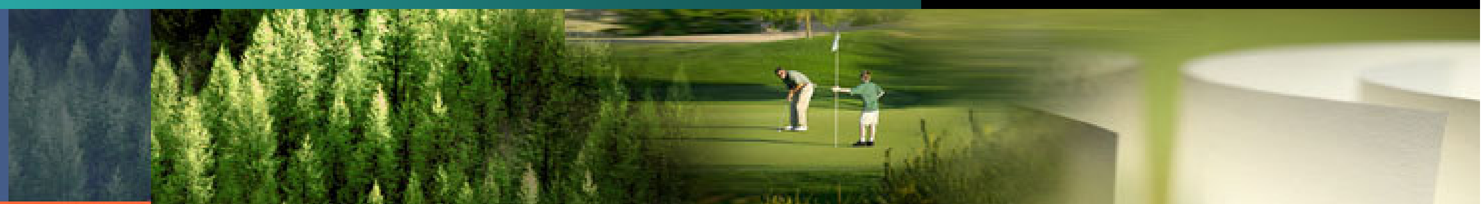
Rayonier



First Quarter 2008 Supplemental Material

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 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; 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; the availability of credit generally, including its impact on the cost and terms of obtaining financing; 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 timberlands and real estate; 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 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.

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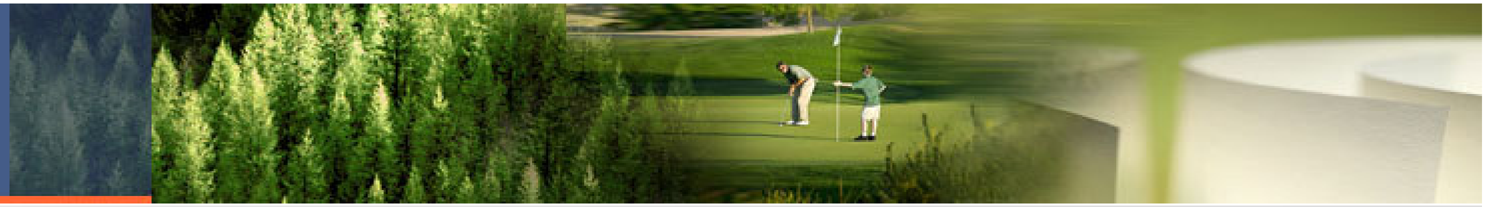

First Quarter - Highlights
($ Millions - Except EPS)

	1Q 2008	4Q 2007	1Q 2007
Profitability			
Sales	284	290	300
Operating income	61	43	55
Pro forma operating income *	61	44	55
Net Income	41	34	35
Earnings Per Share:			
Net income	0.51	0.44	0.45
Pro forma net income *	0.51	0.45	0.45
Average diluted shares (millions)	79.2	79.3	78.5

	Three Months Ended March 31	
	2008	2007
Capital Resources and Liquidity		
Cash Provided by Operating Activities	100	52
Cash Used for Investing Activities	(38)	(47)
Cash Used for Financing Activities	(96)	(17)
Adjusted EBITDA *	97	98
Cash Available for Distribution (CAD) *	61	61

	3/31/2008	12/31/2007
Debt	695	750
Debt / Capital	41.3%	43.3%
Cash	147	181

* Non-GAAP measures (see pages 17, 18, and 19 for definitions and reconciliations).

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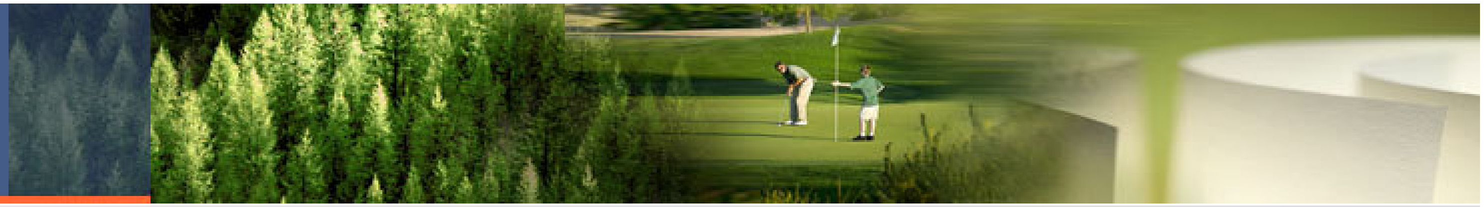

Quarter to Quarter Variance Analysis - 4Q 07 to 1Q 08

($ Millions - Except EPS)

	Pretax	Net Income **	EPS
2007 4Q (Pro forma) *	**$ 34**	**$ 35**	**$ 0.45**
Variance			
Timber			
- Price	(2)	(2)	(0.02)
- Volume	2	2	0.02
- Costs/Mix/Other	1	1	0.01
Real Estate	16	15	0.19
Performance Fibers			
- Price	10	6	0.08
- Volume	(7)	(4)	(0.06)
- Costs/Mix/Other	(6)	(4)	(0.05)
Corporate / Other	3	2	0.02
Operating Income	**17**	**16**	**0.19**
Taxes	-	(10) ***	(0.13)
2008 1Q	**$ 51**	**$ 41**	**$ 0.51**

* Non-GAAP measure (see page 18 for reconciliation).

** No taxes are provided for REIT timber income. Taxes are provided for REIT built-in-gains and a statutory rate is provided for other operations. Taxes include residual issues in order to balance to the total tax provision.

*** Primarily the absence of favorable 4th quarter 2007 effective tax rate adjustment and discrete items.

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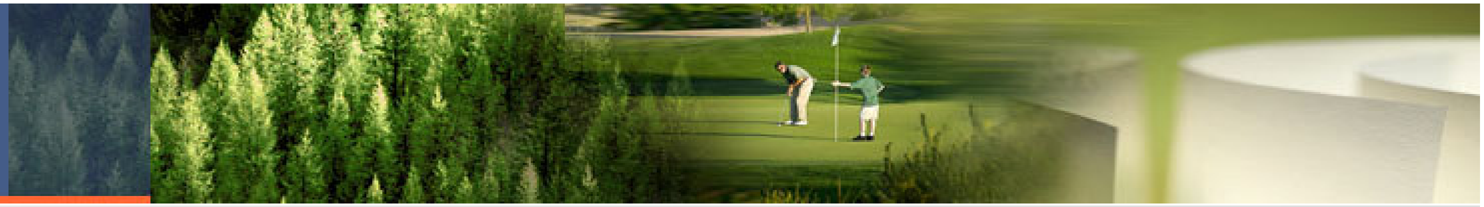

Quarter to Quarter Variance Analysis - 1Q 07 to 1Q 08
($ Millions - Except EPS)

	Pretax	Net Income *	EPS
2007 1Q	**$ 43**	**$ 35**	**$ 0.45**
Variance			
Timber			
- Price	(8)	(8)	(0.10)
- Volume	(7)	(7)	(0.09)
- Costs / Other	1	1	0.01
Real Estate	7	7	0.09
Performance Fibers			
- Price	15	9	0.11
- Volume / Mix	(2)	(1)	(0.01)
- Costs / Other	(3)	(2)	(0.02)
Wood Products	1	1	0.01
Corporate / Other	1	1	0.01
Operating Income	**5**	**1**	**0.01**
Interest Expense / Other	3	2	0.02
Taxes	-	3	0.03
2008 1Q	**$ 51**	**$ 41**	**$ 0.51**

* No taxes are provided for REIT timber income. Taxes are provided for REIT built-in-gains and a statutory rate is provided for other operations. Taxes include residual issues in order to balance to the total tax provision.

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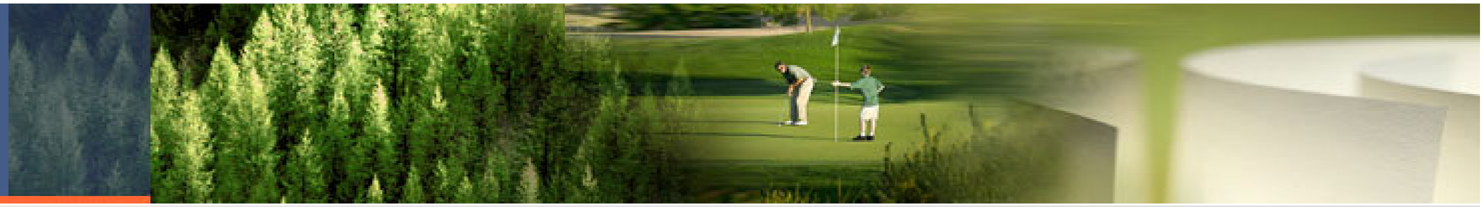


Cash Available for Distribution

($ Millions – Except Per Share Data)

	Three Months Ended March 31		
	2008	2007	
Cash Available for Distribution (CAD)			
Cash provided by operating activities	$ 100.2	$ 52.4	
Capital spending *	(31.8)	(31.4)	
(Increase) / decrease in committed cash	(8.0)	27.8	**
Equity based compensation adjustments	-	5.8	
Like-kind exchange tax benefits on real estate sales ***	(2.9)	(1.0)	
Other	3.9	7.2	
Cash Available for Distribution	$ 61.4	$ 60.8	
Shares outstanding	78,430,685	77,406,510	
CAD per share	$ 0.78	$ 0.79	

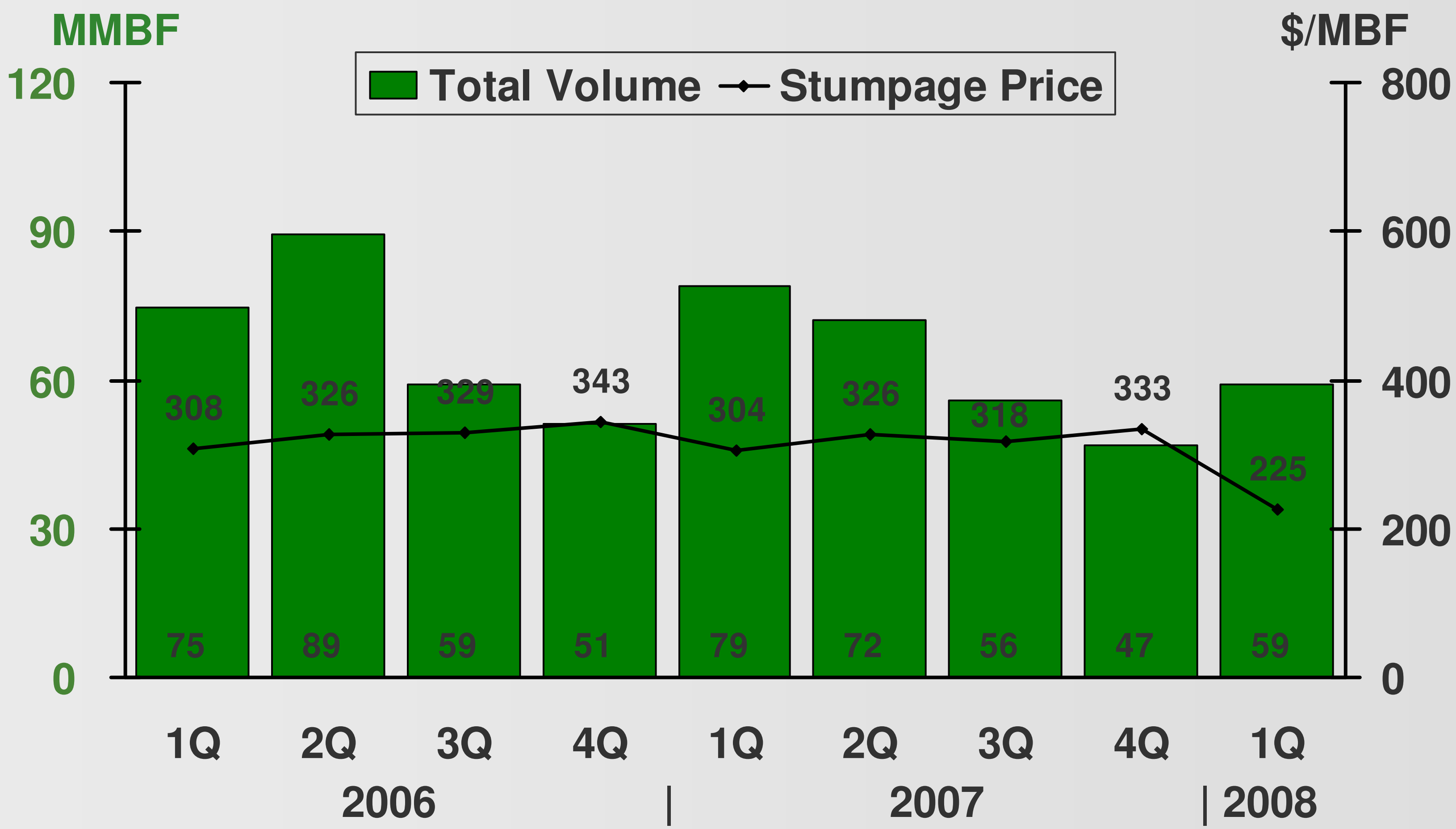
* Capital spending excludes strategic acquisitions and dispositions.

** Primarily 2006 interest paid in 2007 and previously reflected as a reduction in 2006 CAD.

*** Represents taxes that would have been paid if the Company had not completed LKE transactions.

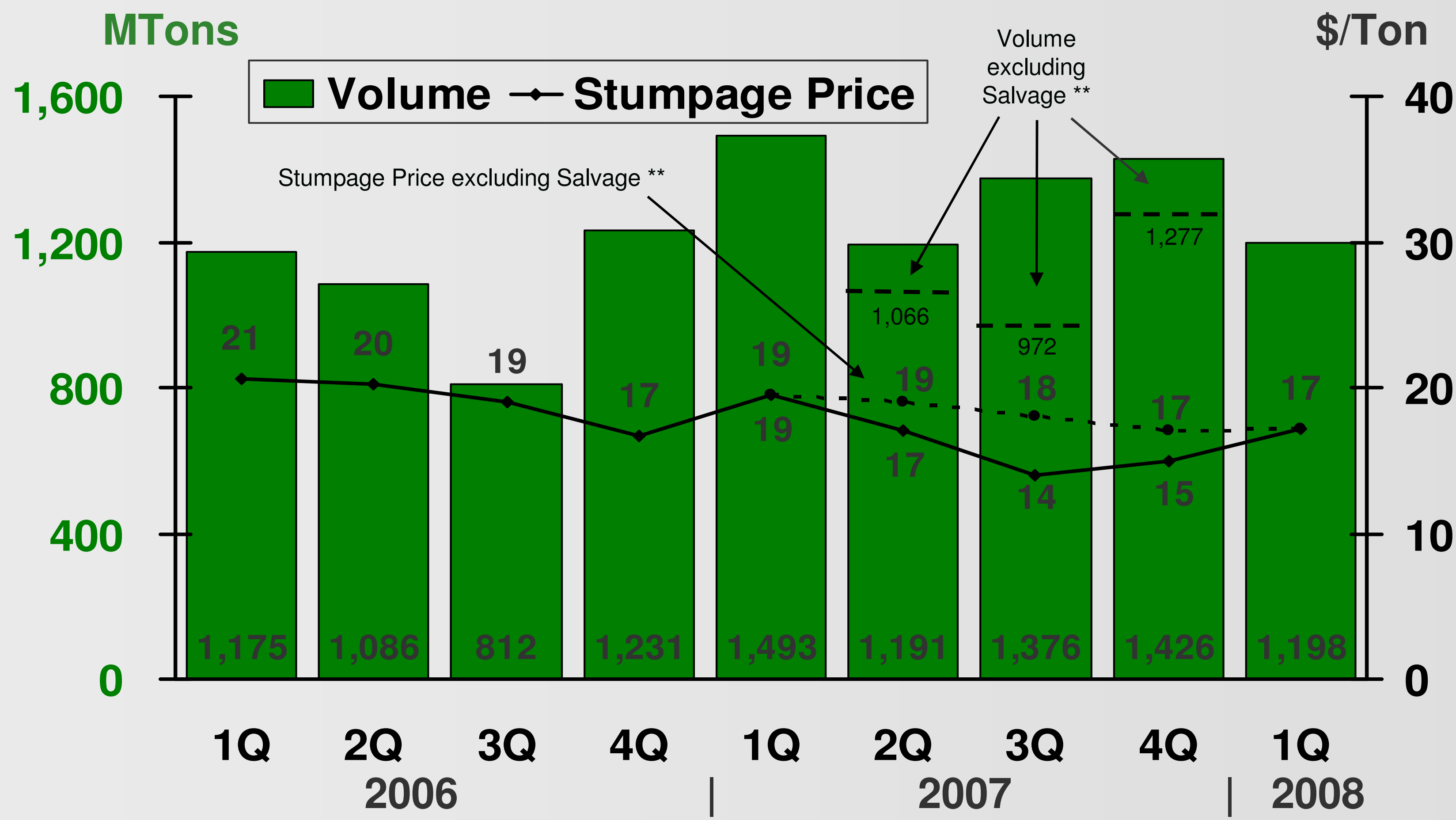
Markets and Operations

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 Florida, Georgia, Alabama, Oklahoma, Arkansas, Texas, Louisiana, and New York.

** Salvage volumes and prices are related to second quarter 2007 Southern Georgia and Northern Florida wildfire damaged timber.

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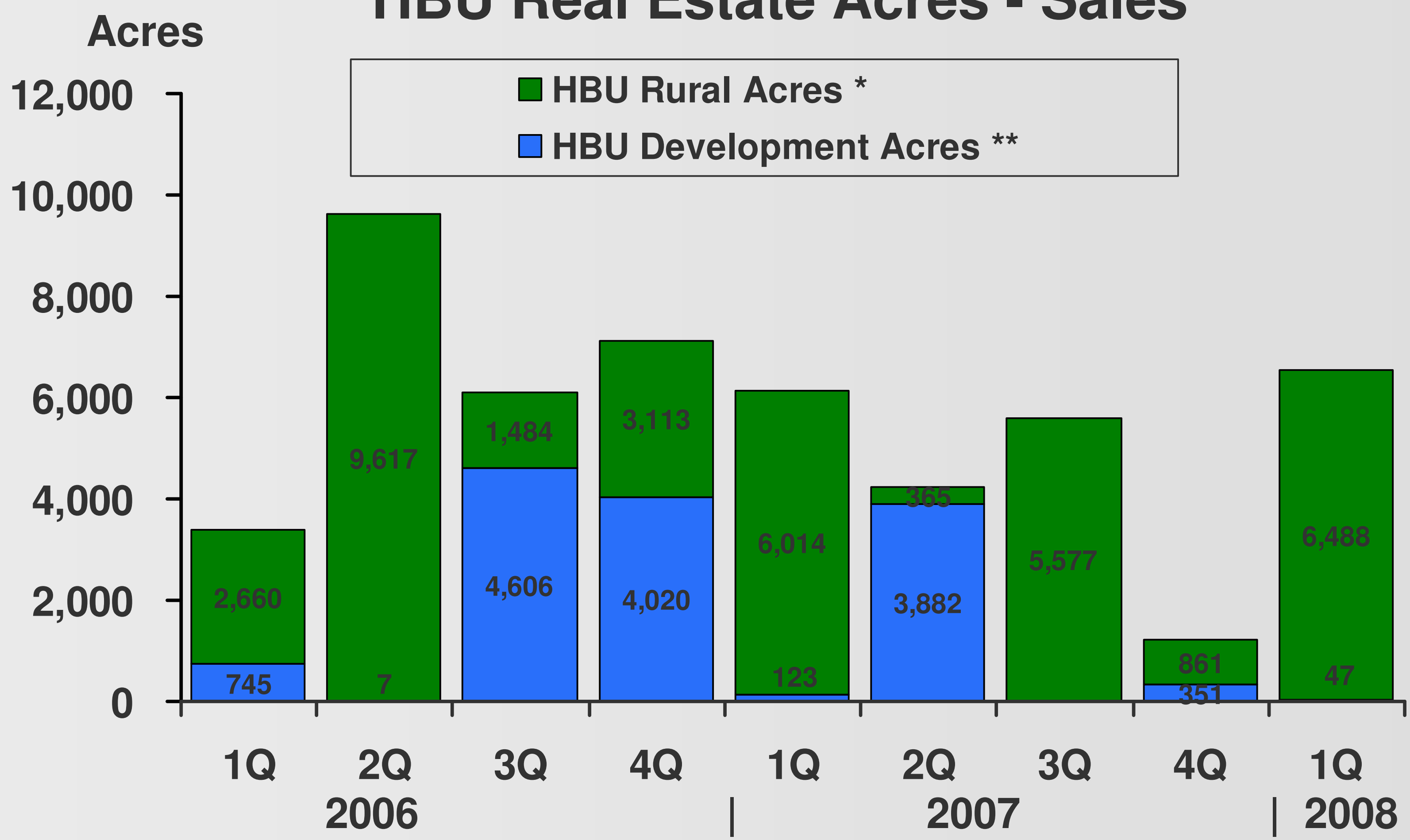
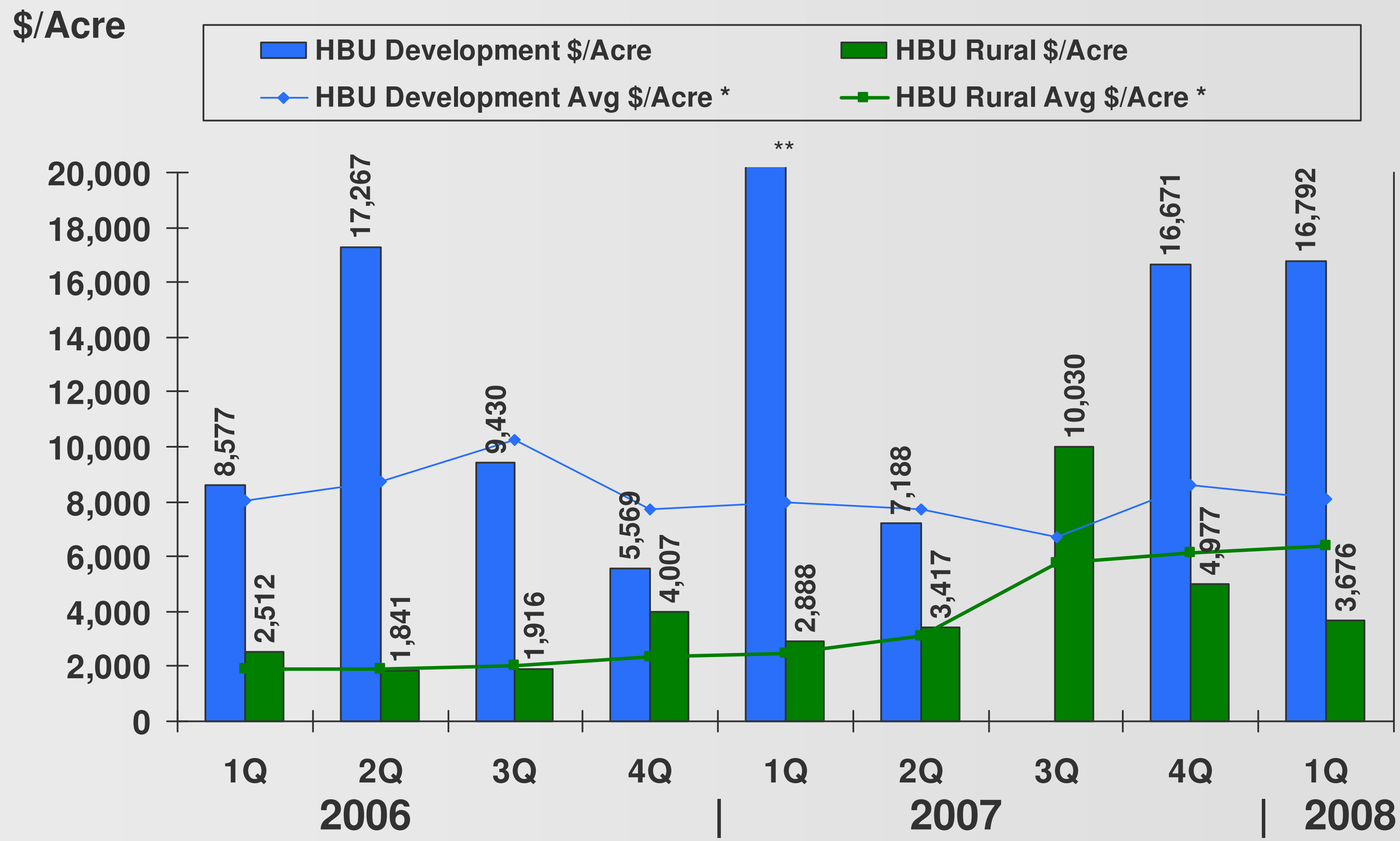
HBU Real Estate Acres - Sales



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

** 3Q 06 includes a 1,950 acre sale to ICI; price per acre includes initial receipt of $22.6 million in 3Q, but not the $5.7 million due within 10 years.
4Q 06 includes a 1,940 acre sale to LandMar; price per acre includes initial receipt of $10.0 million in 4Q, but not the potential proceeds from participation or the option to receive $17.5 million in the future.

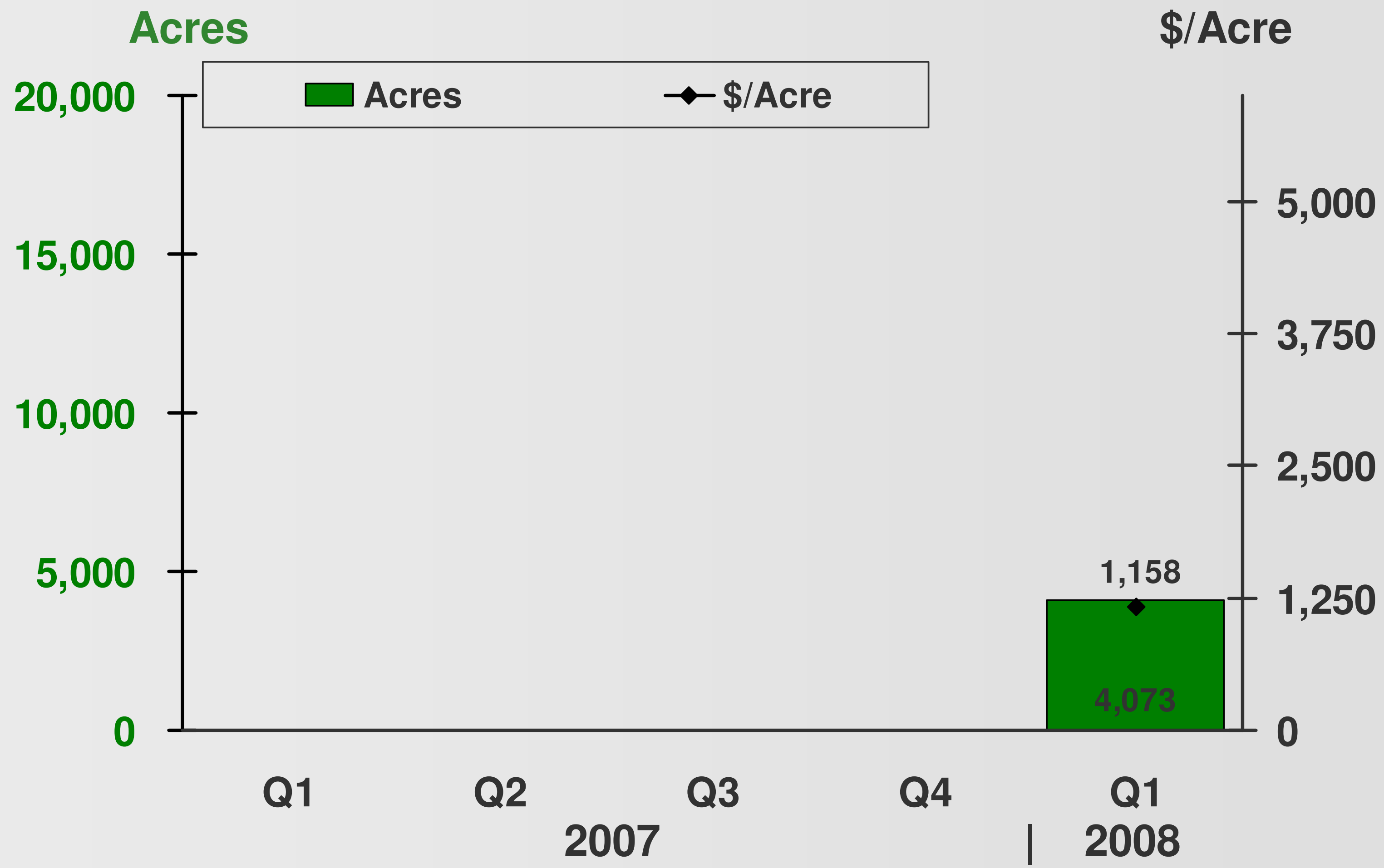
HBU Real Estate Sales Prices



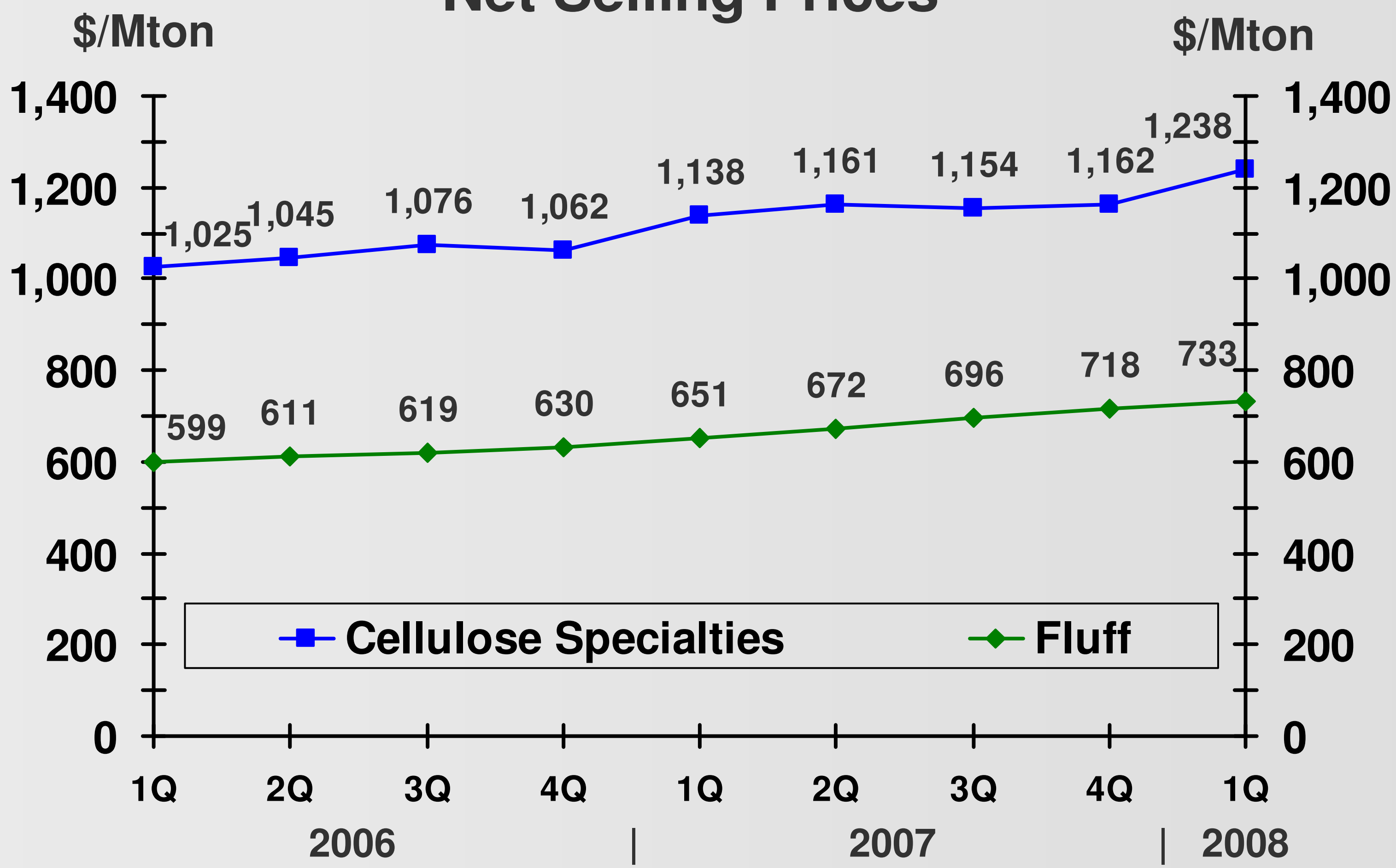
* Four quarter rolling weighted average.

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

Non-Strategic Timberland Acres - Sales



Performance Fibers
Net Selling Prices



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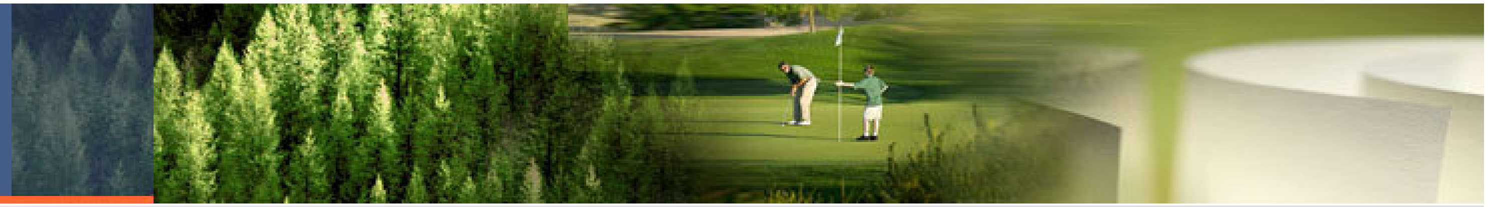
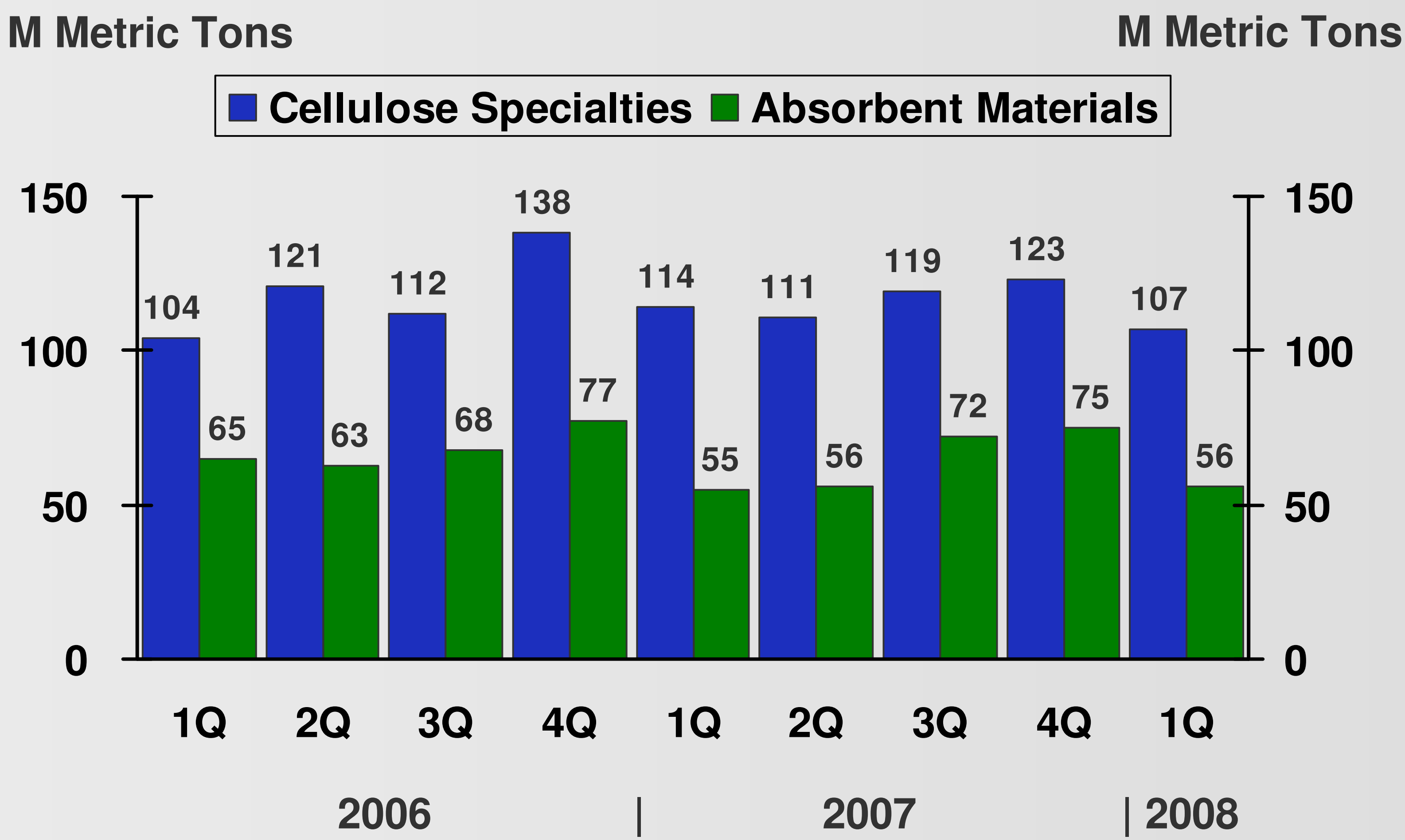


Performance Fibers
Sales Volumes



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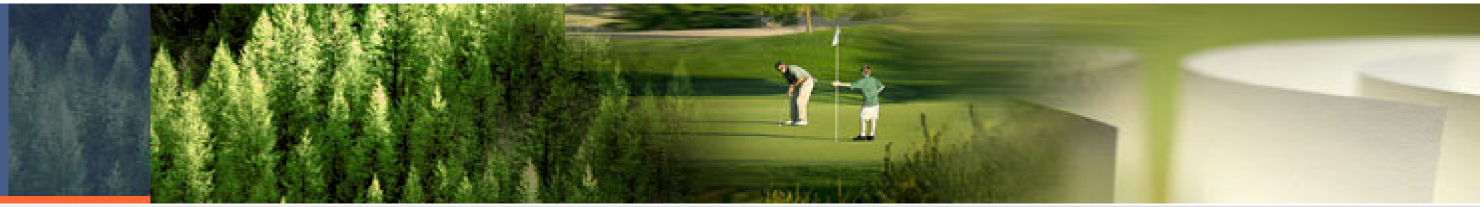


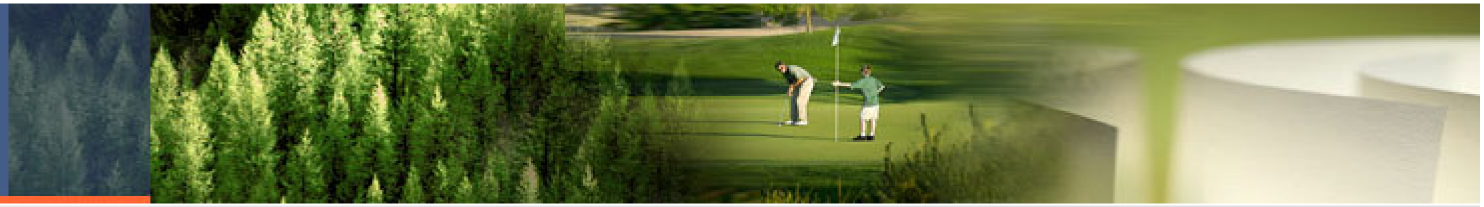
Earnings Per Share

($ / Share)

			2007	
	2008		Pro forma *	Actual
First Quarter	0.51		0.45	0.45
		Below		
Second Quarter	?		0.55	0.42
Third Quarter			0.90	0.90
Fourth Quarter			0.45	0.44
		Below		
Full Year	?		2.35	2.21

* Second quarter excludes $0.13 per share and fourth quarter excludes $0.01 per share for the impact of the wildfires in Southeast Georgia and Northeast Florida.

Appendix



Definitions of Non-GAAP Measures

Adjusted EBITDA is defined as earnings from operations before interest, taxes, depreciation, depletion, amortization and the non-cash cost basis of real estate sold. Adjusted EBITDA is a non-GAAP measure of operating cash generating capacity of the Company.

Cash Available for Distribution (CAD) is defined as cash provided by operating activities less capital spending, adjusted for the tax benefits associated with certain strategic acquisitions, the change in committed cash and other items which include the 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.

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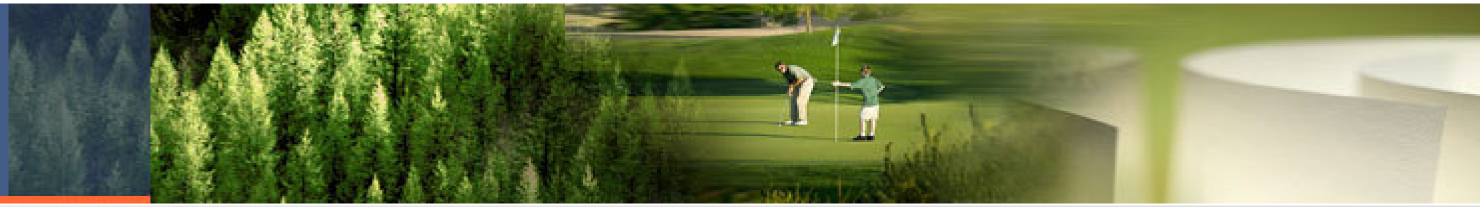

Reconciliation of Reported to Pro Forma Earnings

($ Millions – Except EPS)

	Three Months Ended					
	March 31, 2008		December 31, 2007		March 31, 2007	
	$	Per Diluted Share	$	Per Diluted Share	$	Per Diluted Share
Operating Income	$ 60.5		$ 43.1		$ 55.2	
Forest fire loss	-		0.8		-	
Pro Forma Operating Income	**$ 60.5**		**$ 43.9**		**$ 55.2**	
Net Income	$ 40.6	$ 0.51	$ 34.4	$ 0.44	$ 35.1	$ 0.45
Forest fire loss	-	-	0.8	0.01	-	-
Pro Forma Net Income	**$ 40.6**	**$ 0.51**	**$ 35.2**	**$ 0.45**	**$ 35.1**	**$ 0.45**

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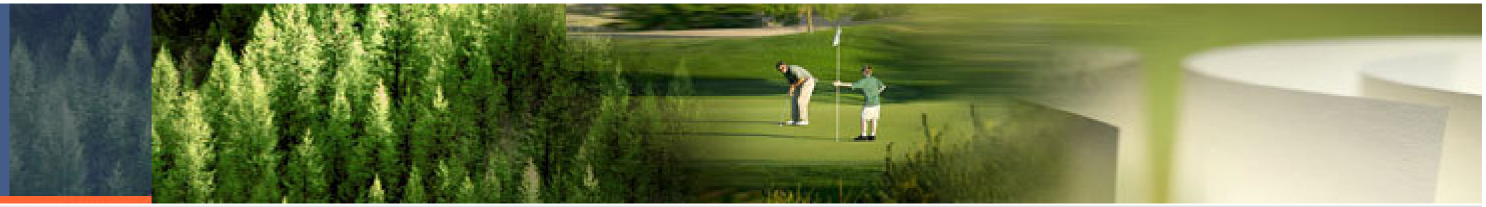

Reconciliation of Non-GAAP Measures

($ Millions)

	Three Months Ended March 31	
	2008	2007
Adjusted EBITDA		
Cash provided by operating activities	$ 100.2	$ 52.4
Income tax expense	10.2	7.5
Interest, net	9.7	12.6
Working capital and other	(23.6)	25.0
Adjusted EBITDA	$ 96.5	$ 97.5
Cash Available for Distribution (CAD)		
Cash provided by operating activities	$ 100.2	$ 52.4
Capital spending *	(31.8)	(31.4)
(Increase) / decrease in committed cash	(8.0)	27.8 **
Equity based compensation adjustments	-	5.8
Like-kind exchange tax benefits on real estate sales ***	(2.9)	(1.0)
Other	3.9	7.2
Cash Available for Distribution	$ 61.4	$ 60.8

* Capital spending excludes strategic acquisitions and dispositions.

** Primarily 2006 interest paid in 2007 and previously reflected as a reduction in 2006 CAD.

*** Represents taxes that would have been paid if the Company had not completed LKE transactions.

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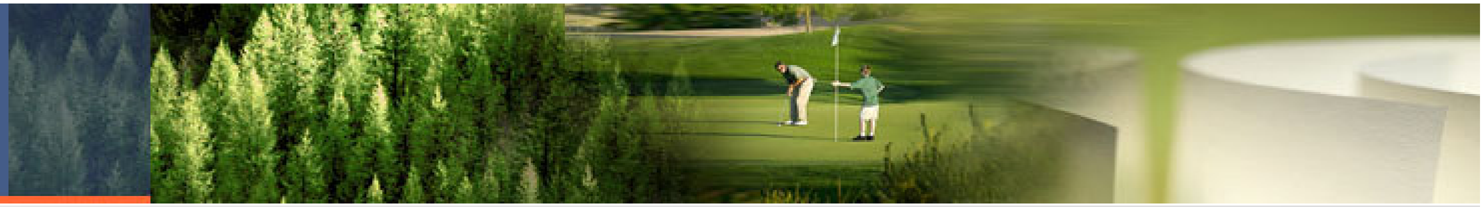

Reconciliation of Statutory Income Tax to Reported Income Tax

($ Millions - Except Percentages)

	Three Months Ended					
	March 31, 2008		December 31, 2007		March 31, 2007	
	$	%	$	%	$	%
Income tax provision at the U.S. statutory rate	$ (17.8)	(35.0)	$ (11.6)	(35.0)	$ (14.9)	(35.0)
REIT income not subject to federal tax	9.1	17.9	11.5	34.8	10.7	25.2
Lost deduction on REIT interest expense and overhead expenses associated with REIT activities	(1.4)	(2.8)	(3.0)	(9.1)	(3.1)	(7.2)
Foreign, state and local income taxes, foreign exchange rate changes and permanent differences	(0.3)	(0.6)	0.4	1.3	0.2	0.3
Income tax expense before discrete items	$ (10.4)	(20.5)	$ (2.7)	(8.0)	$ (7.1)	(16.7)
Return to accrual adjustment	-	-	0.1	0.3	-	-
Taxing authority settlements and FIN 48 adj.	(0.1)	(0.3)	1.1	3.3	-	-
Deferred tax adjustments / other	0.3	0.6	2.8	8.4	(0.4)	(0.9)
Income tax (expense) / benefit	$ (10.2)	(20.2)	$ 1.3	4.0	$ (7.5)	(17.6)

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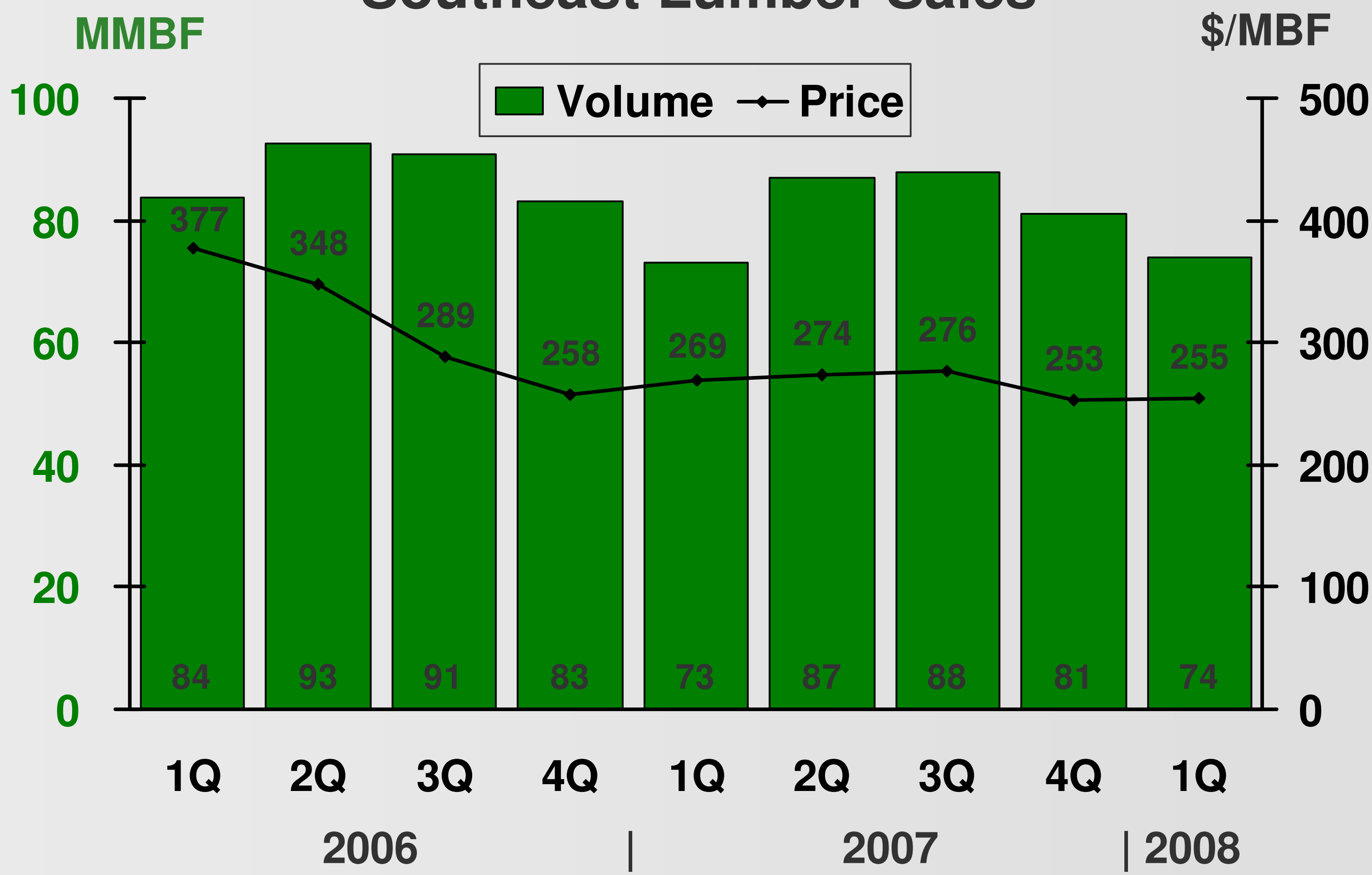
Wood Products
Southeast Lumber Sales



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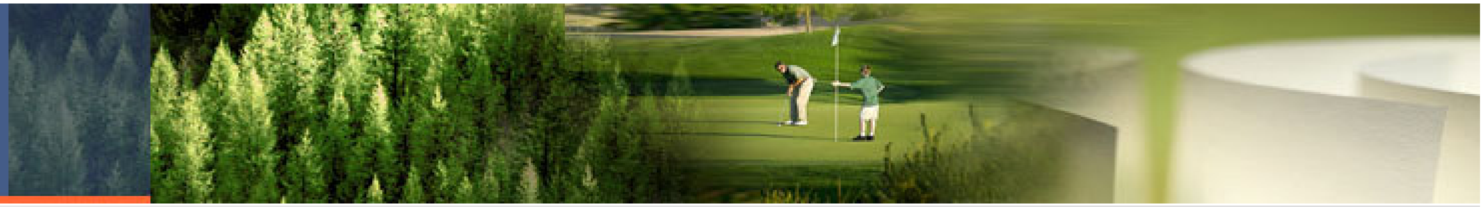

Acres & Merchantable Volumes

Acres (in thousands)	
Acres at 1/1/08	2,545
Lassiter Acquisition (New York) Completed 3/27/08	54
Real Estate Sales	(11)
Acres at 3/31/08	2,588
Sierra Pacific Acquisition (Washington) Completed 4/3/08	56
Approximate Acres at 4/3/08	2,644

Merchantable Volumes	Eastern Timber, in thousands of green tons	Western Timber, in millions of board feet	Equivalent total, in thousands of green tons
Merchantable Volume at 1/1/08	54,361	1,179	62,850
Lassiter Acquisition (New York) Completed 3/27/08	2,056	-	2,056
Timberlands Harvested / Sold	(1,492)	(59)	(1,917)
Merchantable Volume at 3/31/08	54,925	1,120	62,989
Sierra Pacific Acquisition (Washington) Completed 4/3/08	-	319	2,297
Approximate Merchantable Volume at 4/3/08	54,925	1,439	65,286