

Paul Boynton
Chairman, President & CEO



Bank of America/Merrill Lynch
Industrials & Materials Conference
September 5, 2012



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 continues to impact many areas of our economy, including the housing market, availability and cost of credit, and demand for our products and real estate; the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets, particularly in our Performance Fibers business; changes in global economic conditions and world events, including political changes in particular regions or countries; the uncertainties of potential impacts of climate-related weather changes and legislative initiatives; changes in energy and raw material prices, particularly for our Performance Fibers and wood products businesses; impacts of the rising cost of fuel, including the cost and availability of transportation for our products, both domestically and internationally, and the cost and availability of third party logging and trucking services; unanticipated equipment maintenance and repair requirements at our manufacturing facilities; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations, including laws regarding air emissions and water discharges, remediation of contaminated sites, timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products and raw materials such as wood, energy and chemicals; interest rate and currency movements; our capacity to incur additional debt, and any decision we may make to do so; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; the ability to complete like-kind exchanges of property; changes in key management and personnel; our ability to continue to qualify as a REIT and to fund distributions using cash generated through our taxable REIT subsidiaries and changes in tax laws that could reduce the benefits associated with REIT status.

In addition, specifically with respect to our Real Estate business, the following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical nature of the real estate business generally, including fluctuations in demand for both entitled and unentitled property; the current downturn in the housing market; the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control; the potential for legal challenges to entitlements and permits in connection with our properties; unexpected delays in the entry into or closing of real estate transactions; the existence of competing developers and communities in the markets in which we own property; the pace of development and the rate and timing of absorption of existing entitled property in the markets in which we own property; changes in the demographics affecting projected population growth and migration to the Southeastern U.S.; changes in environmental laws and regulations, including laws regarding water withdrawal and management and delineation of wetlands, that may restrict or adversely impact our ability to sell or develop properties; the cost of the development of property generally, including the cost of property taxes, labor and construction materials; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

Additional factors are described in the company's most recent Form 10-K and 10-Q reports on file with the Securities and Exchange Commission. Rayonier assumes no obligation to update these statements except as is required by law.



Table of Contents

▪ Company Profile	4
▪ Strategy	6
▪ Forest Resources	8
▪ Real Estate	13
▪ Performance Fibers	17
▪ Conclusion	26
▪ Appendix	30

Company profile

Segments

- Global forest products company with \$5.5 billion market cap*
 - Forest Resources
 - Real Estate
 - Performance Fibers

Revenue

- \$1.5 billion in revenues
- ~ 45% of sales to customers outside of US in ~ 40 countries

Dividends

- Dividend of \$1.76/share yields ~3.9%*
- Dividend taxed at capital gains rate
- Dividend growth a key element of overall strategy

Tax Status

- Highly efficient REIT structure

Ratings

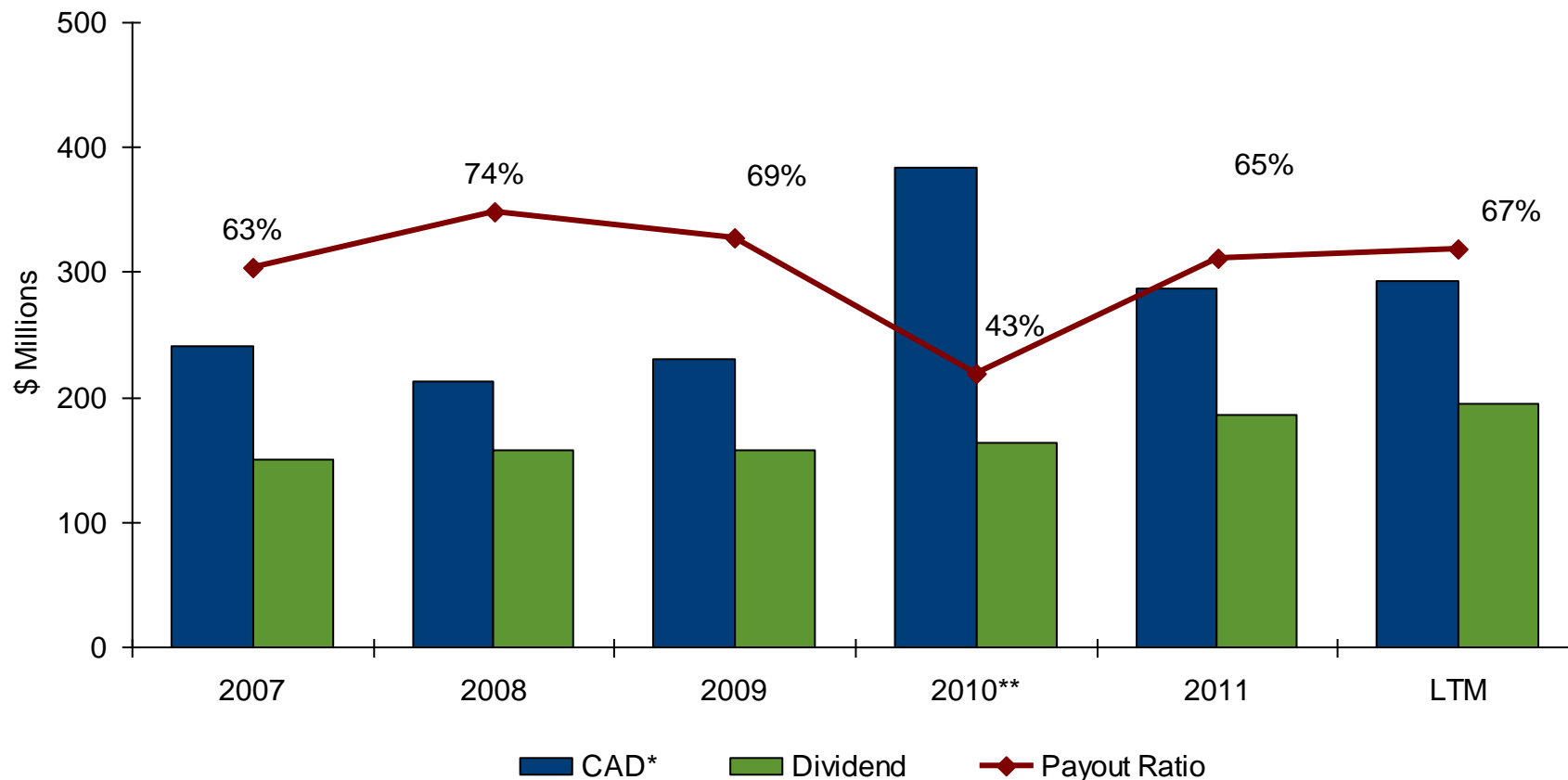
- Investment-grade debt ratings:
 - S&P BBB+ (Stable)
 - Moody's Baa1 (Stable)

* Based on share price of \$44.90 on June 29, 2012 and a quarterly dividend of \$0.44/share effective with the 3rd quarter 2012 distribution

Investment grade timber REIT with diverse business mix



Cash flow strength supports dividend



* Cash Available for Distribution (CAD) is a non-GAAP measure defined and reconciled in the Appendix.

** 2010 CAD included \$189 million received from the alternative fuel mixture credit.

Eight dividend increases in past 10 years, including 10% dividend increase effective with the 3rd quarter 2012 distribution



Strategy

- Forest Resources: Optimize our timberland portfolio
 - Grow core timberland ownership over time
 - Evaluate timberland for highest and best use
 - Optimize timber yields through advanced silvicultural practices

- Real Estate
 - Monetize rural HBU through conservation, recreation and industrial sales
 - Entitle coastal corridor development land to enhance value
 - Divest non-strategic timberland

- Performance Fibers: Maintain global leadership position
 - Differentiate through purity, consistency and technical expertise
 - Focus on operational excellence to improve competitive cost position and reliability
 - Complete Cellulose Specialties Expansion (CSE) project at Jesup mill in mid-2013

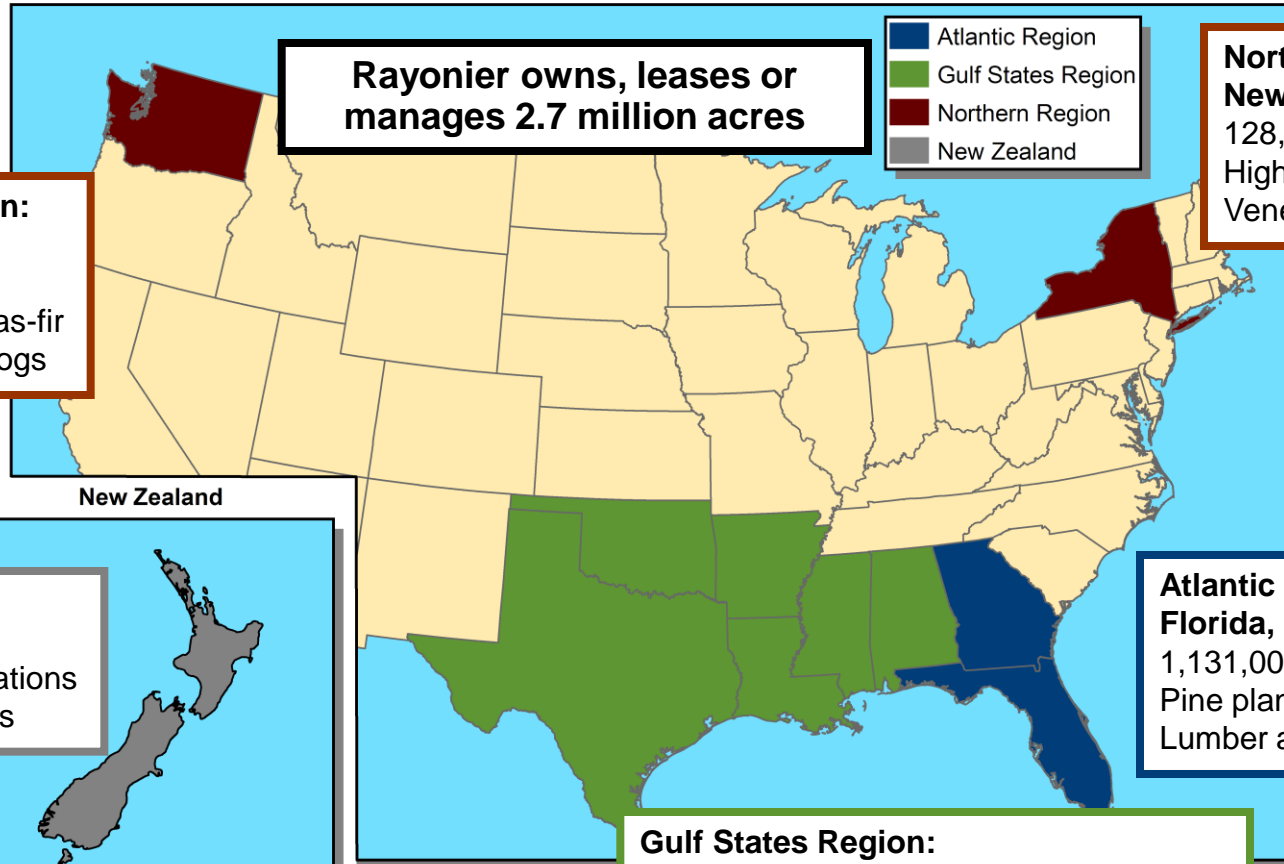
Forest Resources



Timberlands are a unique and attractive asset class

- Appreciating asset values have historically outpaced inflation
- Continued strong interest in asset class
- Flexibility to adjust harvest levels and product supply as markets change
- Unlike most natural resources, timber grows and is renewable
- REIT structure eliminates double level taxation and is highly tax efficient
- Generated sales of \$215 million and EBITDA of \$106 million in the twelve months ended June 30, 2012

Timber holdings reflect geographic and market diversity



**Northern Region:
Washington**
389,000 acres
Hemlock, Douglas-fir
Lumber, export logs

**Northern Region:
New York**
128,000 acres
High-value hardwoods
Veneer, quality lumber

New Zealand
321,000 acres
Radiata pine plantations
Lumber, export logs

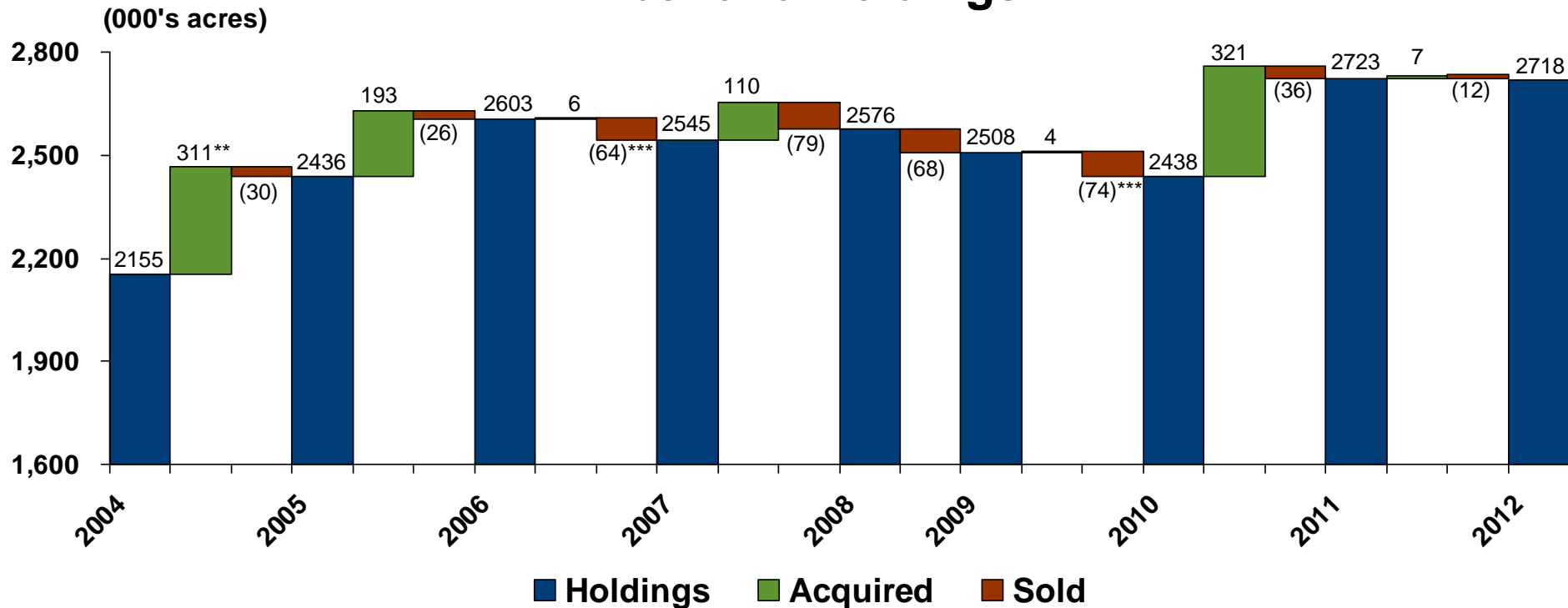
**Atlantic Region:
Florida, Georgia**
1,131,000 acres
Pine plantations
Lumber and pulp

**Gulf States Region:
Texas, Oklahoma, Arkansas,
Louisiana, Alabama, Mississippi**
749,000 acres
Mixed natural timber and pine plantations
Plywood, lumber and pulp

Disciplined approach to portfolio value optimization

- Acquire timberlands that meet strategic and financial criteria
- Optimize timberland portfolio
 - Monetize HBU properties and non-strategic timberlands
 - Maximize value through advanced silvicultural practices
- Generate non-timber revenue

Timberland Holdings*



* Represents timberland owned, leased or managed by Rayonier and real estate properties

** Includes acquisition of 237K acres by the New Zealand JV, which Rayonier manages and holds a 26% ownership interest

*** Includes termination of management agreement in Australia in 2007 and expiration of leases in 2010



Forest Resources market outlook

- Current and near-term drivers
 - Chinese export demand in Washington state and New Zealand expected to improve in second-half of 2012 with price improvement in the fourth quarter
 - Steady pulpwood demand
 - Continued Southeast sawlog harvest deferrals

- Mid-to long-term drivers
 - Volume
 - Asian demand
 - Harvesting of deferred volume in the Pacific Northwest
 - Advanced silviculture practices
 - Mix
 - Improved Southeast sawlog and pulpwood harvest mix
 - Price
 - Housing recovery
 - British Columbia mountain pine beetle impact
 - Export demand
 - Timberland acquisitions
 - Additional 1.4 million tons of pine harvest volume available by 2016

Real Estate



Real estate activities focused exclusively on adding value to timberland base

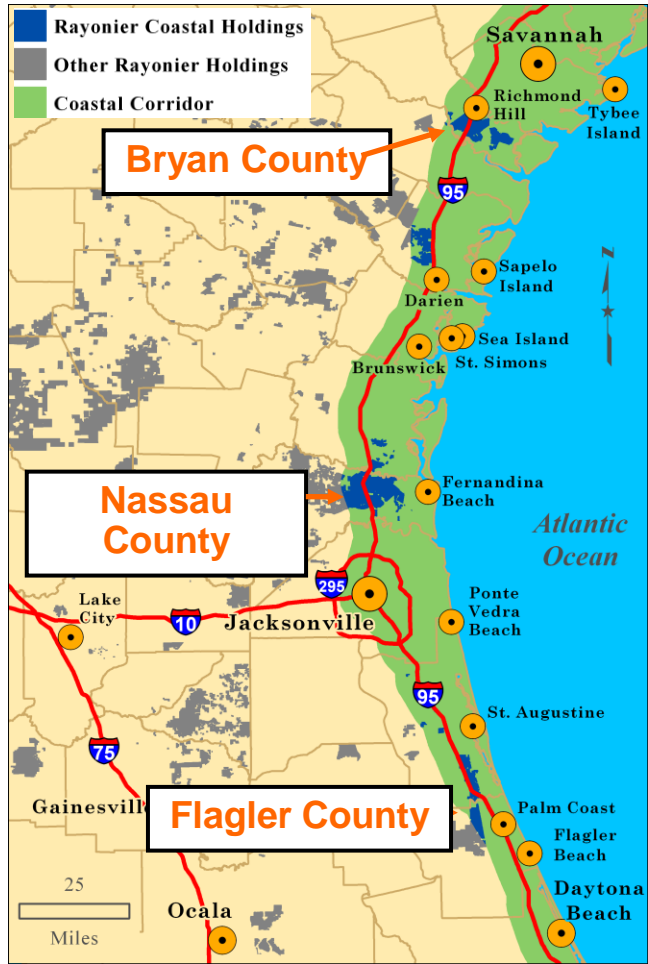


- ~200,000 acres of Higher and Better Use (“HBU”) properties in I-95 coastal corridor between Savannah, GA and Palm Coast, FL
- HBU properties generating cash flow — managed as timberland
- Population growth drives higher alternative land uses for development, recreation and conservation
- Generated \$69 million in revenue and \$57 million in EBITDA in twelve months ended June 30, 2012 from sales of 27,000 acres

Active portfolio management creates significant value

¹ Development and value-enhancing activities conducted in taxable REIT subsidiary.

~200,000 HBU acres along Coastal Corridor



- Bryan County – 7,900 entitled acres
 - Industrial parcel along rail line and I-95 convenient to expanding port
- Nassau County/Jacksonville
 - 23,000 acres – six miles of scenic bluffs along St. Marys River
 - 2011 approvals received for commercial, industrial and residential uses
 - 1,800 acres of entitled industrial property
- Flagler County/Palm Coast – 6,300 entitled acres
 - Three natural lakes
 - 2011 approvals received for residential, commercial and industrial uses

Real Estate outlook

- Continuing demand for rural HBU properties
 - Recreational
 - Conservation
 - Expect 2012 sales to be above 2011 level

- Largely completed sales of identified non-strategic timberlands
 - Expect 2012 acres sold to be comparable to 2011 but price per acre to be significantly below 2011 price due to mix

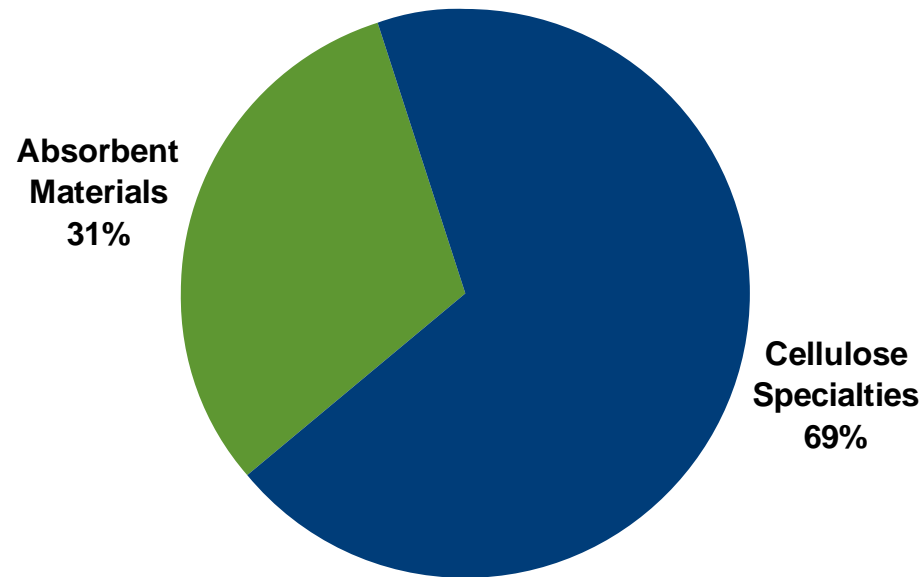
- Most entitlement efforts completed – continue to position for monetization when markets recover

Performance Fibers



Performance Fibers: Global leadership in Cellulose Specialties

- Leading producer of high value cellulose fibers
 - Capacity
 - Jesup, GA 590,000 MT
 - Fernandina Beach, FL 155,000 MT
- Cellulose Specialties (CS)
 - Acetate, ethers and high-strength viscose
- Absorbent Materials (AM)
 - Fluff pulp for hygiene products
- CSE project to convert 260,000 tons of AM capacity to 190,000 tons of CS capacity
- Generated sales of \$1,042 million and EBITDA of \$373 million in the twelve months ended June 30, 2012



2011 Volume: 731,000 MT

Note: EBITDA is a non-GAAP measure defined and reconciled in the Appendix.

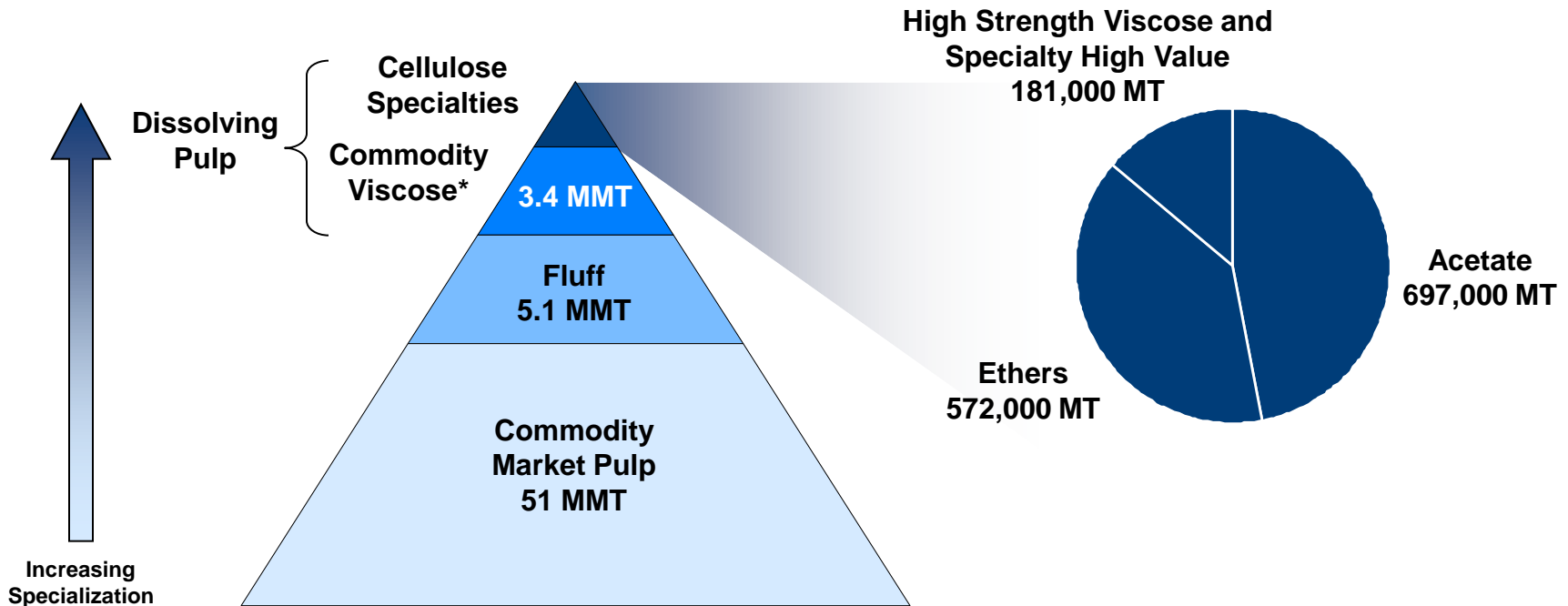
Cellulose Specialties is the highest value, most demanding segment

Market pulp industry (kraft and sulfite)

Total: 61 MMT

Cellulose Specialties segment

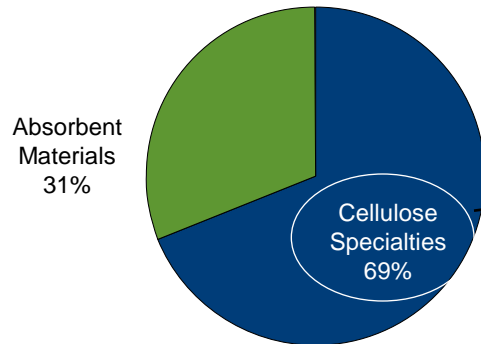
Total: 1.45 MMT



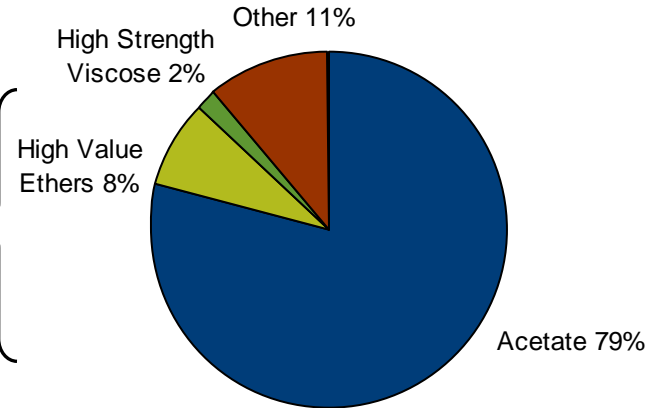
* Includes nitration

World leader in Cellulose Specialties

**Rayonier Performance Fibers:
731,000 MT's (2011)**



**Rayonier Cellulose Specialties:
504,000 MT's (2011)**



Cellulose Specialties

Acetate



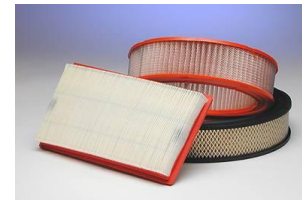
High Value Ethers



High Strength Viscose



Engineered Fibers

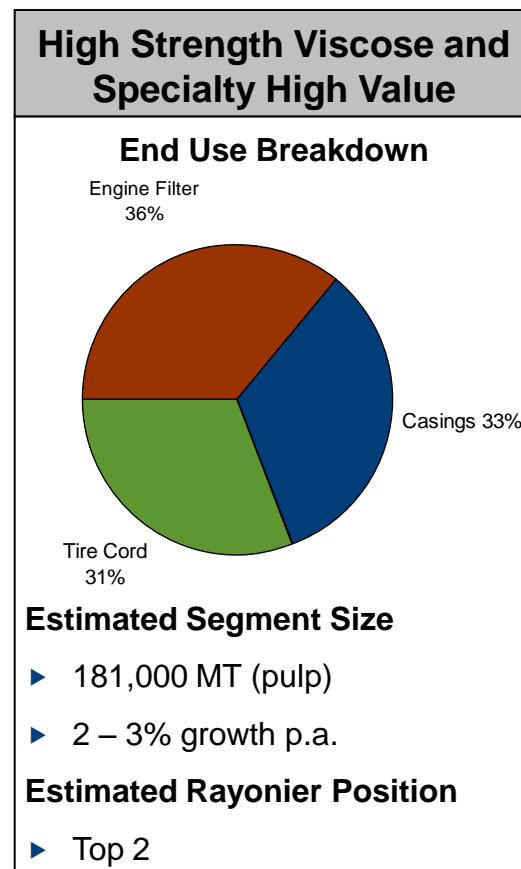
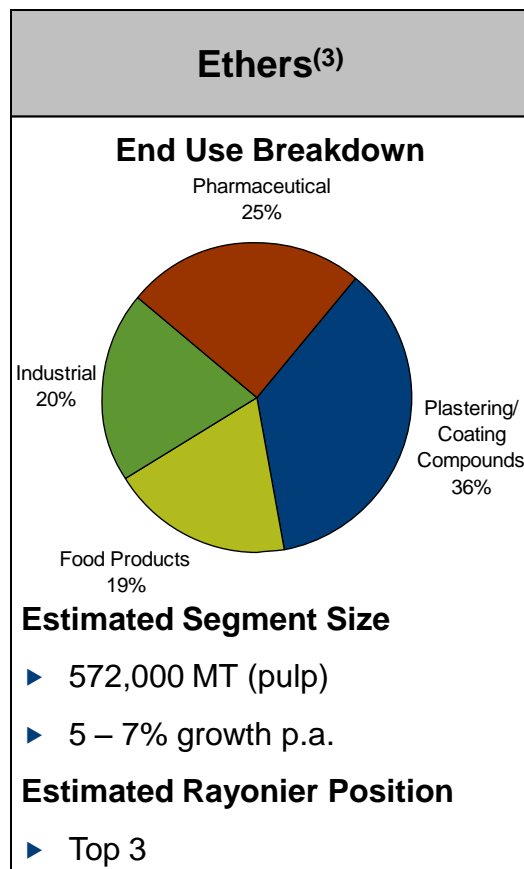
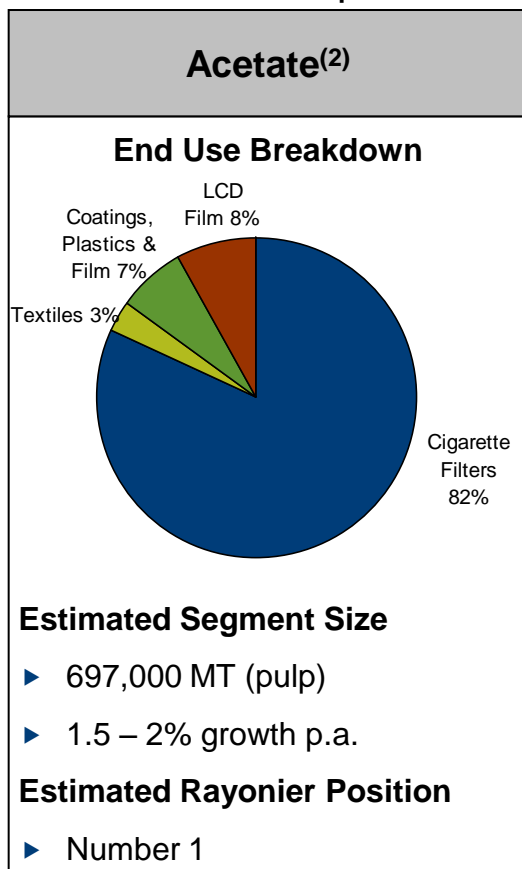


Absorbent Materials



Leading positions in key segments

Global Cellulose Specialties End Use Breakdown⁽¹⁾



Source: Public information and privately commissioned studies

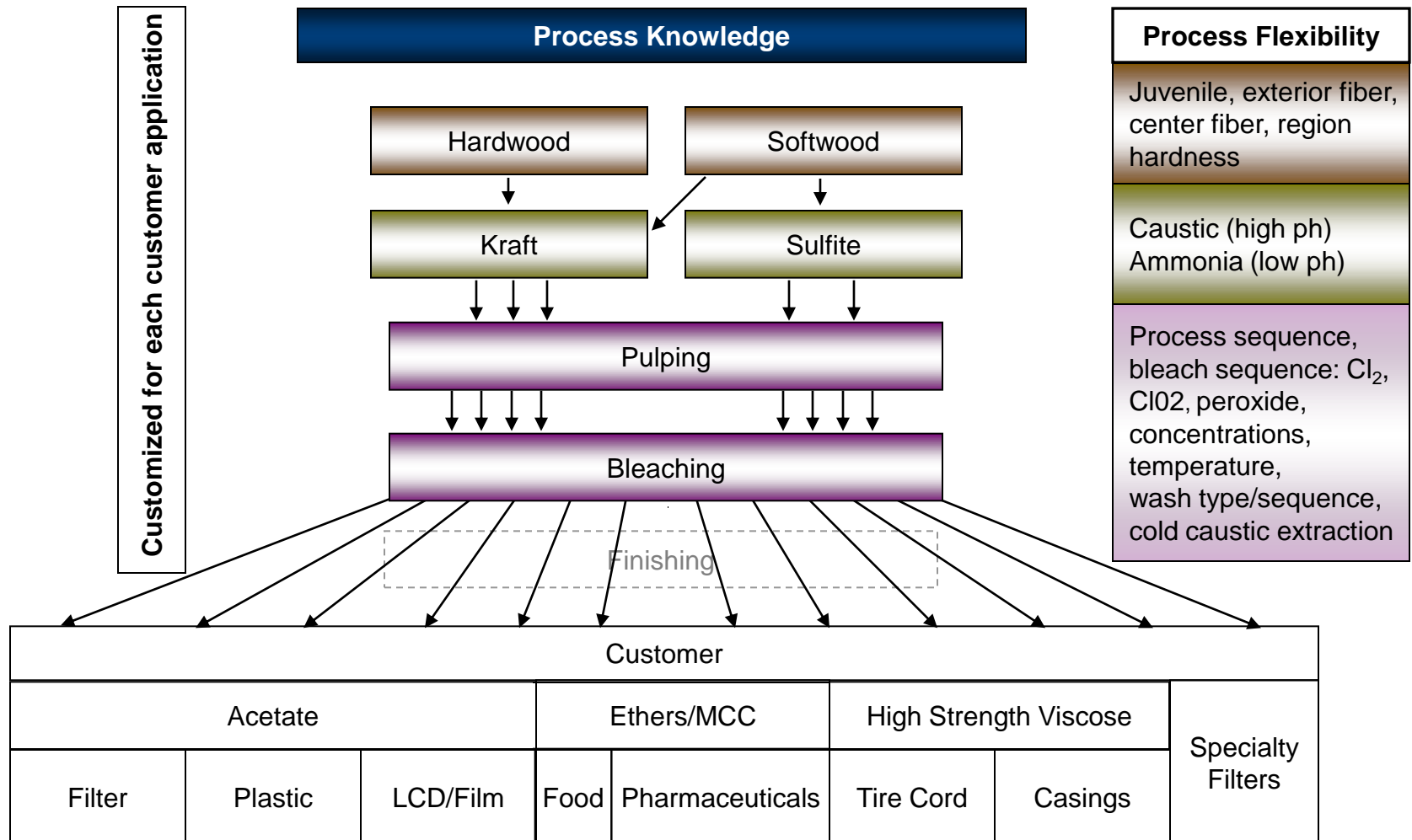
(1) Data from 2011.

(2) Segment size includes 40,000 MT Cotton Linter Pulps.

(3) Segment size includes 90,000 MT MCC (as pulp) and Cotton Linter Pulps.

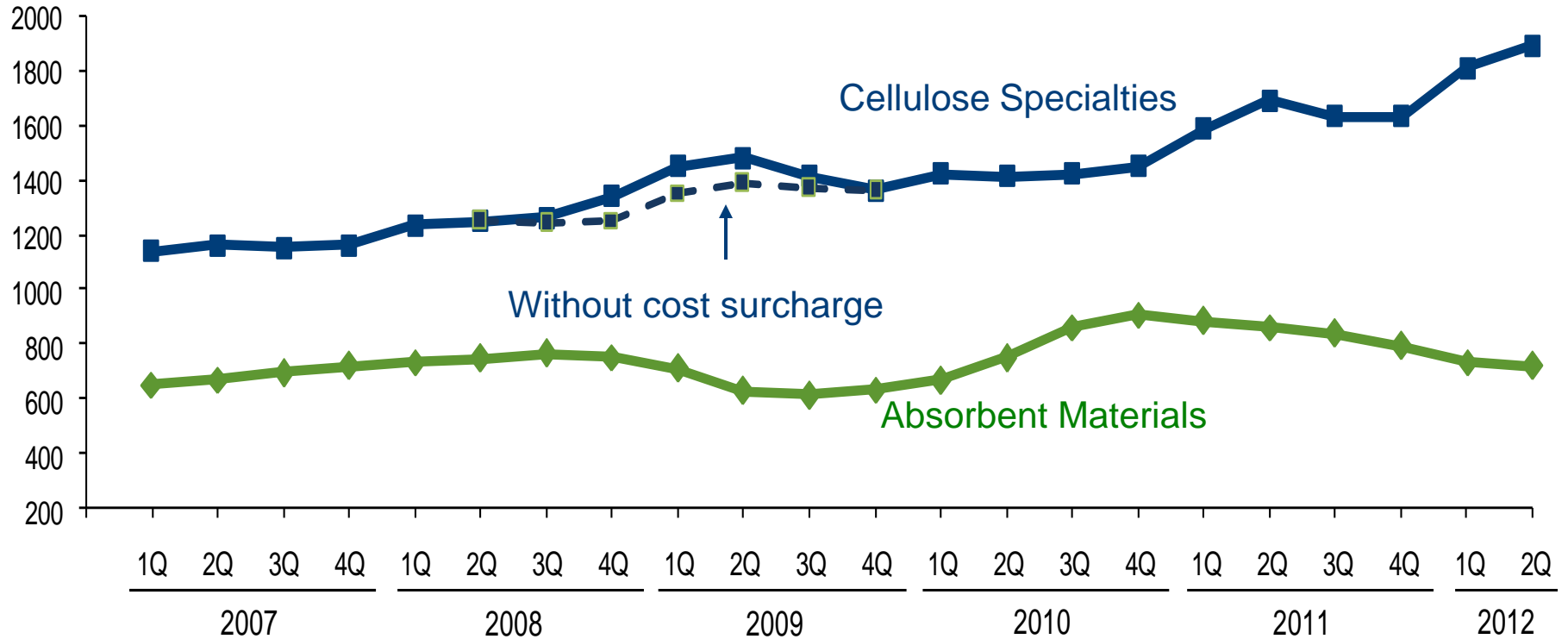
What differentiates Rayonier as the technical leader in the CS market?

The “Rayonier Recipe”



Cellulose Specialties command premium price

Net Selling Prices of Rayonier Grades
(\$/MT)



Note: Prices were higher in Q2 vs Q3 2011 due to sales mix.

Source: Cellulose Specialties and Absorbent Materials based on Rayonier prices.



Cellulose Specialties Expansion (CSE) Overview

- \$300+ million project to convert Absorbent Materials capacity to Cellulose Specialties
 - 260,000 MT Absorbent Materials → 190,000 MT Cellulose Specialties
- Customer-driven project to support their growth
 - Tight global market
 - Current Rayonier CS volume fully committed
- Strategically attractive – strengthens our market leadership
 - Exit non-strategic fluff business
 - Enables future CS growth
 - Diversify within CS market
- Financially attractive
 - 17%-20% IRR
 - Strong cash flow generator

Performance Fibers market outlook

- Strong demand for Cellulose Specialties products
- 2012 Cellulose Specialties prices 12% to 13% above 2011
- Expect prices to continue to soften for Absorbent Materials
- Substantially all of 2012 CS volume committed via long-term contracts
- CSE project completion expected mid-2013

Conclusion

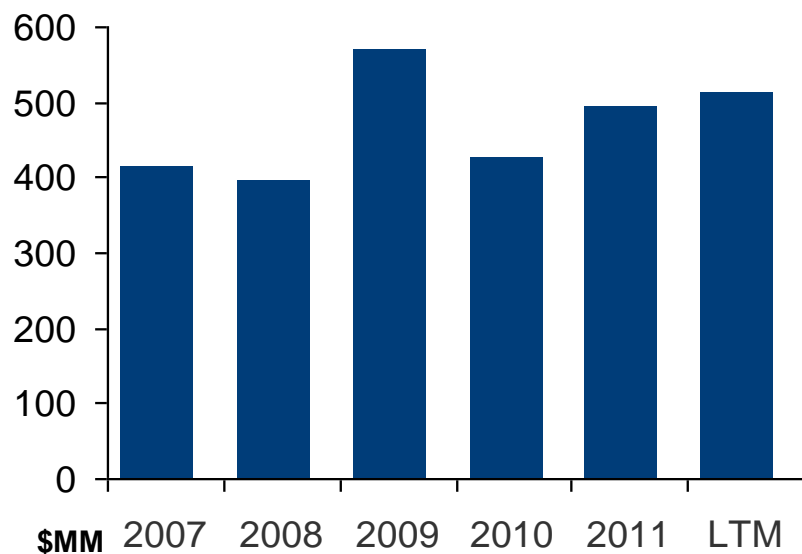


Focus on increasing shareholder value

- Strategic focus on maximizing value, driving cash-flow growth and operational excellence
- Diverse mix of businesses
 - Generating strong cash flow
 - Significant operating flexibility
 - Geographic balance – 45% of sales to international customers in 40 countries
- Attractive, growing dividend
- Strong balance sheet
 - Low debt levels and significant liquidity
- Tax efficient REIT structure

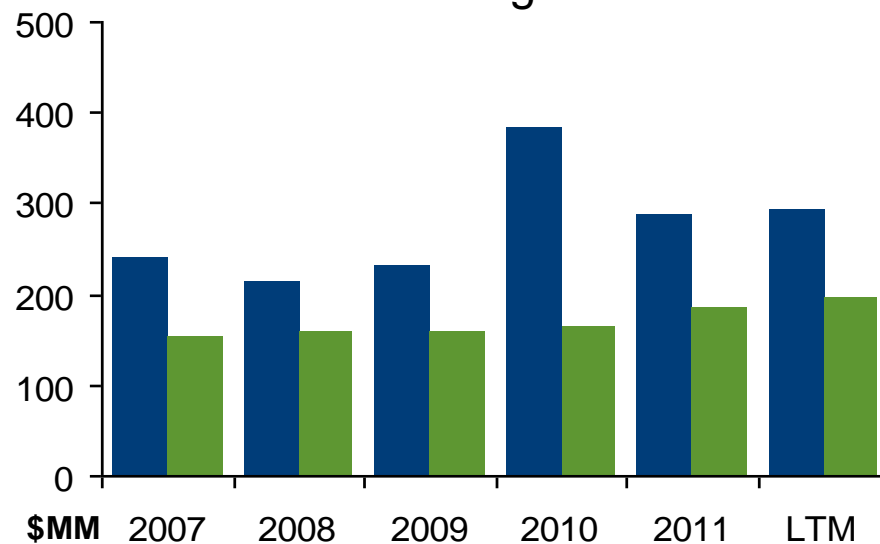
Creating value through cash flow growth

Growing cash flow



EBITDA*

Strong dividend coverage



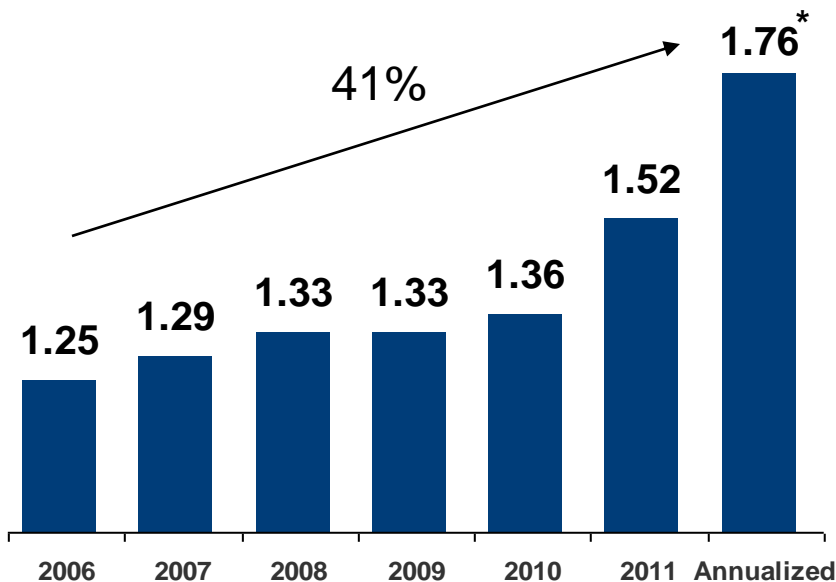
■ CAD ■ Dividends**

* EBITDA and CAD are non-GAAP measures defined and reconciled in the Appendix. 2009 EBITDA included \$205M related to the alternative fuel mixture credit.

** 2010 CAD included \$189M received from the alternative fuel mixture credit.

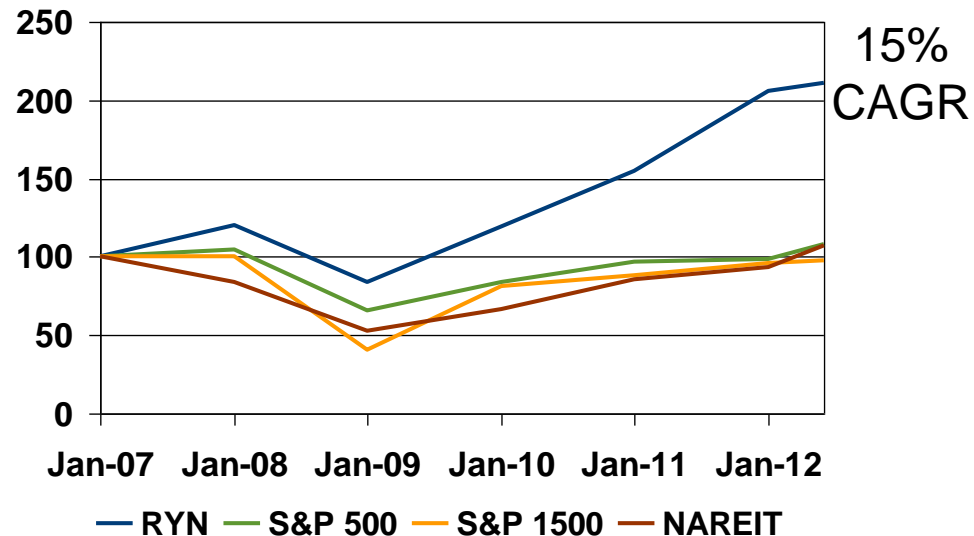
Market rewards strong execution, increased cash flow and steady dividend growth

Dividends Per Share
(post-split basis)



*The annualized amount is based on the quarterly dividend of \$0.44/share effective with the 3rd quarter 2012 distribution

Total Shareholder Return*
Rayonier Compared to S&P 500, S&P 1500 Paper &
Forest Products Index and NAREIT Equity REIT Index
12/31/06 – 06/30/12



* Assumes re-investment of dividends

Appendix



Definitions of Non-GAAP Measures

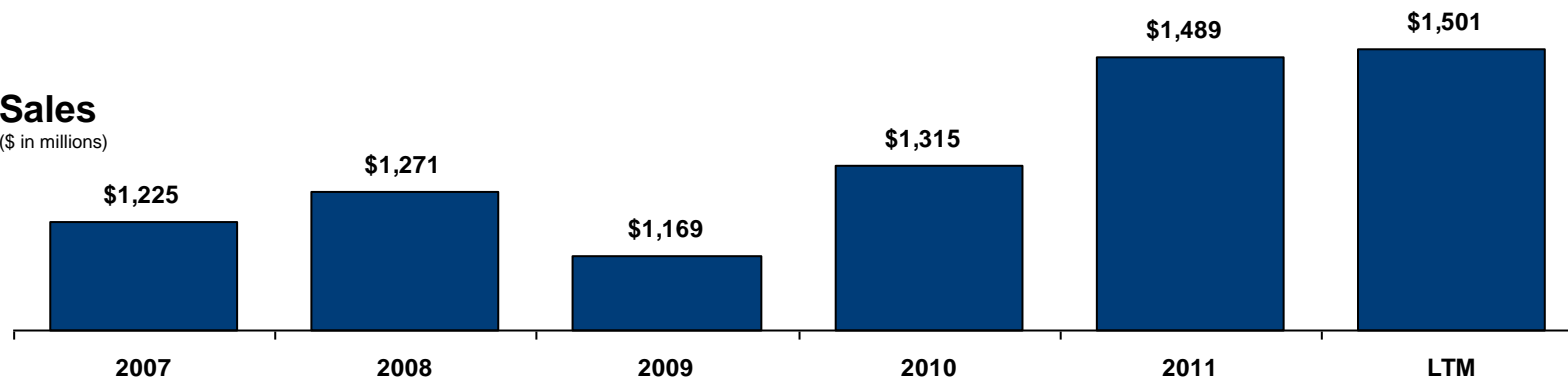
Cash Available for Distribution (CAD) is defined as Cash Provided by Operating Activities adjusted for capital spending, the change in committed cash, and other items which include cash provided by discontinued operations, proceeds from matured energy forward contracts, excess tax benefits on stock based compensation and the change in capital expenditures purchased on account. CAD is a non-GAAP measure of cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. CAD is not necessarily indicative of the CAD that may be generated in future periods.

EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization. EBITDA is a non-GAAP measure used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure how the Company is performing relative to the assets under management.

Financial Overview – Sales and EBITDA

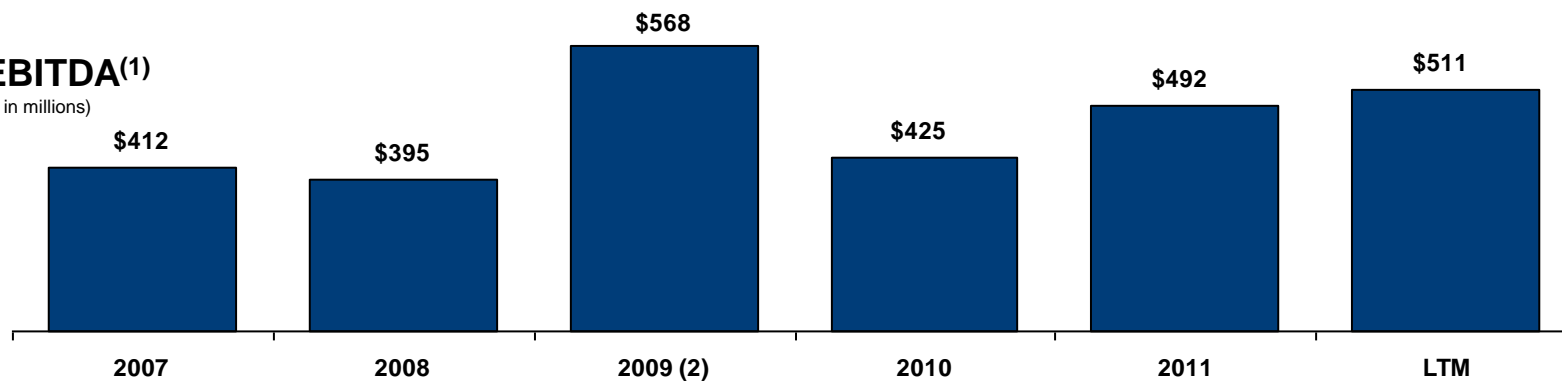
Sales

(\$ in millions)



EBITDA⁽¹⁾

(\$ in millions)



- (1) EBITDA is a non-GAAP measure defined and reconciled in the Appendix.
(2) 2009 EBITDA included \$205M related to the alternative fuel mixture credit.

Reconciliation of Non-GAAP Measures

(\$ in millions, except per share data)

	2007	2008	2009	2010 ⁽²⁾	2011	LTM
Cash Available for Distribution (CAD)						
Cash provided by operating activities	\$324	\$340	\$307	\$495	\$432	\$446
Capital expenditures ⁽¹⁾	(\$97)	(\$105)	(\$92)	(\$138)	(\$145)	(\$156)
Change in committed cash	\$17	(\$10)	\$17	\$12	(\$6)	(\$3)
Excess tax benefits on stock-based compensation	\$8	\$3	\$3	\$5	\$6	\$5
Other	(\$3)	(\$12)	(\$2)	\$10	–	\$2
Cash Available for Distribution	\$249	\$216	\$233	\$384	\$287	\$294
Shares outstanding ⁽³⁾	117.3	118.2	119.3	121.0	122.0	122.5
CAD per share	\$2.12	\$1.83	\$1.95	\$3.17	\$2.35	\$2.40

(1) Capital expenditures exclude strategic capital.

(2) 2010 CAD included \$189M received from the alternative fuel mixture credit.

(3) Reflects the August 24, 2011 three-for-two stock split.

Reconciliation of Non-GAAP Measures (Cont'd)

(\$ in millions, except per share data)

	Forest Resources	Real Estate	Performance Fibers	Wood Products	Other	Corporate & Eliminations	Total
2007							
Operating income	\$60	\$93	\$141	(\$8)	(\$3)	(\$36)	\$247
Depreciation, depletion and amortization	86	5	68	6	–	–	165
EBITDA	\$146	\$98	\$209	(\$2)	(\$3)	(\$36)	\$412
2008							
Operating income	\$31	\$80	\$149	(\$7)	\$3	(\$30)	\$226
Depreciation, depletion and amortization	85	21	56	5	–	2	169
EBITDA	\$116	\$101	\$205	(\$2)	\$3	(\$28)	\$395

Reconciliation of Non-GAAP Measures (Cont'd)

(\$ in millions, except per share data)

	Forest Resources	Real Estate	Performance Fibers	Wood Products	Other	Corporate & Eliminations	Total
2009 (1)							
Operating income	\$7	\$56	\$184	(\$11)	(\$3)	\$177	\$410
Depreciation, depletion and amortization	70	24	58	5	–	1	158
EBITDA	\$77	\$80	\$242	(\$6)	(\$3)	\$178	\$568
2010							
Operating income	\$33	\$53	\$214	\$2	\$1	(\$21)	\$282
Depreciation, depletion and amortization	59	22	58	3	–	1	143
EBITDA	\$92	\$75	\$272	\$5	\$1	(\$20)	\$425

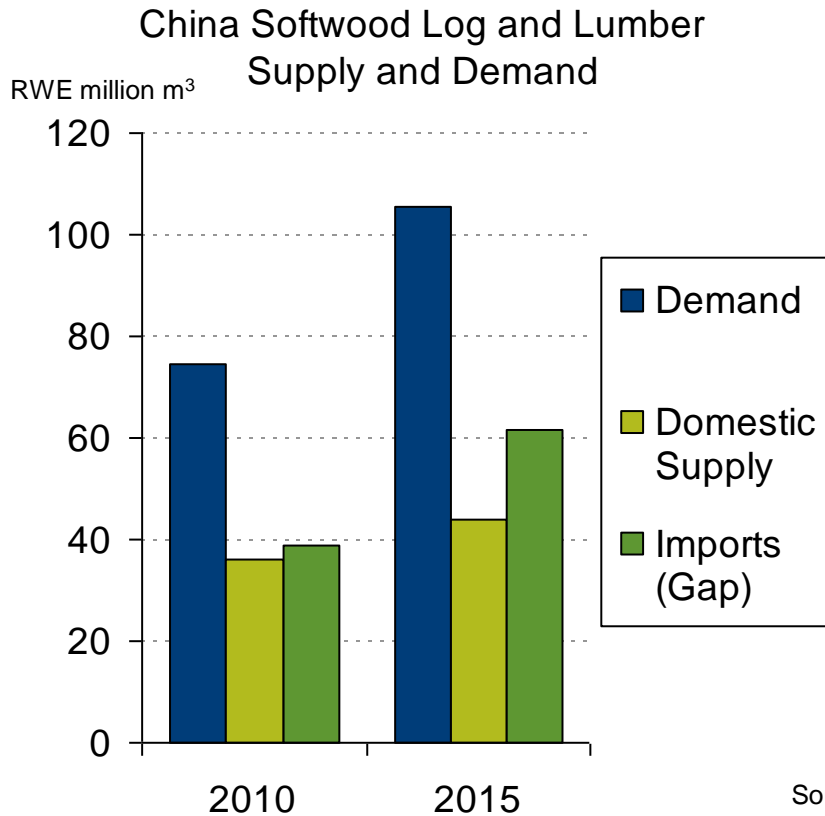
(1) 2009 Corporate operating income included \$205M related to the alternative fuel mixture credit.

Reconciliation of Non-GAAP Measures (Cont'd)

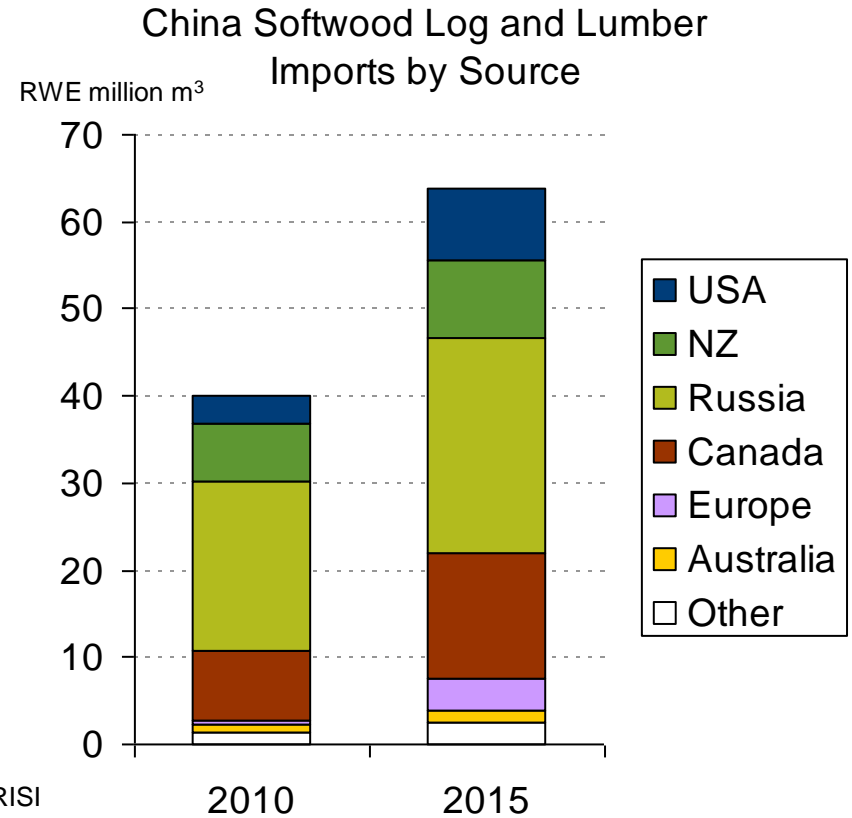
(\$ in millions, except per share data)

	Forest Resources	Real Estate	Performance Fibers	Wood Products	Other	Corporate & Eliminations	Total
2011							
Operating income	\$47	\$47	\$298	(\$2)	\$1	(\$35)	\$356
Depreciation, depletion and amortization	63	12	56	3	–	2	136
EBITDA	\$110	\$59	\$354	\$1	\$1	(\$33)	\$492
LTM ended June 30, 2012							
Operating income	\$40	\$47	\$315	\$4	\$1	(\$35)	\$372
Depreciation, depletion and amortization	66	10	58	3	–	2	139
EBITDA	\$106	\$57	\$373	\$7	\$1	(\$33)	\$511

China's demand for softwood driving higher imports



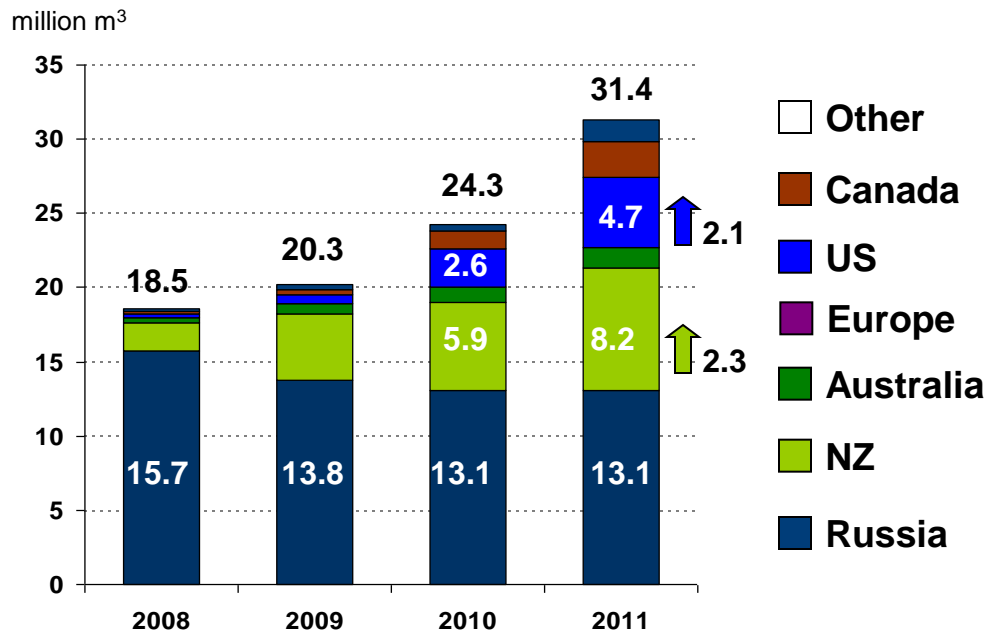
China softwood log and lumber deficit expected to grow 10% per year



U.S. and New Zealand exports expected to grow significantly

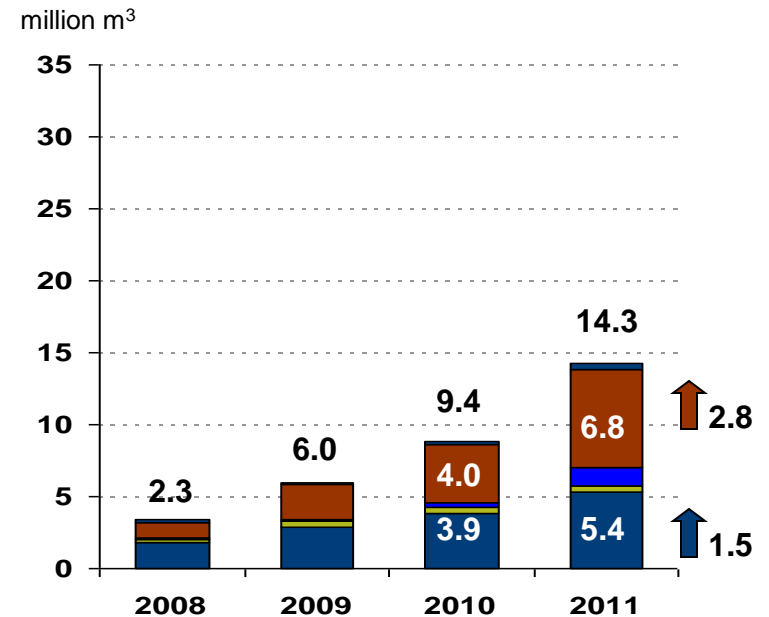
In 2011, Chinese log imports grew 29% to 31.4M m3 and lumber imports grew 52% to 14.3M m3

Chinese Softwood Log Imports



Source: RISI

Chinese Softwood Lumber Imports



Rayonier is the global leader in CS, and will be the only dedicated supplier after cellulose specialties expansion

<u>Company</u>	<u>Current CS Volume</u>	<u>Announced CS Expansions</u>	<u>Other Dissolving Pulp</u>
Rayonier	480	190	
Buckeye	180	42	
Tembec	210	30	110
Borregaard	140		20
Sateri	120	?	360
Neucel	50		120
Sappi	50		720
Cosmo	0	?	140
Others	<u>220*</u>	<u> </u>	<u>1,930</u>
	<u>~1,450</u>	<u>262</u>	<u>~3,400</u>

* Includes 100k tons of cotton linter pulp.

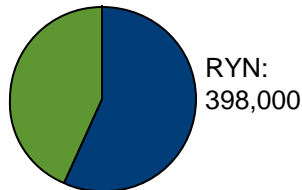
Source: Public information and privately commissioned studies

Projected steady growth in CS

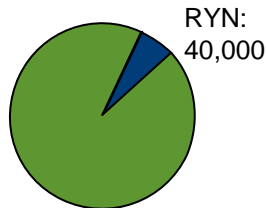
Growth Rate and Drivers

2011

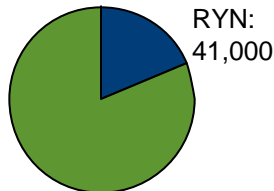
Acetate: 697,000 tons



Ethers: 572,000 tons



High Strength Viscose and Specialty High Value: 181,000 tons



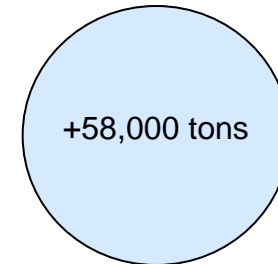
1.5 – 2% p.a.
Cigarette Tow
LCD Screens

5 – 7% p.a.
Food Products
Pharmaceutical

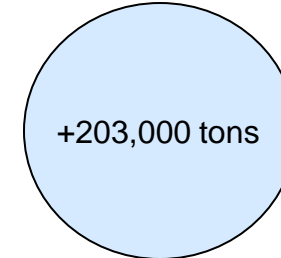
2 – 3% p.a.
Sausage Casings

2016

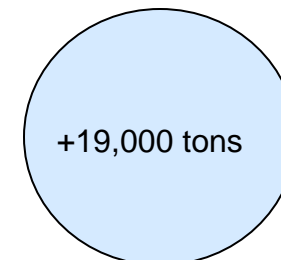
Acetate: 755,000 tons



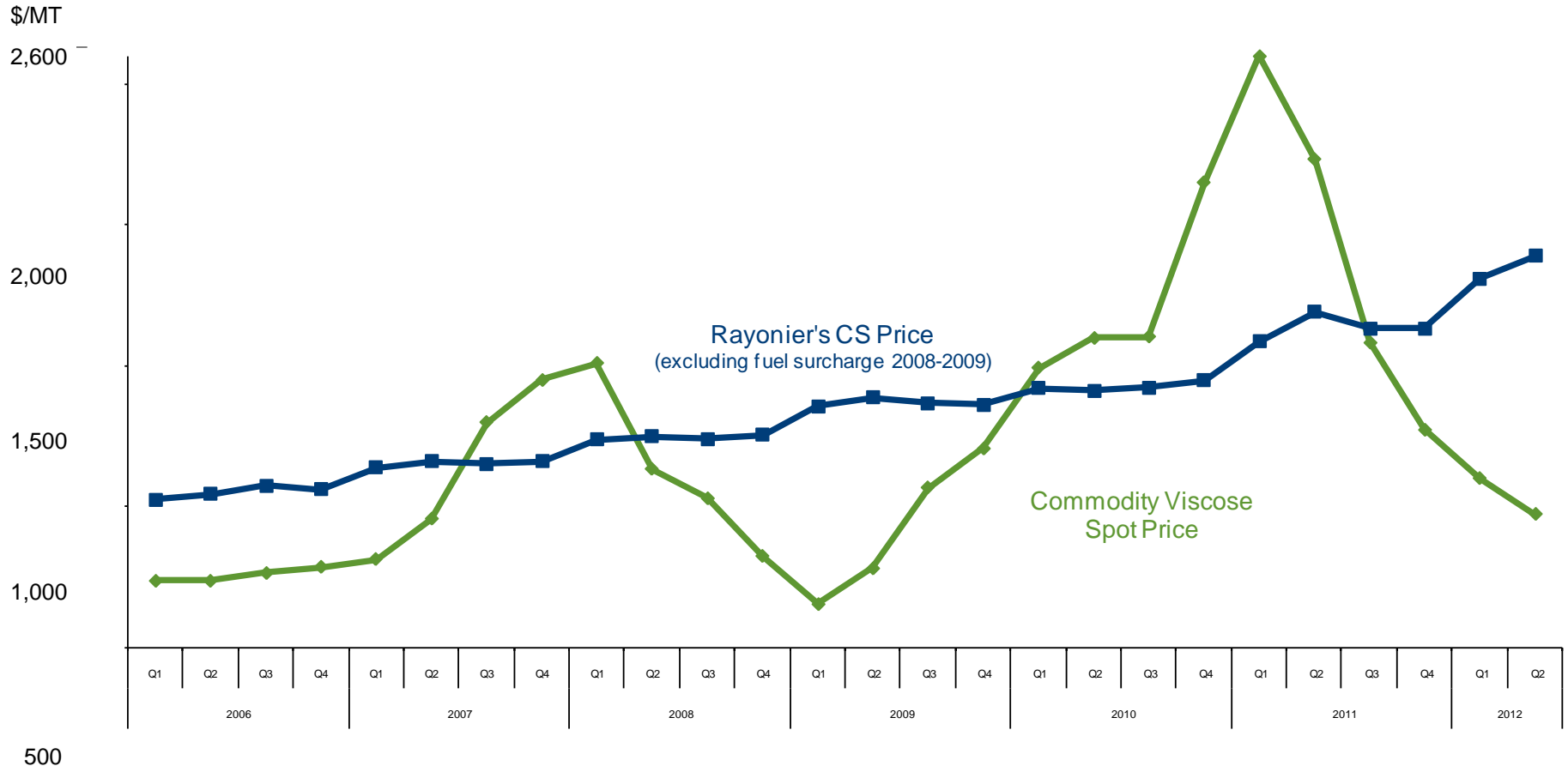
Ethers: 775,000 tons



High Strength Viscose and Specialty High Value: 200,000 tons



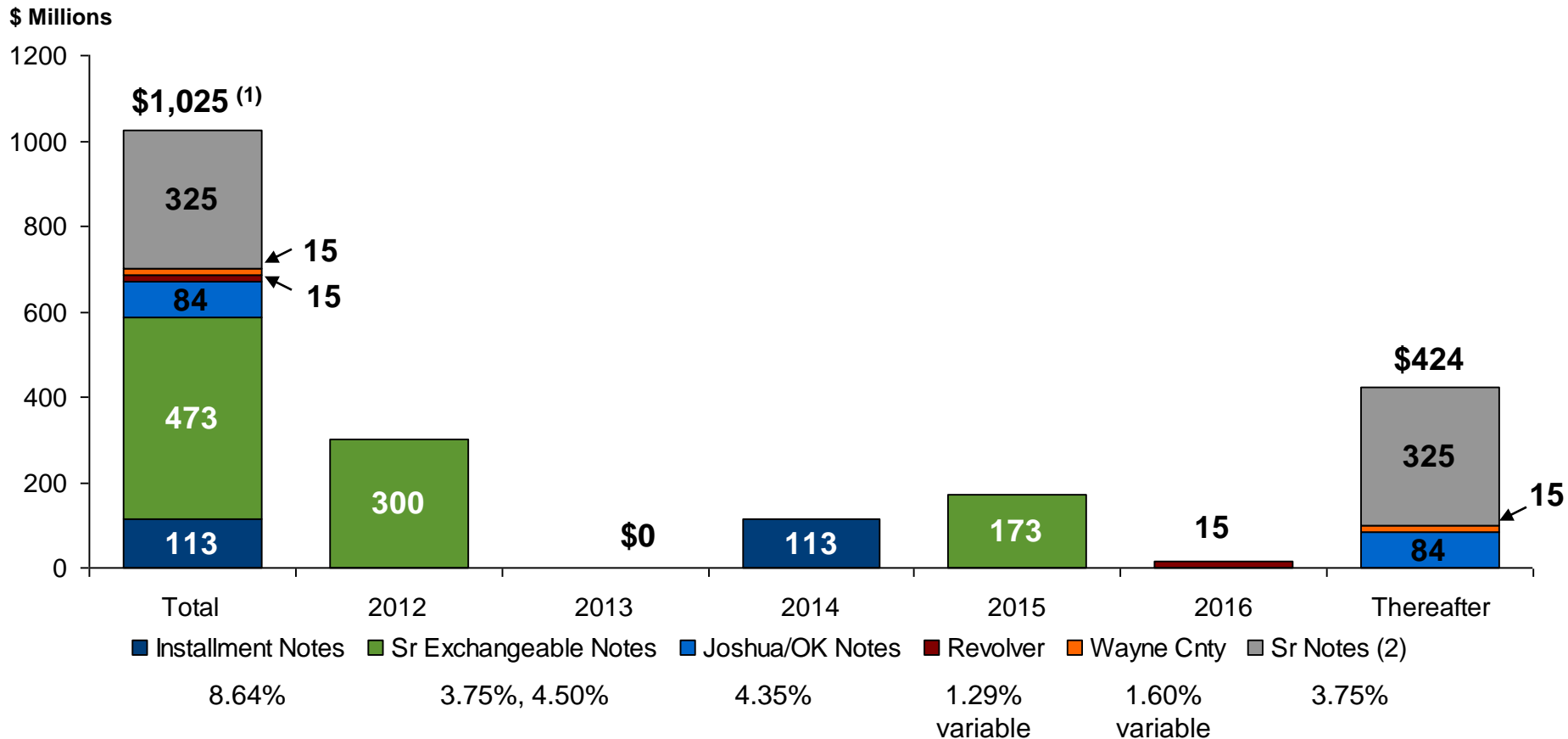
CS market / pricing independent of commodity viscose pricing



Note: CS Prices were higher in Q2 vs Q3 2011 due to sales mix.
 Source: PCI Fibres, CCF Group and Rayonier



Debt Maturity Schedule at June 30, 2012



- 1) The Sr Exchangeable Notes and the Joshua/OK Notes are valued at \$462M and \$88M, respectively, on the company's consolidated balance sheet per current accounting rules. The face value of the Sr Exchangeable Notes are \$300M and \$173M and the Joshua/OK Notes are \$84M, reflecting the company's responsibility at maturity.
- 2) In the first quarter 2012, we paid off our revolving credit facility outstanding balance of \$150M at LIBOR + 1.25% and placed \$325M 10 year Senior Notes at 3.75%. As of June 30, 2012 our \$450M revolving credit facility had \$430M available.

REIT Technical / Other Considerations

Key REIT Definitions / Parameters

- **REIT Taxable Income** – REITs are required to distribute 90% of their taxable income (excluding capital gains and certain other income) in order to maintain REIT status; any amount not distributed by the REIT is taxed at corporate rates
- **75% Income Test** – At least 75% of REIT gross income must be derived from real property sources (including the sale of timber)
 - No more than 25% of gross income can be derived from other sources, including dividends from a TRS and/or any other dividends and interest
- **75% Asset Test** – At the close of each quarter, at least 75% of the value of the REIT's gross assets must be comprised of real estate assets (including timberlands), cash items and government securities
- **25% Asset / Securities Limitation** – At the close of each quarter, no more than 25% of the REIT's gross assets can be securities; no more than 5% of the REIT's assets can be securities of a single issuer (other than a TRS); and the REIT can own no more than a 10% interest of a single issuer (other than a TRS)
- **TRS Limitation** – The fair market value of the securities of a TRS owned by a REIT cannot exceed 25% of the fair market value of the REIT's gross assets