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

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): 12/11/2008

RAYONIER INC.

(Exact name of registrant as specified in its charter)

Commission File Number: 1-6780

North Carolina
(State or other jurisdiction of
incorporation)

13-2607329
(IRS Employer
Identification No.)

50 North Laura Street
Jacksonville, Florida
32202

(Address of principal executive offices, including zip code)

904-357-9100

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

2009 Class Performance Share Award Program

On December 11, 2008, the Compensation and Management Development Committee approved the Rayonier 2009 Class Performance Share Award Program (the "2009 Performance Share Program") under the Rayonier Incentive Stock Plan. The 2009 Performance Share Program provides for the payment of Rayonier shares ranging between 0% and 175% of target awards based on Rayonier's Total Shareholder Return performance against an identified peer group over a three year period. The foregoing description does not purport to be complete and is qualified in its entirety by reference to the 2009 Performance Share Program, a copy of which is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit 10.1 2009 Rayonier Performance Share Award Program.

Signature(s)

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

RAYONIER INC.

Date: December 17, 2008

By: /s/ Hans E. Vanden Noort

Hans E. Vanden Noort
Senior Vice President and Chief Financial Officer

Exhibit Index

Exhibit No.	Description
EX-10.1	2009 Rayonier Performance Share Award Program

Rayonier

2009 Performance Share Award Program

The number of shares to which a participant could become entitled under the 2009 Performance Share Award Program (the "Program") can range from 30% to a maximum of 175% of the Target Award depending on Rayonier's total shareholder return ("TSR") performance for the three-year Performance Period of January 1, 2009 through December 31, 2011, as compared to the TSR performance of the designated peer group companies for the same period. There will be no payout if results fall below the 30th percentile performance threshold.

- TSR is defined as stock price appreciation plus the reinvestment of dividends on a quarterly basis. For purposes of performance measurement, TSR shall be the final reported figure as may be adjusted by the Committee for unusual items to avoid distortion in the operation of the Program.
- TSR over the 3-year period will be calculated by measuring the value of a hypothetical \$100 investment in Rayonier shares as compared to an equal investment in each of the peer group companies.
- TSR calculations of stock price appreciation will be the average of the closing prices of Rayonier common shares and that of each of the peer group companies for the 20 trading days preceding the starting and ending dates of the Performance Period.

The final number of shares in an Award will be determined as follows:

- The TSR performance of Rayonier and the peer group companies will be calculated and Rayonier's relative performance, on a percentile basis, is determined.
- The payout percentage of Target Award based on Rayonier's percentile TSR performance against the peer group companies will be calculated per the following table:

Percentile Rank	Award (Expressed As Percent of Target Award)
80 th and Above	175%
61 st -79 th	100%, plus 3.75% for each incremental percentile position over the 60 th percentile
60 th	100%
31 st - 59 th	30%, plus 2.33% for each incremental percentile position over the 30 th percentile
30 th	30%
Below 30 th	0%

- The payout percentage may not exceed 150% of target awards if Rayonier's TSR for the Performance Period is negative.
- Payment, if any, is to be made in Rayonier Common Shares, and may be offset, to the extent allowed under applicable regulations, by the number of shares equal in value to the amount needed to cover associated tax liabilities.
- Payment will be made as soon as practicable following the completion of the Performance Period.
- Target awards will be prorated in cases of retirement, death, or disability in accordance with Plan provisions.

2009

Performance Share Award Program

(January 1, 2009 - December 31, 2011)

Peer Group Companies

Abitibi/Bowater

Buckeye Technologies

Cousins Properties

Deltic Timber

Forestar

International Paper

Mead-Westvaco

Neenah Paper

Potlatch Corporation

Plum Creek

Sappi

St. Joe Company

Tembec

TimberWest

Weyerhaeuser

Administration

December 2008