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 SEPTEMBER 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 November 2, 2001, there were outstanding 27,268,878 Common Shares of the Registrant.

RAYONIER INC.
FORM 10-Q
SEPTEMBER 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 September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
SALES	$ 274,961	$ 269,501	$ 897,810	$ 928,008
Costs and Expenses				
Cost of sales	245,615	227,887	749,303	742,602
Selling and general expenses	7,417	6,845	24,610	26,197
Other operating (income) expense, net	(136)	1,204	(568)	3,725
	252,896	235,936	773,345	772,524
OPERATING INCOME	22,065	33,565	124,465	155,484
Interest expense	(16,431)	(20,586)	(52,883)	(64,988)
Interest and miscellaneous income (expense), net	1,012	(2,378)	1,226	(3,001)
INCOME BEFORE INCOME TAXES	6,646	10,601	72,808	87,495
Income tax (expense) benefit	(621)	1,504	(23,068)	(22,486)
NET INCOME	6,025	12,105	49,740	65,009
OTHER COMPREHENSIVE INCOME (LOSS):				
Unrealized gain (loss) on hedged transactions, net of tax benefit of $123	(209)	-	(209)	-
COMPREHENSIVE INCOME	$ 5,816	$ 12,105	$ 49,531	$ 65,009
EARNINGS PER COMMON SHARE (EPS)				
BASIC EPS	$ 0.22	$ 0.45	$ 1.83	$ 2.38
DILUTED EPS	$ 0.22	$ 0.44	$ 1.80	$ 2.34

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

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(THOUSANDS OF DOLLARS)

ASSETS	(UNAUDITED) September 30, 2001	December 31, 2000
CURRENT ASSETS		
Cash and short-term investments	$ 25,627	$ 9,824
Accounts receivable, less allowance for doubtful accounts of $3,390 and $3,969	102,220	117,114
Inventories		
Finished goods	50,175	60,627
Work in process	9,445	9,076
Raw materials	11,172	11,044
Manufacturing and maintenance supplies	17,008	16,359
Total inventories	87,800	97,106
Timber purchase agreements	20,774	33,775
Other current assets	6,957	12,779
Total current assets	243,378	270,598
OTHER ASSETS	56,417	63,129
TIMBER PURCHASE AGREEMENTS	6,183	6,335
TIMBER, TIMBERLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	1,138,268	1,192,388
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings, machinery and equipment	1,367,999	1,360,296
Less - accumulated depreciation	772,806	730,472
Total property, plant and equipment, net	595,193	629,824
TOTAL ASSETS	$ 2,039,439	$ 2,162,274

LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2001	December 31, 2000
CURRENT LIABILITIES		
Accounts payable	$ 62,854	$ 87,401
Bank loans and current maturities	2,600	2,565
Accrued taxes	15,508	10,314
Accrued payroll and benefits	23,964	27,756
Accrued interest	18,435	11,745
Accrued customer incentives	10,546	18,163
Other current liabilities	14,282	22,389
Current reserves for dispositions and discontinued operations	15,329	15,434
Total current liabilities	163,518	195,767
DEFERRED INCOME TAXES	134,868	130,333
LONG-TERM DEBT	852,205	970,415
NON-CURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	154,990	161,465
OTHER NON-CURRENT LIABILITIES	27,668	24,193
SHAREHOLDERS' EQUITY		
Common Shares, 60,000,000 shares authorized, 27,263,378 and 27,104,462 shares issued and outstanding	54,659	48,717
Retained earnings	651,740	631,384
Accumulated other comprehensive income (loss)	(209)	-
	706,190	680,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,039,439	$ 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)

	Nine Months Ended September 30	
	2001	2000
OPERATING ACTIVITIES		
Net income	$ 49,740	$ 65,009
Non-cash items included in income:		
Depreciation, depletion and amortization	139,550	132,239
Deferred income taxes	2,055	7,634
Non-cash cost of land sales	8,715	10,464
Increase in other non-current liabilities	3,475	6,064
Change in accounts receivable, inventory and accounts payable	(459)	(9,476)
Decrease (increase) in current timber purchase agreements	13,001	(2,364)
Decrease (increase) in other current assets	5,848	(928)
(Decrease) increase in accrued liabilities	(7,841)	10,448
Expenditures for dispositions and discontinued operations, net of tax benefits of $2,454 and $2,537	(4,126)	(4,390)
CASH FROM OPERATING ACTIVITIES	209,958	214,700
INVESTING ACTIVITIES		
Capital expenditures, net of sales and retirements of $153 and $1,891	(58,639)	(63,269)
Change in timber purchase agreements and other assets	6,101	12,982
CASH USED FOR INVESTING ACTIVITIES	(52,538)	(50,287)
FINANCING ACTIVITIES		
Issuance of debt	147,500	70,901
Repayment of debt	(265,675)	(197,793)
Dividends paid	(29,384)	(29,394)
Repurchase of common shares	(2,031)	(17,624)
Issuance of common shares	7,973	1,859
CASH USED FOR FINANCING ACTIVITIES	(141,617)	(172,051)
CASH AND SHORT TERM INVESTMENTS		
Increase (decrease) in cash and short-term investments	15,803	(7,638)
Balance, beginning of year	9,824	12,265
Balance, end of period	$ 25,627	$ 4,627
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 44,944	$ 50,852
Income taxes	$ 17,513	$ 13,621

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

(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 nine months ended September 30, 2001, and 2000 (share amounts actual):

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Net income	$ 6,025	$ 12,105	$ 49,740	$ 65,009
Shares used for determining basic earnings per common share	27,266,368	27,134,430	27,186,767	27,282,984
Dilutive effect of:				
Stock options	221,935	140,264	210,930	177,394
Contingent shares	202,000	360,000	202,000	360,000
Shares used for determining diluted earnings per common share	27,690,303	27,634,694	27,599,697	27,820,378
Basic earnings per common share	$ .22	$ 0.45	$ 1.83	$ 2.38
Diluted earnings per common share	$ .22	$ 0.44	$ 1.80	$ 2.34

3. SHAREHOLDERS' EQUITY

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

	Shares	Amount	Income/(Loss)	Earnings	Equity
BALANCE, DECEMBER 31, 1999	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	-	$ -	$ -	$ 49,740	$ 49,740
Dividends paid ($1.08 per share)	-	-	-	(29,384)	(29,384)
Issuance of shares under incentive stock plans	211,816	7,973	-	-	7,973
Unrealized gain (loss) on hedged transactions	-	-	(209)	-	(209)
Repurchase of common shares	(52,900)	(2,031)	-	-	(2,031)
BALANCE, SEPTEMBER 30, 2001	27,263,378	$ 54,659	$ (209)	$ 651,740	$ 706,190

4. IDENTIFIABLE ASSETS

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

	IDENTIFIABLE ASSETS	
	2001	2000
Performance Fibers	$ 584	$ 643
Timberland Management	1,190	1,243
Wood Products and Trading	214	234
Corporate and other	41	32
Dispositions	10	10
Total	$ 2,039	$ 2,162

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

5. 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 $18.5 million for the three months ended September 30, 2000, and $54.7 million for the nine months ended September 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 Land (previously 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 land 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.

6. 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.

In our New Zealand timber operations and at our New Zealand medium density fiberboard ("MDF") manufacturing facility, normal operating expenses include contractor and license fees, care and maintenance of timberlands, salaries and wages, wood purchases and other production costs incurred in manufacturing MDF. Rayonier hedges US/New Zealand dollar currency rate risk with respect to these New Zealand dollar operating expenditures (cash flow hedging).

On September 1, 2001, the Company designated its New Zealand dollar forward contracts as cash flow hedges of certain forecasted New Zealand dollar cash outflows. Previous to this date, the Company marked the contracts to market and recorded the resulting gain or loss in the Statement of Consolidated Income. After the designation on September 1, 2001, changes in the fair value of the forward contracts were deferred and recorded as part of "Accumulated other comprehensive income (loss)." When the forecasted transaction comes to fruition and is recorded in earnings, these gains or losses will be reclassified to the Statement of Consolidated Income. The change in the forward instruments' overall fair value attributable to time value is excluded from the measurement of the derivatives' effectiveness and those changes are recognized in earnings throughout the life of the contract. These amounts are recorded on the line entitled "Interest and miscellaneous income (expense), net" in the Statement of Consolidated Income.

In the Company's Statement of Consolidated Income for the three and nine months ended September 30, 2001, a gain of approximately $0.4 million and a loss of approximately $0.4 million, respectively, was recorded on foreign currency contracts reflecting primarily mark to market adjustments prior to designating these instruments as cash flow hedges. Time value changes are included in these amounts and were negligible for the periods presented. The Company recorded an after-tax loss of approximately $0.2 million in "Accumulated other comprehensive income (loss)" in the Consolidated Balance Sheet as of September 30, 2001, as a result of applying the aforementioned cash flow hedge accounting beginning September 1, 2001. We expect to reclassify this amount into earnings during the next seven months as the forecasted transactions affect earnings.

At September 30, 2001, the Company held contracts maturing through May 2002 totaling $7.3 million (nominal value). The largest amount of foreign currency forward contracts outstanding during the first nine months of 2001 totaled $17.7 million (nominal value).

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 Land (previously 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 (loss) attributable to each of Rayonier's reportable business units for the three months and nine months ended September 30, 2001, and 2000, were as follows (thousands of dollars):

	Three Months Ended September 30		Nine Months Ended September 30,	
	2001	2000	2001	2000
SALES				
Performance Fibers				
Cellulose Specialties	$ 96,108	$ 82,952	$ 281,993	$ 256,921
Absorbent Materials	40,669	59,717	139,539	170,900
Total Performance Fibers	136,777	142,669	421,532	427,821
Timberland Management				
Timber Harvest	41,124	40,320	152,787	153,603
Land	7,404	4,926	70,862	61,861
Total Timberland Management	48,528	45,246	223,649	215,464
Wood Products and Trading	93,696	85,862	269,787	308,377
Intersegment Eliminations	(4,040)	(4,276)	(17,158)	(23,654)
TOTAL SALES	$ 274,961	$ 269,501	$ 897,810	$ 928,008
OPERATING INCOME (LOSS)				
Performance Fibers	$ 4,652	$ 22,853	$ 32,530	$ 61,362
Timberland Management				
Timber Harvest	15,817	17,052	72,490	85,699
Land	5,572	3,878	40,756	32,985
Total Timberland Management	21,389	20,930	113,246	118,684
Wood Products and Trading	(1,042)	(7,696)	(7,294)	(10,358)
Corporate and other	(2,934)	(2,522)	(14,017)	(14,204)
TOTAL OPERATING INCOME	$ 22,065	$ 33,565	$ 124,465	$ 155,484

Operating income (loss) as stated in the preceding tables and as presented in the Statement of Consolidated Income is equal to Segment income (loss). The income (loss) items below "Operating income" in the Statement of Consolidated Income are not allocated to segments. These items, which include interest (expense) income, miscellaneous income (expense) and income tax (expense) benefit, are not considered by Company management to be part of segment operations.

RESULTS OF OPERATIONS

SALES AND OPERATING INCOME

Sales for the third quarter of 2001 were $275 million, $5 million above prior year primarily due to higher cellulose specialties volume, Northwest U.S. timber volume and increased wood products sales, partially offset by lower absorbent materials volume and prices as well as weaker U.S. timber prices and trading activity. Operating income for the third quarter was $22 million, $11 million below prior year due to the impact of lower fluff pulp prices and volume and higher manufacturing costs for performance fibers, partially offset by lower wood products manufacturing costs and higher land sales. Sales for the nine months ended September 30, 2001, were $898 million, $30 million lower compared to the same period in 2000 mainly due to weaker trading activity as well as lower lumber, timber and fluff pulp prices, partially offset by stronger cellulose specialties volume. Operating income for the nine months ended September 30, 2001, was $124 million, $31 million lower than prior year primarily due to lower fluff pulp and timber prices and higher performance fibers manufacturing cost, partially offset by higher operating income from land sales.

PERFORMANCE FIBERS

Sales of Performance Fibers products for the third quarter of 2001 were $137 million, $6 million lower than third-quarter 2000, while sales for the nine months ended September 30, 2001, of $422 million, were lower by $6 million compared to last year's results. Lower absorbent materials volume and prices as well as slightly lower cellulose specialties prices contributed to the decline, partially offset by increased cellulose specialties volume. Operating income for the three and nine months ended September 30, 2001, was $5 million and $33 million, respectively, which was $18 million and $29 million lower compared to the prior year periods. The decline in operating income was due to a 23 percent and 9 percent decline in average fluff pulp prices for the three and nine months ended September 30, 2001, respectively, and higher manufacturing costs, partially offset by higher cellulose specialty sales volumes.

CELLULOSE SPECIALTIES

Cellulose Specialty sales of $96 million for the third quarter of 2001 were $13 million higher than the third quarter of 2000 and sales of $282 million for the nine months ended September 30, 2001, were $25 million higher compared to the same period in 2000. The increase from prior year for the three and nine month periods was primarily due to 16 percent and 11 percent higher sales volumes, respectively, partly offset by slightly lower prices. Demand for our cellulose specialty grades was strong during the quarter.

ABSORBENT MATERIALS

Absorbent Material sales of $41 million for the third quarter of 2001 were $19 million lower than the third quarter of 2000, while sales of $140 million for the nine months ended September 30, 2001, were $31 million lower compared to the same period in 2000. The decrease from prior year was primarily due to the weakening of fluff pulp prices and lower sales volumes of 16 percent and 14 percent, respectively, for the three and nine months ended September 30, 2001.

TIMBERLAND MANAGEMENT

Sales of $49 million were $3 million higher than third-quarter 2000 while operating income of $21 million was essentially flat at last year's level. Sales of $224 million for the nine months ended September 30, 2001, were $8 million above prior year, while operating income of $113 million was $5 million lower.

TIMBER HARVEST

Timber Harvest sales for the third quarter of 2001 were $41 million, $1 million higher than the third quarter of 2000, with operating income of $16 million, approximately $1 million lower than prior year. Sales for the nine months ended September 30, 2001 were $153 million, $1 million lower than the prior year. Operating income for the same period declined by $13 million to $72 million. The decrease in sales and operating income was mainly due to lower timber prices resulting from weak lumber and export markets, partially offset by higher timber volume.

LAND

Land sales of $7 million increased by $2 million over the third quarter of 2000, while operating income of $6 million increased by $2 million due to higher acreage sold in 2001. Sales for the nine months ended September 30, 2001 were $71 million, $9 million higher than prior year, with operating income for the same period improving $8 million to $41 million. The increases were principally due to this year's Pinhook sale having a higher margin than last year's large land sale.

WOOD PRODUCTS AND TRADING

Third quarter 2001 sales were $94 million compared to $86 million in the third quarter of 2000, while an operating loss of $1 million compared very favorably to $8 million in losses last year. The operating loss was lower due to a reduction in manufacturing costs. Sales for the nine months ended September 30, 2001, declined by $39 million to $270 million from the prior year, however this year's operating loss of $7 million was $3 million improved over the prior year. The lower operating loss compared to the prior nine month period was also due to lower manufacturing costs, partly offset by weaker trading margins and lower lumber prices.

CORPORATE AND OTHER

Corporate and other expenses for the third quarter and the nine months ended September 30, 2001, of $3 million and $14 million, respectively, were essentially flat compared to the prior year.

OTHER INCOME / EXPENSE

Interest expense for the third quarter of 2001 was $16 million, a decrease of $4 million from the third quarter of 2000 due to lower average debt and lower interest rates. Similarly, interest expense for the nine months ended September 30, 2001, declined by $12 million to $53 million versus the prior year, principally due to lower average debt.

Miscellaneous income (expense) for the third quarter of 2001 was $1 million, an improvement of $3 million over the prior year's quarter, and $1 million for the nine months ended September 30, 2001, an improvement of $4 million over 2000. The improvement for both the third quarter of 2001 and the nine months ended September 30, 2001, was primarily due to favorable variances in the remeasurement of New Zealand dollar forward contracts and the impact of designating foreign currency forwards as hedges under SFAS No. 133 as of September 1, 2001.

The effective tax rate for the third quarter of 2001 was 9.4 percent, while a tax benefit of $1.5 million was recorded on income of $10.6 million in the prior year quarter. In the current quarter, a revision was made to the estimate of the annual effective tax rate for the year. Last year, the Company reduced its annual effective tax rate following the resolution of certain outstanding tax issues. These reductions resulted in effective tax rates of 31.7 percent and 25.7 percent for the nine months ended September 30, 2001, and 2000, respectively. The Company's effective tax rate continues to be 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 third quarter of 2001 was $6 million, or $0.22 per diluted common share, compared to $12.1 million, or $0.44 per diluted common share, for the third quarter of 2000, primarily due to lower absorbent materials prices, higher performance fibers manufacturing cost and a higher effective tax rate. These were partially offset by higher wood products earnings, lower interest expense and the favorable translation impact of a stronger New Zealand dollar. Net income for the nine months ended September 30, 2001, was $49.7 million, or $1.80 per diluted common share, compared to $65.0 million, or $2.34 per diluted common share, for the nine months ended September 30, 2000. Net income was lower primarily due to lower timber and performance fibers prices (mainly fluff pulp), higher performance fibers manufacturing cost and lower trading activity, partially offset by higher cellulose specialties and timber volume.

OTHER ITEMS

The strong dollar and continuing weak global economy make it difficult to predict when overall market conditions will improve. As a result, fourth quarter earnings are likely to be comparable to the third quarter. However, strong demand for our high-value cellulose specialty products is expected to continue.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operating activities of $210 million for the first nine months of 2001 decreased $5 million compared to the first nine months of 2000. Lower income, partially offset by a decrease in working capital, accounted for the change. Cash provided by operating activities financed capital expenditures of $59 million, dividends of $29 million, share repurchases of $2 million and a net debt reduction of $118 million. Cash flow used for investing activities for the first nine months of 2001 of $53 million was $2 million higher than 2000 primarily due to a lower decrease in timber purchase agreements and other assets, partially offset by lower capital expenditures. Cash flow used for financing activities for the nine months ended September 30, 2001, was $142 million, a decrease of $30 million from 2000. This was due to lower repurchases of common shares and an increase in the issuance of common shares in 2001, and higher net debt repayments in 2000.

The Company repurchased 52,900 of its common shares during the third quarter and the nine months ended September 30, 2001, at an average price of $38.39 or a total cost of $2 million. The Company repurchased 204,500 of its shares during the third quarter of 2000 at an average price of $40.41 or a total cost of $8 million, and 433,000 shares during the nine months ended September 30, 2000, at an average cost of $40.70 or a total cost of $18 million.

At September 30, 2001, debt was $855 million, a reduction of $118 million from December 31, 2000, and the debt-to-capital ratio was 54.8 percent compared to 58.9 percent at December 31, 2000. As of September 30, 2001, Rayonier had $375 million available under its revolving credit facilities. The Company is currently re-negotiating one of these facilities and intends to lower the total amount available under these facilities to $300 million.

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 land sales) for the first nine months of 2001 was $274 million, $21 million lower than the first nine months of 2000. The decrease in EBITDA was primarily due to lower absorbent materials and timber prices partly offset by higher cellulose specialties and timber volumes in 2001. 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 $28 million, to $131 million for the first nine months of 2001, when compared to the same period last year.

ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and Statement No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 addresses financial and reporting issues for business combinations. SFAS No. 142 addresses how intangible assets should be accounted for in financial statements upon their acquisition. The adoption of SFAS No. 141 in the third quarter of 2001 did not have an impact on the Company's financial statements and the adoption of SFAS No. 142 on January 1, 2002, is not expected to have an impact either.

Also in July 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations." This statement requires entities to record a legal obligation associated with the retirement of a tangible long-lived asset in the period in which it is incurred. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Company will adopt the standard effective January 1, 2003, and is currently assessing the impact on its operations.

In September 2001, the FASB issued SFAS No. 144, "Accounting for Impairment or Disposal of Long-lived Assets." SFAS No. 144 supersedes SFAS No. 121 and APB Opinion No. 30, but retains their fundamental provisions. The statement is effective for fiscal years beginning after December 15, 2001, and the Company will adopt it effective January 1, 2002. The adoption is not expected to have an impact on the Company's financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK

The Company is exposed to various market risks, including changes in commodity prices, foreign exchange rates and interest rates. The Company's objective is to minimize the economic impact of these market risks. Derivatives are used, as noted above, 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. See also Note 6, "Financial Instruments" included in this Form 10-Q.

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, expected pricing levels and future activities, such as land sales and timber harvest and production levels, are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The following important factors, among others, could cause actual results to differ materially from those expressed in the forward-looking statements: changes in global market trends and world events that could impact customer demand; interest rate and currency movements; fluctuations in demand for cellulose specialties and absorbent materials, export and domestic logs, and wood products; the impact of such market factors on the company's timber sales in the U.S. and New Zealand; adverse weather conditions; production costs for wood products and for performance fibers, particularly for raw materials such as wood, energy and chemicals; and governmental policies and regulations affecting the environment, import and export controls and taxes. For additional factors that could impact future results, please see the Company's most recent Form 10-K on file with the Securities and Exchange Commission.

ITEM 5. SELECTED OPERATING DATA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
PERFORMANCE FIBERS				
Pulp Sales Volume				
Cellulose specialties, in thousands of metric tons	111	95	324	291
Absorbent materials, in thousands of metric tons	69	82	216	250
Production as a percent of capacity	88.2%	103.4%	96.4%	102.9%
TIMBERLAND MANAGEMENT				
Timber sales volume				
Northwest U.S., in millions of board feet	48	26	185	180
Southeast U.S., in thousands of short green tons	1,184	1,237	4,430	3,373
New Zealand, in thousands of cubic meters	380	370	983	912
Intercompany timber sales volume				
Northwest U.S., in millions of board feet	10	6	45	45
Southeast U.S., in thousands of short green tons	2	4	32	27
New Zealand, in thousands of cubic meters	186	177	494	440
WOOD PRODUCTS AND TRADING				
Lumber sales volume, in millions of board feet	79	51	199	186
Medium-density fiberboard sales volume, in thousands of cubic meters	37	37	113	113
Log trading sales volume				
North America, in millions of board feet	42	42	128	166
New Zealand, in thousands of cubic meters	250	348	713	897
Other, in thousands of cubic meters	31	41	263	246

SELECTED SUPPLEMENTAL FINANCIAL DATA (MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
GEOGRAPHICAL DATA (NON-U.S.)				
Sales				
New Zealand	$ 28.6	$ 30.7	$ 78.8	$ 82.6
Other	5.0	8.0	30.2	37.5
Total	$ 33.6	$ 38.7	$ 109.0	$ 120.1
Operating Income (Loss)				
New Zealand	$ 1.6	$ (0.4)	$ 2.2	$ (1.9)
Other	(0.8)	(0.5)	(1.6)	(0.2)
Total	$ 0.8	$ (0.9)	$ 0.6	$ (2.1)
TIMBERLAND MANAGEMENT				
Sales				
Northwest U.S.	$ 11.4	$ 8.4	$ 49.6	$ 64.4
Southeast U.S.	28.4	29.5	152.3	133.6
New Zealand	8.8	7.3	21.8	17.5
Total	$ 48.6	$ 45.2	$ 223.7	$ 215.5
Operating Income				
Northwest U.S.	$ 6.7	$ 5.3	$ 35.5	$ 52.3
Southeast U.S.	12.4	12.7	72.3	60.7
New Zealand	2.3	2.9	5.5	5.7
Total	$ 21.4	$ 20.9	$ 113.3	$ 118.7
EBITDA PER SHARE				
Performance Fibers	$ 0.83	$ 1.52	$ 3.23	$ 4.23
Timberland Management	1.45	1.40	7.11	6.96
Wood Products and Trading	0.10	(0.09)	0.13	0.07
Corporate and other	(0.08)	(0.18)	(0.53)	(0.65)
Total	$ 2.30	$ 2.65	$ 9.94	$ 10.61

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Exhibit Index.

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)

November 13, 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.
10.23	Change in control agreement for W. Lee Nutter	Filed herewith
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

EXHIBITS

EXHIBIT 10.23

August 16, 2001

PERSONAL & CONFIDENTIAL
Mr. W. Lee Nutter
Chairman, President and
Chief Executive Officer
Rayonier Inc.
50 North Laura Street
Jacksonville, FL 32202

CHANGE IN CONTROL AGREEMENT FOR W. LEE NUTTER

Dear Mr. Nutter:

Rayonier Inc., a North Carolina corporation (the "Company"), considers it essential to the best interests of its stockholders to foster the continued employment of key management personnel. In this connection, the Board of Directors of the Company (the "Board") recognizes that the possibility of a change in ownership or control of the Company may result in the departure or distraction of such personnel to the detriment of the Company and its stockholders. You, in particular, as Chairman, President and Chief Executive Officer, are a skilled and dedicated executive with important management responsibilities and talents, and as such, the Company believes that its best interests will be served if you are encouraged to remain with the Company. The Company has determined that your ability to perform your responsibilities and utilize your talents for the benefit of the Company, and the Company's ability to retain you as an employee, will be significantly enhanced if you are provided with fair and reasonable protection from the risks of a change in ownership or control of the Company. To address this concern in part, the Company adopted the Supplemental Senior Executive Severance Plan (the "Plan"), under which you are entitled to certain benefits. (Terms not otherwise defined herein have the same meaning as in the Plan.) The Company believes that in your circumstances as the senior executive officer of the Company, the benefits of the Plan are not alone sufficient and, accordingly, in order to induce you to remain in the employ of the Company, you and the Company agree as follows:

1. Term of Agreement

(a) Generally - Except as provided in Section 1(b) hereof, (i) this Change in Control Agreement (this "Agreement") shall be effective as of the date and year first above written, and (ii) commencing on January 1, 2002, and each January 1 thereafter, this Agreement shall be automatically extended for one additional year unless, not later than September 30th of the preceding year, either party to this Agreement gives notice to the other that the Agreement shall not be extended under this Section 1(a); provided, however, that no such notice by the Company shall be effective if a Change in Control shall have occurred prior to the date of such notice.

(b) Upon a Change in Control - If a Change in Control shall have occurred at any time during the period in which this Agreement is effective, this Agreement shall continue in effect for (i) the remainder of the month in which the Change in Control occurred and (ii) a term of 60 months beyond the month in which such Change in Control occurred (such entire period hereinafter referred to as the "Protected Period").

2. Change in Control

(a) A "Change in Control" for purposes of this Agreement shall be deemed to have occurred if, during the term of this Agreement, a Change in Control has been deemed to have occurred under the Plan.

(b) Employee Covenants You agree that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control, you will remain in the employ of the Company until the earliest of (i) a date which is 180 days from the occurrence of such Potential Change in Control, (ii) the termination of your employment by reason of Disability (as defined herein) or (iii) the date on which you first become entitled under this Agreement to receive the benefits provided in Section 3(b) hereof. For this purpose, a "Potential Change in Control" shall be deemed to have occurred if: (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or (iii) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(c) Company Covenant Regarding Change in Control - In the event of a Change in Control, the Company shall forthwith deposit in the trust established by that certain Trust Agreement for the Rayonier Inc. Supplemental Senior Executive Pay Plan and for the Change in Control Agreement for W. Lee Nutter authorized by the Compensation and Management Development Committee on July 20, 2001 (the "Trust") cash in an amount sufficient to provide for payment of the cash amounts specified in Section 3(b)(i). The Trust is irrevocable and provides that the Company may not, directly or indirectly, use or recover any assets of the Trust until such time as all obligations which potentially could arise hereunder have been settled and paid in full, subject only to the claims of creditors of the Company in the event of insolvency or bankruptcy of the Company.

3. Termination

(a) Termination by You Without Good Reason, or by Reason of Death or Disability - If during the Protected Period your employment by the Company is terminated by you without Good Reason, or because of your death or Disability, the Company shall be relieved of its obligation to make any payments to you other than (i) its payment of amounts otherwise accrued and owing but not yet paid and (ii) any amounts payable under then-existing employee benefit programs at the time such amounts are due.

(b) Termination by the Company or by You for Good Reason - If during the Protected Period your employment by the Company is terminated by the Company for any reason or by you for Good Reason, you shall be entitled to the compensation and benefits described in this Section 3(b). If your employment by the Company is terminated prior to a Change in Control at the request of a Person engaging in a transaction or series of transactions that would result in a Change in Control, the Protected Period shall commence upon the subsequent occurrence of a Change in Control, your actual termination shall be deemed a termination occurring during the Protected Period and covered by this Section 3(b), your Date of Termination shall be deemed to have occurred immediately following the Change in Control, and Notice of Termination shall be deemed to have been given by the Company immediately prior to your actual termination. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstances constituting Good Reason hereunder. The compensation and benefits provided under this Section 3(b) are as follows:

(i) The Company shall pay you five million dollars ($5,000,000), no later than the fifth day following the Date of Termination, and you shall receive all other amounts to which you are entitled under any compensation or benefit plan of the Company, at the time such payments are due.

(ii) The "Cash Portion," as such term is defined in the Plan, to which you become entitled, if any, under the Plan shall be reduced on a dollar-for-dollar basis by the amounts paid pursuant to Section 3(b)(i).

(c) Excise Tax - In the event you become entitled to any amounts payable in connection with a Change in Control (whether or not such amounts are payable pursuant to this Agreement) (the "Severance Payments"), if any of such Severance Payments are subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar federal, state or local tax that may hereafter be imposed), the Company shall pay to you at the time specified in Section 3(d) hereof an additional amount (the "Gross-Up Payment") such that the net amount retained by you, after deduction of any Excise Tax on the Total Payments (as hereinafter defined) and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section 3(c), shall be equal to the Total Payments. For purposes of determining whether any of the Severance Payments will be subject to the Excise Tax and the amount of such Excise Tax: (i) any other payments or benefits received or to be received by you in connection with a Change in Control or your termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Change in Control or any Person affiliated with the Company or such Person) (which, together with the Severance Payments, constitute the "Total Payments") shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax, unless in the opinion of nationally-recognized tax counsel selected by you such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the base amount within the meaning of Section 280G(b)(3) of the Code, or are otherwise not subject to the Excise Tax; (ii) the amount of the Total Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Total Payments and (B) the amount of excess parachute payments within the meaning of Section 280G(b)(1) of the Code (after applying Section 3(c)(i) hereof); and (iii) the value of any non-cash benefits or any deferred payments or benefit shall be determined by a nationally-recognized accounting firm selected by you in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of your employment, you shall repay to the Company within ten days after the time that the amount of such reduction in Excise Tax is finally determined the portion of the Gross-Up Payment attributable to such reduction (plus the portion of the Gross-Up Payment attributable to the Excise Tax and federal and state and local income tax imposed on the Gross-Up Payment being repaid by you if such repayment results in a reduction in Excise Tax and/or federal and state and local income tax deduction) plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of your employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional gross-up payment in respect of such excess within ten days after the time that the amount of such excess is finally determined.

(d) Time of Payment - The payments provided for in Sections 3(b)(i) hereof shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amount of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you, payable on the fifteenth day after the demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(e) Notice - During the Protected Period, any purported termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto.

(f) Certain Definitions - Except as otherwise indicated in this Agreement, all definitions in this Section 3(f) shall be applicable during the Protected Period only.

(i) Disability - "Disability" shall mean your absence from the full-time performance of your duties with the Company for six consecutive months as a result of your incapacity due to physical or mental illness or disability, after reasonable accommodation as required by law, and within 30 days after written Notice of Termination is thereafter given you shall not have returned to the full-time performance of your duties.

(ii) Good Reason - "Good Reason" shall have the same meaning as under the Plan.

(iii) Notice of Termination - "Notice of Termination" shall mean notice indicating the specific termination provision in this Agreement relied upon and setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(iv) Date of Termination - "Date of Termination" shall mean (A) if your employment is terminated for Disability, 30 days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such 30-day period) or (B) if your employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination for Cause, shall not be less than 30 days from the date such Notice of Termination is given and, in the case of a termination for Good Reason, shall not be less than 15 nor more than 60 days from the date such Notice of Termination is given).

(v) Person - "Person" or "Persons" means an individual, partnership, corporation, limited liability company, trust, estate, unincorporated association, syndicate, joint venture or organization, or a government or any department or agency thereof.

4. Mitigation - You shall not be required to mitigate the amount of payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of payment or benefit provided for under this Agreement be reduced by any compensation earned by you as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company, or otherwise.

5. Costs of Proceedings - The Company shall pay all costs and expenses, including all attorneys' fees and disbursements, of the Company and, at least monthly, in connection with any legal proceedings, whether or not instituted by the Company or you, relating to the interpretation or enforcement of any provision of this Agreement; provided that if you instituted the proceeding and a finding (no longer subject to appeal) is entered that you instituted the proceeding in bad faith, you shall pay all of your costs and expenses, including attorneys' fees and disbursements. The Company shall pay prejudgment interest on any money judgment obtained by you as a result of such proceeding, calculated at the prime rate as published in the Wall Street Journal from time to time from the date that payment should have been made to you under this Agreement.

6. Successors; Binding Agreement

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(b) This Agreement shall inure to the benefit of and be enforceable by you and your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. In the event of your death, all amounts otherwise payable to you hereunder shall, unless otherwise provided herein, be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

7. Notice - Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when (a) personally delivered or (b) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement; provided that all notice to the Company shall be directed to the attention of the Board with a copy to the General Counsel of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

8. Miscellaneous - No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or in compliance with, any condition or provision of this Agreement to be performed by such other party at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of North Carolina without regard to its conflicts of law principles. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under this Agreement shall survive the expiration of this Agreement to the extent necessary to give effect to this Agreement.

9. Validity - The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. Counterparts - This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

11. Entire Agreement - This Agreement, together with the Plan and the Trust and the Legal Resources Trust and Certain Related Expenses authorized by the Compensation and Development Committee on July 20, 2001 set forth the entire agreement of the parties hereto in respect of the subject matter contained herein and during the term of this Agreement supersedes the provisions of all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereof with respect to the subject matter contained herein. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. Notwithstanding anything to the contrary in this Agreement, the procedural provisions of this Agreement shall apply to all benefits payable as a result of a Change in Control (or other change in control) under any employee benefit plan, agreement, program, policy or arrangement of the Company.

This Agreement was approved and authorized by the Board of Directors of the Company on July 20, 2001. If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter, which will then constitute our agreement on this subject.

RAYONIER INC.

By:

John P. O'Grady
Its: Senior Vice President,
Administration

Agreed to this _____ day of August, 2001.

- ------------------------------
W. Lee Nutter

EXHIBIT 12

RAYONIER INC. AND SUBSIDIARIES

RATIO OF EARNINGS TO FIXED CHARGES

(UNAUDITED)
(THOUSANDS OF DOLLARS)

	Nine Months Ended September 30,	
	2001	2000
Earnings:		
Net income	$ 49,740	$ 65,009
Add:		
Income taxes	23,068	22,486
Amortization of capitalized interest	1,933	1,731
Additions to net income	25,001	24,217
Adjustments to earnings for fixed charges:		
Interest and other financial charges	52,883	64,988
Interest factor attributable to rentals	1,295	1,026
Adjustments for fixed charges	54,178	66,014
EARNINGS AS ADJUSTED	$128,919	$ 155,240
Fixed Charges:		
Fixed charges above	$ 54,178	$ 66,014
TOTAL FIXED CHARGES	$ 54,178	$ 66,014
RATIO OF EARNINGS AS ADJUSTED TO TOTAL FIXED CHARGES	2.38	2.35