,970	91,857	97,754
Wood Products and Trading	(39)	(783)	(6,252)	(2,662)
Corporate and other	(4,311)	(3,929)	(11,083)	(11,682)
TOTAL OPERATING INCOME	$ 64,522	$ 47,266	$ 102,400	$ 121,919

RESULTS OF OPERATIONS

SALES AND OPERATING INCOME

Sales for the second quarter of 2001 were $346 million, $42 million above prior year, primarily due to a major timberland sale and continued strength in Cellulose Specialties markets. Operating income for the second quarter was $65 million, $17 million above prior year, primarily due to the major timberland sale. Sales for the six months ended June 30, 2001, were $623 million, $36 million lower than for the same period of 2000, mainly due to weaker trading activity and lower lumber prices and volume. Operating income for the six months ended June 30, 2001, was $102 million, $20 million lower than prior year, primarily due to lower timber prices, higher Performance Fibers manufacturing costs and unfavorable trading activity.

PERFORMANCE FIBERS

Sales of Performance Fibers products for the second quarter of 2001 were $146 million, $2 million higher than second-quarter 2000, while sales for the six months ended June 30, 2001, of $285 million, were essentially flat compared to last year's results. Operating income for the three and six months ended June 30, 2001, was $13 million and $28 million, respectively, which was $8 million and $11 million lower than the year ago results. The decline in operating income was due to lower fluff pulp prices and higher manufacturing costs, partially offset by strength in Cellulose Specialties sales volumes.

CELLULOSE SPECIALTIES

Cellulose Specialty sales of $96 million for the second quarter of 2001 were $9 million higher than the second quarter of 2000 and sales of $186 million for the six months ended June 30, 2001, were $12 million higher compared to the same period in 2000. The increase, over prior year for the three- and six-month periods, was primarily due to 12 percent and 9 percent higher sales volumes, respectively, partly offset by slightly lower prices.

ABSORBENT MATERIALS

Absorbent Material sales of $50 million for the second quarter of 2001 were $8 million lower than the second quarter of 2000, while sales of $99 million for the six months ended June 30, 2001, were $12 million lower compared to the same period in 2000. The decrease from prior year for the three and six month periods, was primarily due to lower sales volumes of 8 percent and 12 percent, respectively, as well as to weaker fluff pulp prices.

TIMBERLAND MANAGEMENT

Sales of $112 million and operating income of $56 million for second-quarter 2001 were $58 million and $25 million higher than second-quarter 2000, respectively. Sales of $175 million for the six months ended June 30, 2001, were $5 million above prior year, while operating income of $92 million was $6 million lower than the same period in 2000.

TIMBER HARVEST

Timber Harvest sales for the second quarter of 2001 were $50 million, essentially even with the second quarter of 2000. Operating income of $21 million was $7 million lower than prior year. Sales for the six months ended June 30, 2001, were $112 million, $2 million lower than the prior year. Operating income for the same period declined by $12 million to $57 million. These decreases were primarily due to lower Northwest U.S. timber volumes compared to an unusually high level last year, partially offset by an increase in Southeast U.S. timber volumes following the ramp-up of the October 1999 timberland acquisition in late 2000 and into early 2001. In addition to the volume changes over prior year, timber pricing was negatively impacted by weak lumber markets.

TIMBERLAND AND REAL ESTATE

In May 2001, the Company closed the sale of approximately 57,000 acres of timberland in Northeast Florida for $59 million subject to final post-closing adjustments. This Pinhook property sale previously announced was part of the Company's ongoing strategic program to sell 2 to 4 percent of its timberland holdings annually in order to capture the appreciated value inherent in the timberlands. For the second quarter of 2001, the sale contributed $59 million and $33 million in sales and operating income, respectively. The net after-tax gain was $21 million or $0.75 per diluted share.

Overall sales for Timberland and Real Estate of $62 million increased $58 million for the second quarter of 2000, while operating income of $34 million increased $31 million compared to the second quarter of 2000. The increase was principally due to the Pinhook transaction. Sales for the six months ended June 30, 2001, were $63 million, $7 million higher than prior year, while operating income for the same period improved $6 million to $35 million. The six months operating income improvement was less than that of the second quarter itself, as last year's six months results included income from a timberland sale of $23 million.

WOOD PRODUCTS AND TRADING

Second-quarter 2001 sales were $92 million compared to $115 million in the second quarter of 2000, while operating income was essentially at breakeven compared to a loss of $1 million a year ago. Operating income improved due to a reduction in manufacturing costs in lumber and medium-density fiberboard, partially offset by a decline in lumber volume and prices, and lower trading margins. Sales for the six months ended June 30, 2001, declined $46 million to $176 million from the prior year. Operating losses for the same period increased from $3 million to $6 million. These unfavorable variances were principally due to lower trading margins and weaker lumber prices and volume, partly offset by lower manufacturing costs.

CORPORATE AND OTHER

Corporate and other expenses for the second quarter and the six months ended June 30, 2001, of $4 million and $11 million, respectively, were essentially flat compared to 2000.

OTHER INCOME / EXPENSE

Interest expense for the second quarter of 2001 was $18 million, a decrease of $4 million from the second quarter of 2000, primarily due to lower average debt. For similar reasons, interest expense for the six months ended June 30, 2001, declined by $8 million versus the prior year period.

Miscellaneous income (expense) for the second quarter of 2001 was $0.7 million compared to $(0.8) million in the prior year, and $0.2 million for the six months ended June 30, 2001, compared to $(0.6) million for the six months ended June 30, 2000. The improvement for both the second quarter of 2001 and the six months ended June 30, 2001, was due to favorable mark-to-market adjustments on the New Zealand dollar forward contracts and the absence of bond refinancing expenses that were incurred in the second quarter of 2000.

The effective tax rates were 34.1 percent for the second quarter of 2001 and 33.9 percent for the six months ended June 30, 2001, compared to 29.9 percent and 31.2 percent for the same periods last year. The higher tax rates in 2001 versus 2000 reflect the impact of lower tax benefits from foreign operations. The 2001 effective tax rates are below U.S. statutory rates, due to lower tax rates in effect for foreign subsidiaries and the impact of various tax credits.

NET INCOME

Net income for the second quarter of 2001 was $31.5 million, or $1.14 per diluted common share, compared to $17.4 million, or $0.63 per diluted common share, for the second quarter of 2000, primarily due to the Pinhook timberland sale in 2001. Net income for the six months ended June 30, 2001, was $43.7 million, or $1.59 per diluted common share, compared to $52.9 million, or $1.90 per diluted common share, for the six months ended June 30, 2000. Six months earnings were lower primarily due to lower timber and Performance Fibers prices (mainly fluff pulp) and lower trading activity.

OTHER ITEMS

The strong dollar and continuing weak global economy make it difficult to predict when market conditions might improve. Third and fourth quarter earnings are expected to be lower than second quarter earnings excluding the Pinhook timberland sale due to weak pricing for commodity absorbent materials and seasonally lower U.S. timber sales volume. However, strong demand for high-value cellulose specialty products is expected to continue.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operating activities of $144 million for the first six months of 2001 decreased $10 million compared to the first six months of 2000. Lower income and a decrease in non-current liabilities accounted for the change. Cash flow used for investing activities for the first six months of 2001 of $35 million was $6 million lower than 2000 primarily due to lower capital expenditures, partially offset by a smaller decrease in other non-current assets. Cash flow used for financing activities for the six months ended June 30, 2001, was $108 million, a decrease of $2 million from 2000. This was primarily due to the absence of repurchases of common shares and an increase in the issuance of common shares, partially offset by higher debt repayments in 2001.

The Company did not repurchase any of its common shares outstanding during the first six months of 2001. The Company repurchased 142,900 of its shares during the second quarter of 2000 at an average price of $40.64 or a total cost of $6 million, and 228,500 shares during the six months ended June 30, 2000, at an average cost of $40.92 or a total cost of $9 million.

At June 30, 2001, debt was $879 million, a reduction of $94 million from December 31, 2000, and the debt-to-capital ratio was 55.4 percent compared to 58.9 percent at December 31, 2000. As of June 30, 2001, Rayonier had $375 million available under its revolving credit facilities.

In addition, the Company has on file with the Securities and Exchange Commission shelf registration statements to offer $150 million of new public debt securities. The Company believes that internally generated funds, combined with available external financing, will enable Rayonier to fund capital expenditures, share repurchases, working capital and other liquidity needs for the foreseeable future.

OTHER DATA

EBITDA (defined as earnings from continuing operations before significant non-recurring items, provision for dispositions, interest expense, income taxes, depreciation, depletion, amortization and the non-cash cost of the land basis in timberland and real estate sales) for the first six months of 2001 amounted to $211 million, $12 million lower than the first six months of 2000. The decrease in EBITDA was primarily due to lower absorbent materials prices and volume in 2001. Cash provided by operating activities helped to finance capital expenditures of $40 million, dividends of $20 million, and allowed for a net reduction of $94 million of debt. Free cash flow (defined as EBITDA plus significant non-recurring items, less income taxes, interest expense, change in working capital, long-term assets and liabilities, custodial capital spending and prior-year dividend levels) decreased $1 million, to $103 million in the first six months of 2001, when compared to the same period ended last year.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK

The Company is exposed to various market risks, including changes in commodity prices, interest rates and foreign exchange rates. The Company's objective is to minimize the economic impact of these market risks. Derivatives are used, as noted, in accordance with policies and procedures approved by the Board of Directors and are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. The Company does not enter into financial instruments for trading purposes.

Circumstances surrounding the Company's exchange rate risk, commodity price risk and interest rate risk remain unchanged from December 31, 2000. For a full description of the Company's market risk, please refer to Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations in the 2000 Annual Report on Form 10-K.

SAFE HARBOR

Comments about market trends, anticipated earnings and activities in third quarter 2001 and beyond, including disclosures about anticipated pricing and sales levels, are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Changes in the following important factors, among others, could cause actual results to differ materially from those expressed in the forward-looking statements: global market conditions impacting supply and demand for wood products, export and domestic logs and high performance cellulose fibers; governmental policies and regulations affecting the environment, import and export controls and taxes; availability and pricing of competitive products; production costs for wood products and performance fibers, particularly for raw materials such as wood and chemicals; weather conditions in the Company's operating areas; and interest rate and currency movements.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of the Company was held on May 17, 2001. At that meeting, four directors were elected as follows (there were no broker non-votes with respect to the election of directors):

	Votes For	Votes Withheld
Directors of Class I, Term Expires in 2004:		
Ronald M. Gross	25,204,721	163,855
Katherine D. Ortega	25,211,662	156,914
Burnell R. Roberts	25,200,129	168,447
Directors of Class III, Term Expires in 2003:		
Ronald Townsend	25,209,676	158,900

ITEM 5. SELECTED OPERATING DATA

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
PERFORMANCE FIBERS				
Pulp Sales Volume				
Cellulose specialties, in thousands of metric tons	110	98	213	196
Absorbent materials, in thousands of metric tons	75	83	147	168
Production as a percent of capacity	98.1%	101.1%	98.4%	102.6%
TIMBERLAND MANAGEMENT				
Timber sales volume				
Northwest U.S., in millions of board feet	49	64	137	154
Southeast U.S., in thousands of short green tons	1,611	1,137	3,246	2,136
New Zealand, in thousands of cubic meters	325	289	603	542
Intercompany timber sales volume				
Northwest U.S., in millions of board feet	6	19	35	39
Southeast U.S., in thousands of short green tons	16	11	30	23
New Zealand, in thousands of cubic meters	170	154	308	263
WOOD PRODUCTS AND TRADING				
Lumber sales volume, in millions of board feet	63	70	120	135
Medium-density fiberboard sales volume, in thousands of cubic meters	39	39	76	76
Log trading sales volume				
North America, in millions of board feet	37	62	86	124
New Zealand, in thousands of cubic meters	249	305	463	549
Other, in thousands of cubic meters	109	86	232	205

SELECTED SUPPLEMENTAL FINANCIAL DATA (millions of dollars, except per share data)

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
GEOGRAPHICAL DATA (NON-U.S.)				
Sales				
New Zealand	$ 26.2	$ 28.7	$ 50.2	$ 51.9
Other	13.2	16.5	25.2	29.5
Total	$ 39.4	$ 45.2	$ 75.4	$ 81.4
Operating Income (Loss)				
New Zealand	$ 0.0	$ (0.4)	$ 0.6	$ (1.5)
Other	(0.9)	0.3	(0.8)	0.3
Total	$ (0.9)	$ (0.1)	$ (0.2)	$ (1.2)
TIMBERLAND MANAGEMENT				
Sales				
Northwest U.S.	$ 13.1	$ 21.7	$ 38.2	$ 56.0
Southeast U.S.	92.2	27.1	123.9	104.1
New Zealand	6.7	5.7	13.0	10.2
Total	$ 112.0	$ 54.5	$ 175.1	$ 170.3
Operating Income				
Northwest U.S.	$ 8.7	$ 17.4	$ 28.8	$ 47.0
Southeast U.S.	45.8	11.9	59.9	48.0
New Zealand	1.3	1.7	3.2	2.8
Total	$ 55.8	$ 31.0	$ 91.9	$ 97.8
EBITDA PER SHARE				
Performance Fibers	$ 1.18	$ 1.38	$ 2.40	$ 2.71
Timberland Management	3.64	1.68	5.66	5.56
Wood Products and Trading	0.14	0.10	0.03	0.16
Corporate and other	(0.16)	(0.19)	(0.45)	(0.47)
Total	$ 4.80	$ 2.97	$ 7.64	$ 7.96

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Exhibit Index.

(b) Rayonier, Inc. filed a report on Form 8-K dated April 24, 2001, for a news release issued on April 16, 2001, concerning the Pinhook timberland sale.

SIGNATURE

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RAYONIER INC. (Registrant)

BY:GERALD J. POLLACK

Gerald J. Pollack
Senior Vice President and
Chief Financial Officer
(Chief Accounting Officer)

August 14, 2001

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	LOCATION
2	Plan of acquisition, reorganization, arrangement, liquidation or succession	None
3.1	Amended and restated articles of incorporation	No amendments
3.2	By-laws	No amendments
4	Instruments defining the rights of security holders, including indentures	Not required to be filed. The Registrant hereby agrees to file with the Commission a copy of any instrument defining the rights of holders of the Registrant's long-term debt upon request of the Commission.
10	Material contracts	None
11	Statement re: computation of per share earnings	Not required to be filed
12	Statement re: computation of ratios	Filed herewith
15	Letter re: unaudited interim financial information	None
18	Letter re: change in accounting principles	None
19	Report furnished to security holders	None
22	Published report regarding matters submitted to vote of security holders	None
23	Consents of experts and counsel	None
24	Power of attorney	None
99	Additional exhibits	None

EXHIBIT 12

RAYONIER INC. AND SUBSIDIARIES

RATIO OF EARNINGS TO FIXED CHARGES

(UNAUDITED)
(THOUSANDS OF DOLLARS)

	Six Months Ended June 30,	
	2001	2000
Earnings:		
Net income	$ 43,715	$ 52,904
Add:		
Income taxes	22,447	23,990
Amortization of capitalized interest	1,289	1,154
Additions to net income	23,736	25,144
Adjustments to earnings for fixed charges:		
Interest and other financial charges	36,452	44,402
Interest factor attributable to rentals	863	685
Adjustments for fixed charges	37,315	45,087
EARNINGS AS ADJUSTED	$104,766	$ 123,135
Fixed Charges:		
Fixed charges above	$ 37,315	$ 45,087
TOTAL FIXED CHARGES	$ 37,315	$ 45,087
RATIO OF EARNINGS AS ADJUSTED TO TOTAL FIXED CHARGES	2.81	2.73