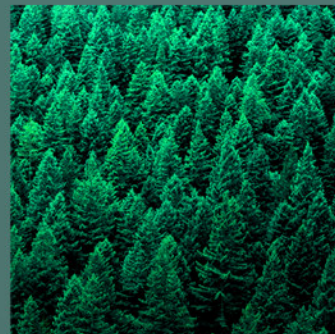


Third Quarter 2009 Financial Presentation Material



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 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>3Q 2009</u>	<u>2Q 2009</u>	<u>3Q 2008</u>
<u>Profitability</u>			
Sales	301	279	317
Operating income	111	134	49
Pro forma operating income *	55	48	49
Net Income	81	108	29
Pro forma net income *	32	28	29
Earnings Per Share:			
Net income	1.01	1.35	0.36
Pro forma net income *	0.40	0.36	0.36
Average diluted shares (millions)	80.1	79.8	79.6

	<u>Nine Months Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
<u>Capital Resources and Liquidity</u>		
Cash Provided by Operating Activities	214	248
Cash Used for Investing Activities	(72)	(308)
Cash Used for Financing Activities	(52)	(65)
Adjusted EBITDA *	280	283
Cash Available for Distribution (CAD) *	163	164

	<u>9/30/2009</u>	<u>12/31/2008</u>
Debt	810	747
Debt / Capital	42.9%	44.3%
Cash	153	62

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

Variance Analysis – Q2 09 to Q3 09 (\$ Millions)

Operating Income	
2009 Q2 (Pro forma) *	\$ 48
Variance	
Timber	
- Price / Mix	2
- Volume / Other	(1)
Real Estate	(11)
Performance Fibers	
- Price	(9)
- Volume	14
- Cost	10
Wood Products	1
Corporate / Other	1
2009 Q3 (Pro forma) *	<u>\$ 55</u>

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

Variance Analyses - 2008 to 2009
 (\$ Millions)

	Operating Income	
	Quarter	Year-to-date
2008 3Q	\$ 49	\$ 163
Variance		
Timber		
- Price / Mix	(11)	(40)
- Volume	4	3
- Costs / Other	9	16
Real Estate	(1)	1
Performance Fibers		
- Price	9	44
- Volume	(1)	(8)
- Costs	(2)	(28)
Wood Products	(2)	(6)
Corporate / Other	1	2
2009 3Q (Pro forma) *	\$ 55	\$ 147

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

Cash Available for Distribution*

(\$ Millions – Except Per Share Data)

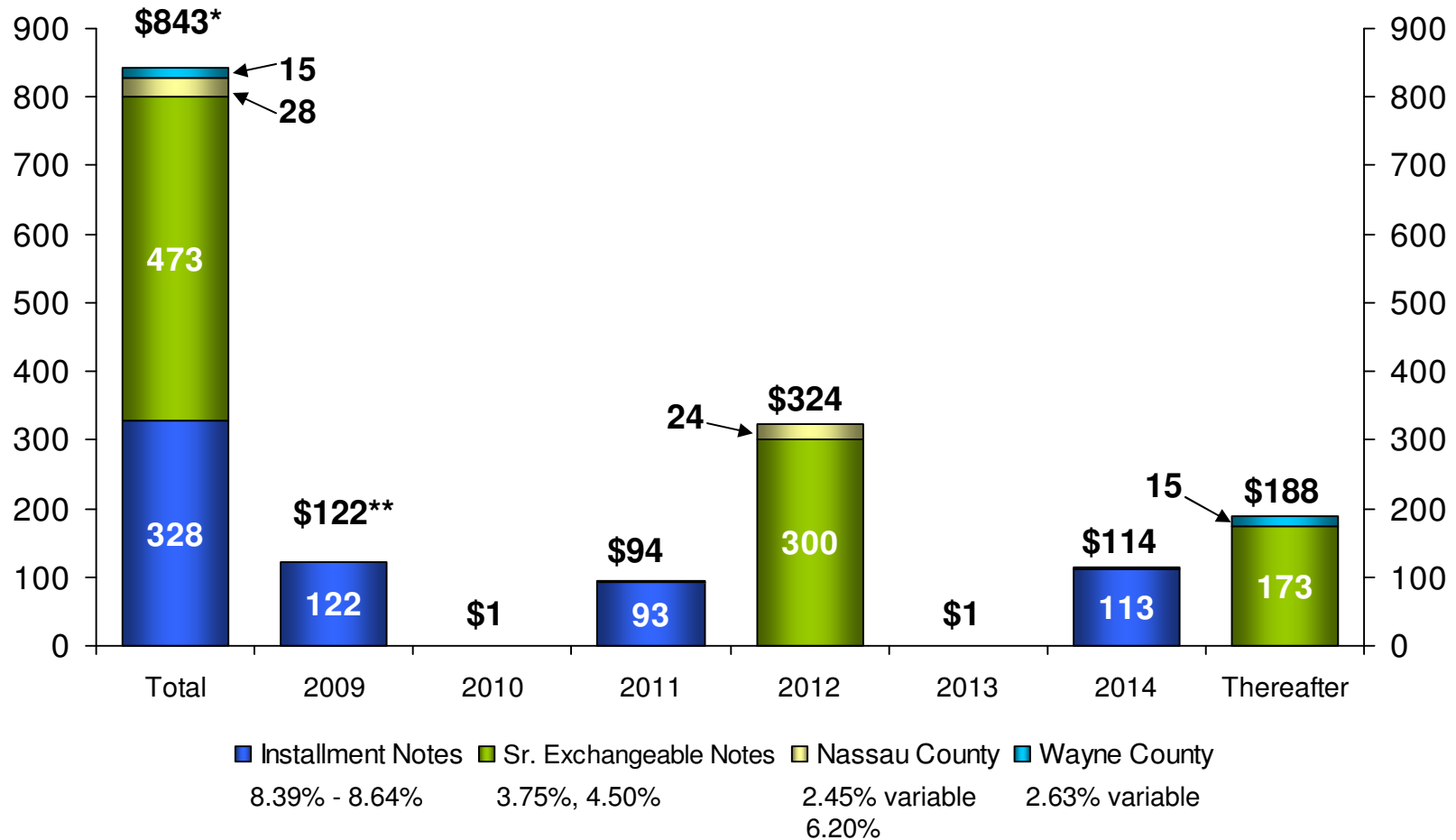
	Nine Months Ended September 30,	
	2009	2008
Cash Available for Distribution (CAD)		
Cash provided by operating activities	\$ 214.3	\$ 248.2
Capital expenditures **	(65.1)	(74.9)
Change in committed cash	21.8	3.5
Like-kind exchange tax benefits on real estate sales ***	-	(9.0)
Other	(7.7)	(4.1)
Cash Available for Distribution	\$ 163.3	\$ 163.7
Shares outstanding	79,453,170	78,823,863
CAD per share	\$ 2.06	\$ 2.08
Dividends per share	\$ 1.50	\$ 1.50

* 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 September 30, 2009



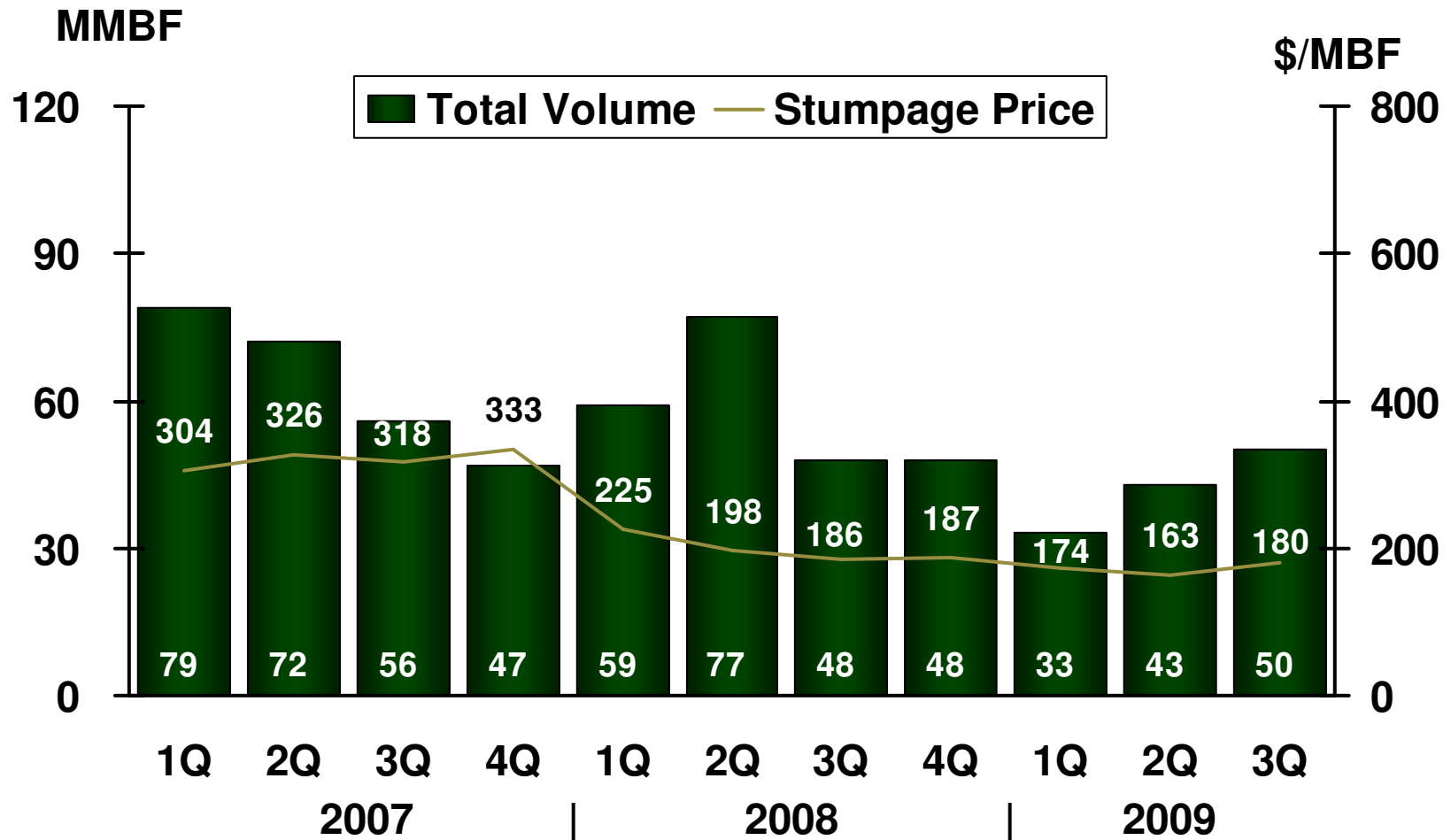
* Due to the adoption of FASB Staff Position No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)*, our Sr. Exchangeable Notes are currently valued at \$439M on the company's consolidated balance sheet, but upon maturity the liability will be \$300 million in 2012 and \$173 million in 2015.

** \$122 million due December 31, 2009, effectively pre-funded with proceeds from 6 year \$173 million Sr. Exchangeable Notes issued in August 2009.



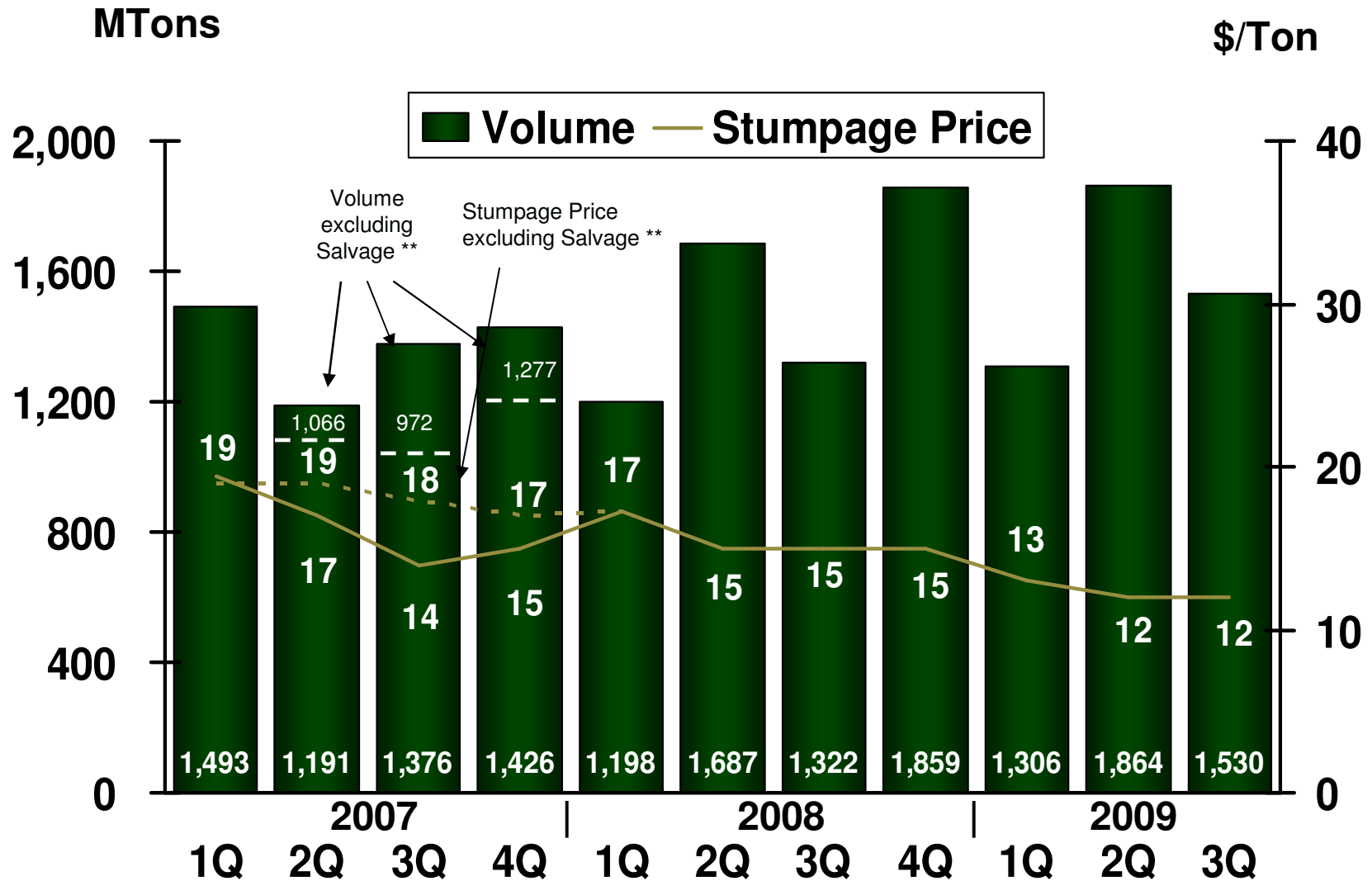
Markets and Operations

Western Timber Sales *



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

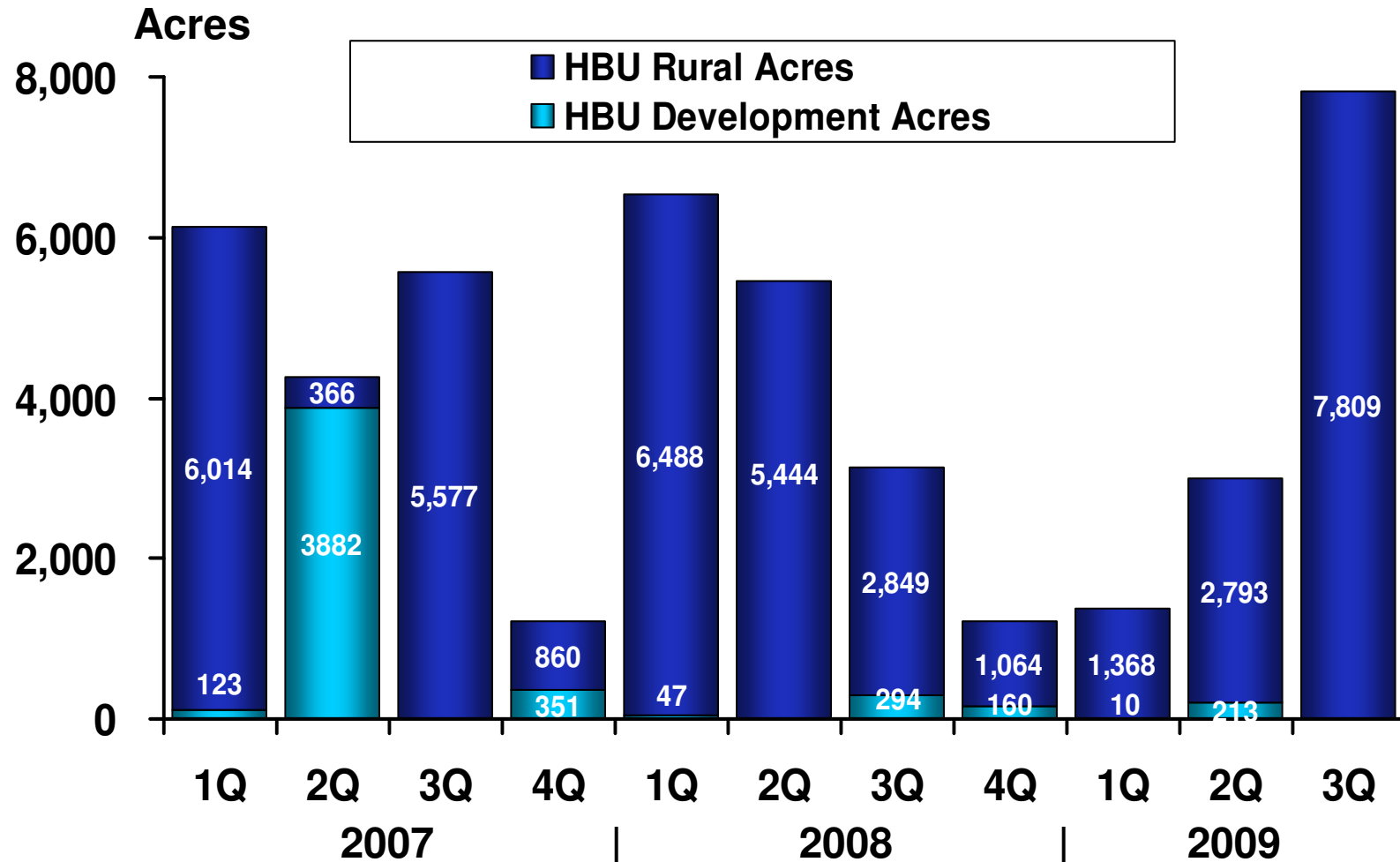
Eastern Pine Timber Sales *



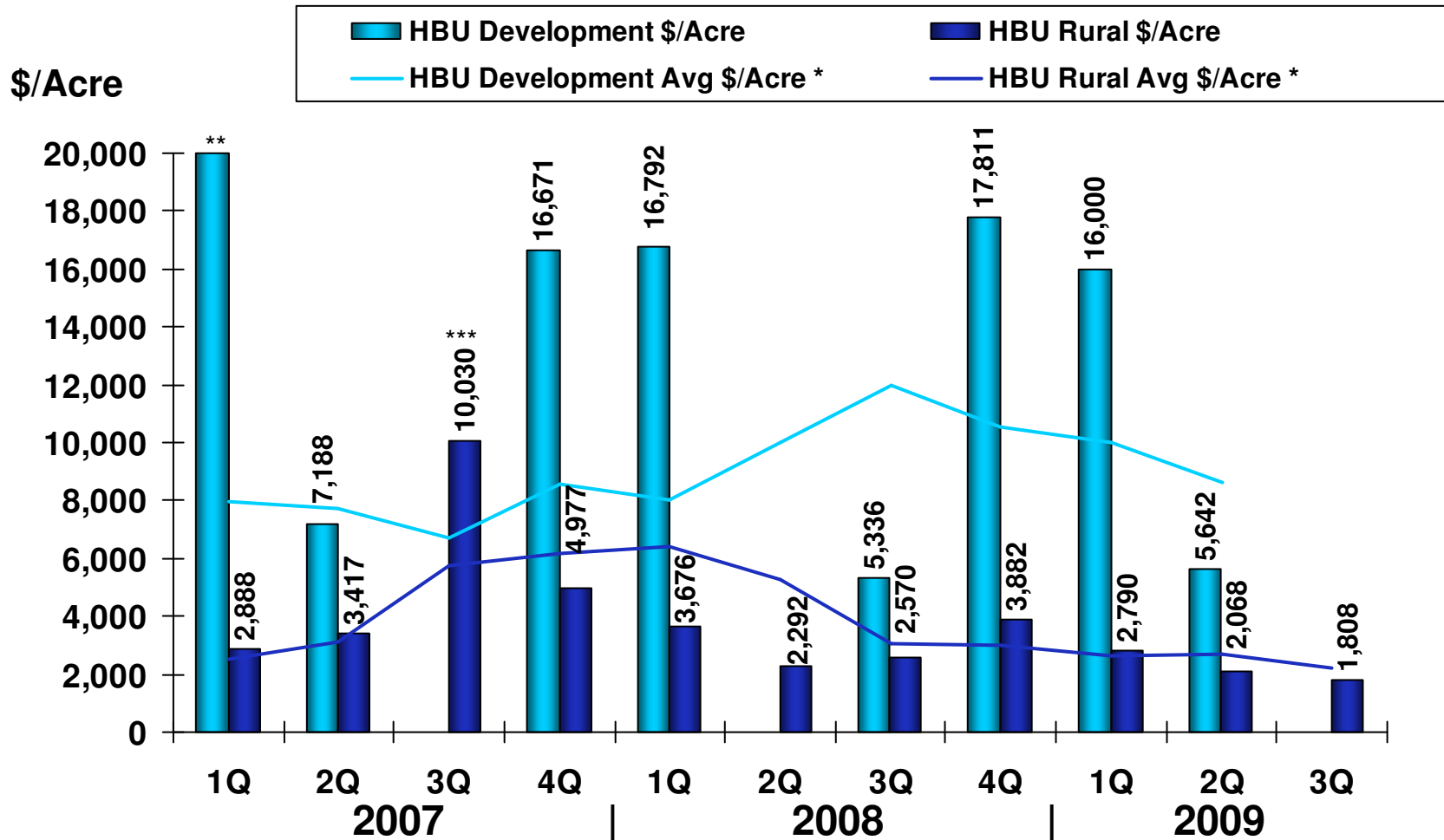
* The Eastern region represents the Company's operations in Alabama, Arkansas, Florida, Georgia, Louisiana, New York, Oklahoma and Texas.

** 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

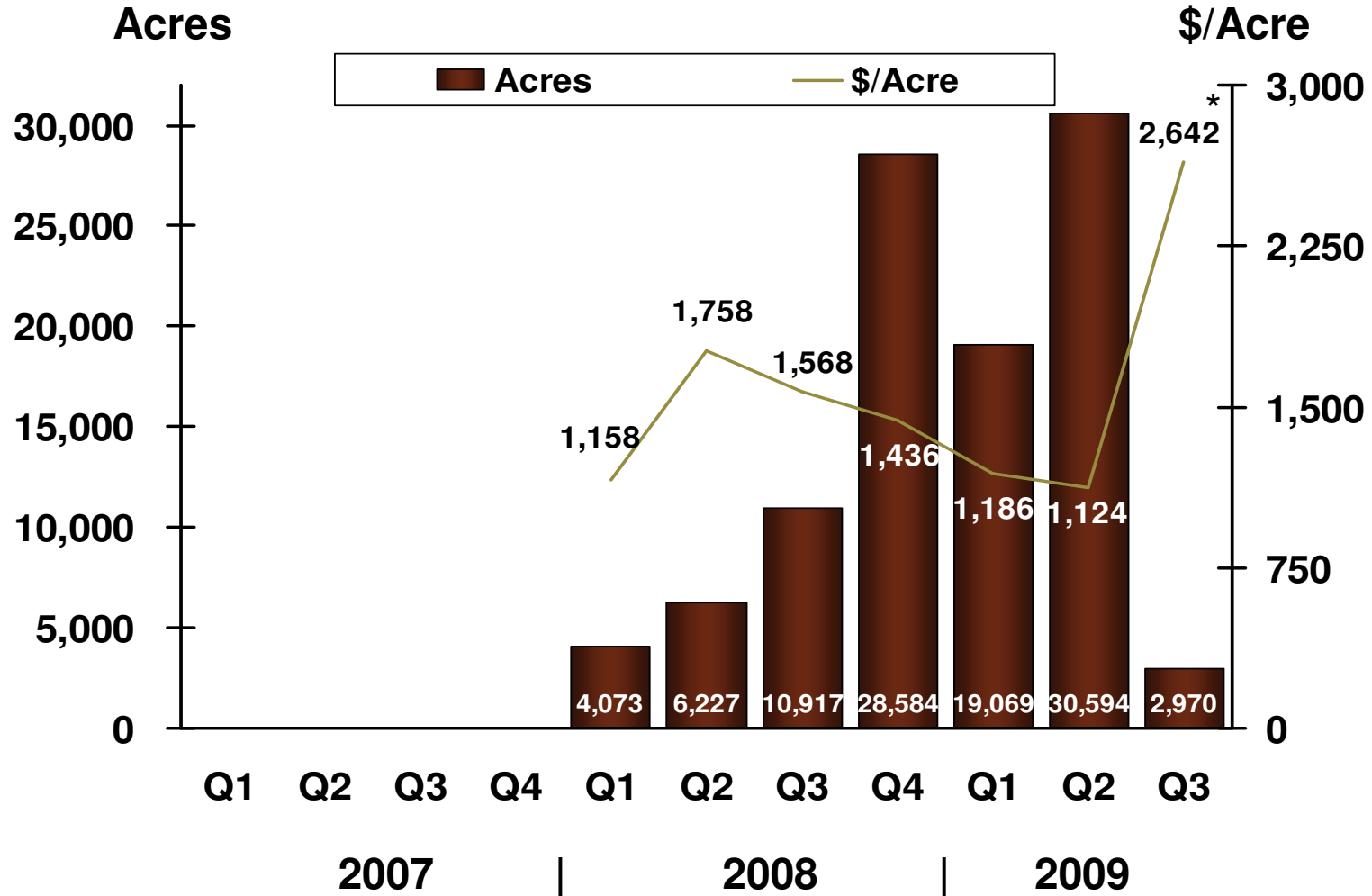


* Four quarter rolling weighted average.

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

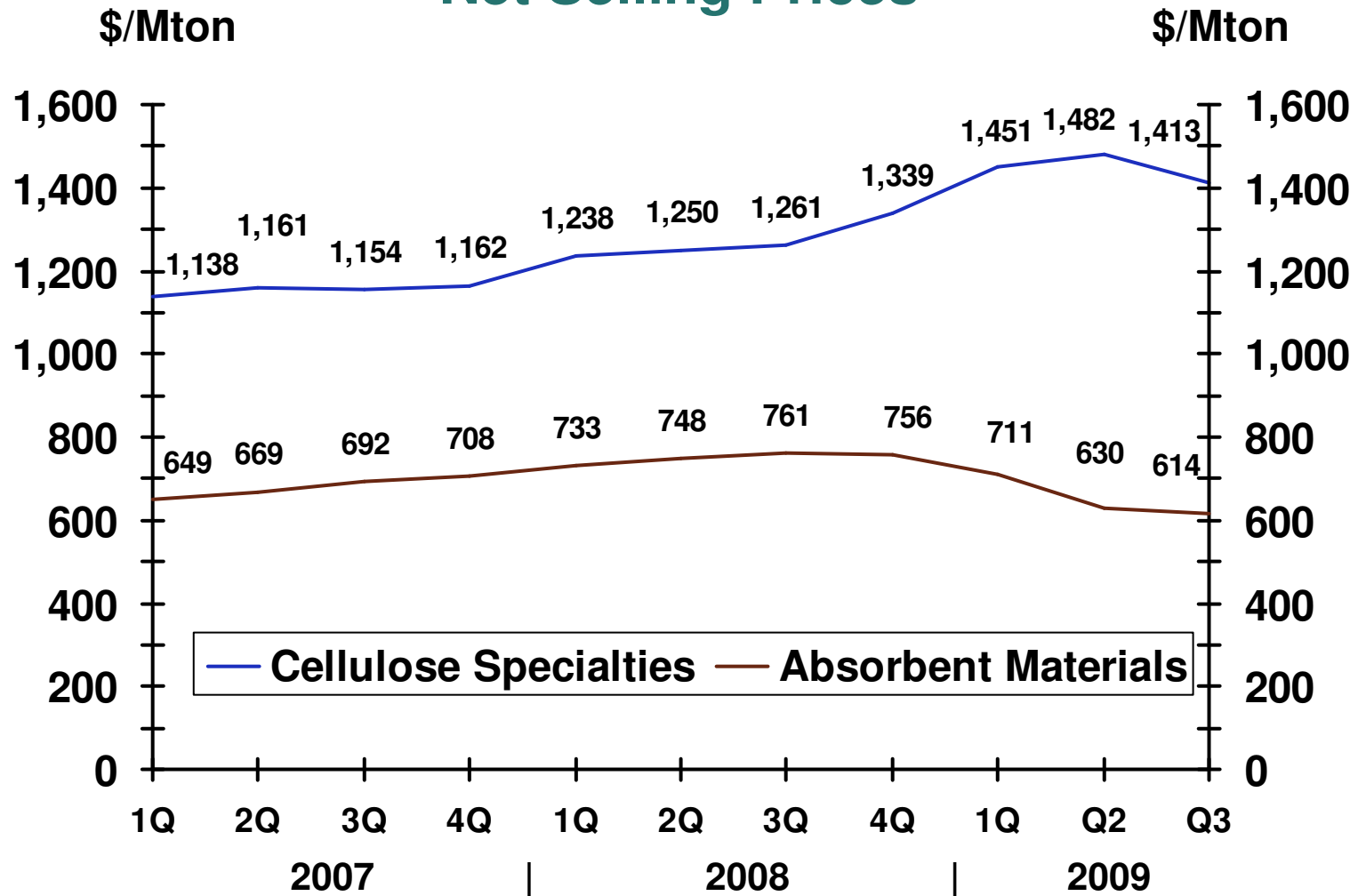
*** 3rd quarter 2007 includes a 3,100 acre sale to an industrial buyer at \$15,000 / acre.

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

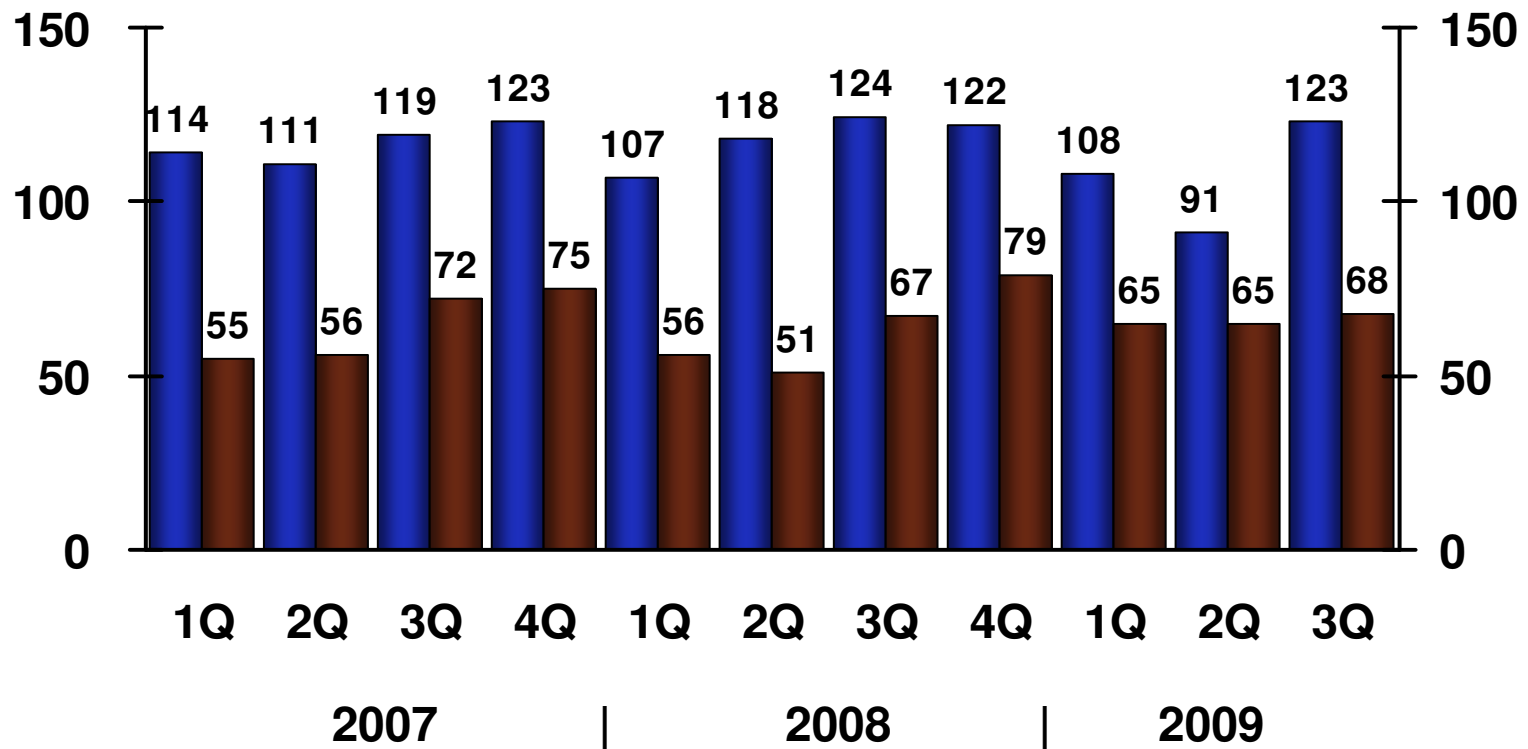


Performance Fibers Sales Volumes

M Metric Tons

M Metric Tons

■ Cellulose Specialties ■ Absorbent Materials



Earnings Per Share

(\$ / Share)

	Pro forma	Actual	
	2009	2009	2008
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	?		0.55
Full Year	?	← Lower	\$ 1.87

Comparable ↓

* Second and third quarter 2009 pro forma results exclude a per share benefit from the alternative fuel mixture credit of \$0.99 and \$0.61, 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						Nine Months Ended			
	Sept. 30, 2009		June 30, 2009		Sept. 30, 2008		Sept. 30, 2009		Sept. 30, 2008	
	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share
Operating Income	\$ 111.1		\$ 134.2		\$ 49.0		\$ 288.6		\$ 163.1	
Alternative Fuel Mixture Credit	(55.8)		(85.9)		-		(141.8)		-	
Pro Forma Operating Income	\$ 55.3		\$ 48.3		\$ 49.0		\$ 146.8		\$ 163.1	
Net Income	\$ 81.1	\$ 1.01	\$ 107.7	\$ 1.35	\$ 28.9	\$ 0.36	\$ 214.8	\$ 2.69	\$ 105.2	\$ 1.32
Alternative Fuel Mixture Credit	(49.1)	(0.61)	(79.3)	(0.99)	-	-	(128.5)	(1.61)	-	-
Pro Forma Net Income	\$ 32.0	\$ 0.40	\$ 28.4	\$ 0.36	\$ 28.9	\$ 0.36	\$ 86.3	\$ 1.08	\$ 105.2	\$ 1.32

Adjusted EBITDA by Segment (\$ Millions)

	Timber	Real Estate	Performance Fibers	Wood Products	Corporate and other	Total
Three Months Ended						
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>
June 30, 2009						
Cash provided by operating activities	\$ 31.2	\$ 39.3	\$ 31.9	\$ (0.8)	\$ (39.2)	\$ 62.4
Income tax expense *	-	-	-	-	7.9	7.9
Interest, net	-	-	-	-	12.0	12.0
Working capital and other *	(8.8)	(1.3)	15.5	(0.5)	10.9	15.8
Adjusted EBITDA *	<u>\$ 22.4</u>	<u>\$ 38.0</u>	<u>\$ 47.4</u>	<u>\$ (1.3)</u>	<u>\$ (8.4)</u>	<u>\$ 98.1</u>
September 30, 2008						
Cash provided by operating activities	\$ 25.2	\$ 24.4	\$ 47.3	\$ (0.3)	\$ (3.2)	\$ 93.4
Income tax expense	-	-	-	-	8.6	8.6
Interest, net	-	-	-	-	11.5	11.5
Working capital and other	(6.9)	(2.2)	9.8	1.8	(23.8)	(21.3)
Adjusted EBITDA	<u>\$ 18.3</u>	<u>\$ 22.2</u>	<u>\$ 57.1</u>	<u>\$ 1.5</u>	<u>\$ (6.9)</u>	<u>\$ 92.2</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
Nine Months Ended						
September 30, 2009						
Cash provided by operating activities	\$ 68.9	\$ 80.0	\$ 131.0	\$ (5.1)	\$ (60.5)	\$ 214.3
Income tax expense *	-	-	-	-	23.4	23.4
Interest, net	-	-	-	-	37.0	37.0
Working capital and other *	(11.3)	(0.1)	36.1	0.4	(20.0)	5.1
Adjusted EBITDA *	<u>\$ 57.6</u>	<u>\$ 79.9</u>	<u>\$ 167.1</u>	<u>\$ (4.7)</u>	<u>\$ (20.1)</u>	<u>\$ 279.8</u>
September 30, 2008						
Cash provided by operating activities	\$ 91.6	\$ 71.1	\$ 127.2	\$ (2.6)	\$ (39.1)	\$ 248.2
Income tax expense	-	-	-	-	22.9	22.9
Interest, net	-	-	-	-	35.1	35.1
Working capital and other	(12.2)	(2.6)	27.7	4.0	(40.2)	(23.3)
Adjusted EBITDA	<u>\$ 79.4</u>	<u>\$ 68.5</u>	<u>\$ 154.9</u>	<u>\$ 1.4</u>	<u>\$ (21.3)</u>	<u>\$ 282.9</u>

* Excludes the impact of alternative fuel mixture credit.

Timber Supplemental Financial Data (\$ Millions)

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2009	June 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
Sales					
Western U.S.	\$ 14.8	\$ 10.7	\$ 16.6	\$ 34.8	\$ 61.3
Eastern U.S.	29.5	30.9	23.9	84.3	76.6
New Zealand *	2.2	2.0	2.4	5.9	7.5
Total	<u>\$ 46.5</u>	<u>\$ 43.6</u>	<u>\$ 42.9</u>	<u>\$ 125.0</u>	<u>\$ 145.4</u>
Operating income / (loss)					
Western U.S.	\$ (0.4)	\$ (2.4)	\$ (2.0)	\$ (6.7)	\$ 13.9
Eastern U.S.	2.4	3.4	1.6	8.8	7.1
New Zealand / Other **	(1.0)	(0.6)	(1.0)	(3.0)	(0.9)
Total	<u>\$ 1.0</u>	<u>\$ 0.4</u>	<u>\$ (1.4)</u>	<u>\$ (0.9)</u>	<u>\$ 20.1</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			Nine Months Ended	
	Sept. 30, 2009	June 30, 2009	Sept. 30, 2008	Sept. 30, 2009	Sept. 30, 2008
Timber					
Sales Volume					
Western U.S.					
in millions of board feet	50	43	48	126	184
Eastern U.S.					
in thousands of short green tons	1,726	2,019	1,508	5,317	4,684
Real Estate					
Acres sold					
HBU Development	-	213	294	223	341
HBU Rural	7,809	2,793	2,849	11,971	14,781
Non-Strategic Timberlands	2,970	30,594	10,917	52,633	21,217
Total	<u>10,779</u>	<u>33,600</u>	<u>14,060</u>	<u>64,827</u>	<u>36,339</u>
Performance Fibers					
Sales Volume					
Cellulose specialties,					
in thousands of metric tons	123	91	124	321	349
Absorbent materials,					
in thousands of metric tons	68	65	67	198	174
Lumber					
Sales volume,					
in millions of board feet	57	57	84	167	245

Market Price and Dividend History (\$ / Share)

	High	Low	Dividends
2009			
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

