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

Form 8-K

Current Report

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

Date of Report (Date of earliest event reported): 12/14/2005

RAYONIER INC.

(Exact name of registrant as specified in its charter)

Commission File Number: 1-6780

North Carolina
(State or other jurisdiction of
incorporation)

13-2607329
(IRS Employer
Identification No.)

50 North Laura Street
Jacksonville, Florida
32202

(Address of principal executive offices, including zip code)

904-357-9100

(Registrant's telephone number, including area code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

On December 8, 2005, the Compensation and Management Development Committee of the Board of Directors of Rayonier Inc. (the "Company") approved the Rayonier Performance Share Award Program for 2006 under the Company's 2004 Incentive Stock and Management Bonus Plan (the "Program").

Under the Program, certain executives of the Company may receive shares of Rayonier common stock depending upon the Company's total shareholder return ("TSR") performance over a 36-month period beginning January 1, 2006 as compared to the TSR performance over the same period of the companies that comprise the Standard & Poor's Supercomposite Paper and Forest Products Index (the "S&P Index") and the National Association of Real Estate Investment Trust Equity REIT Index (the "NAREIT Index"). Depending upon the Company's quintile ranking versus the companies within each index, with performance against the S&P Index companies weighted 66.67% and performance against the NAREIT Index companies weighted 33.33%, actual awards can range from 50% to 175% of an executive's target award, with no award in respect of fifth quintile performance in an index. Resulting awards, if any, will be paid in January 2009.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Program, which is filed as exhibit 10.1 hereto and is incorporated by reference herein.

Signature(s)

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

RAYONIER INC.

Date: December 14, 2005

By: /s/ Hans E. Vanden Noort

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

Rayonier

Performance Share Award Program

The number of shares to which a participant could become entitled under the Performance Share Award Program (the "Program") can range from 50% to a maximum of 175% of the Target Award depending on Rayonier's total shareholder return ("TSR") performance for the designated three-year Performance Period as compared to the TSR performance of the companies that comprise the Standard & Poor's Supercomposite Paper & Forest Products Index (the "S&P Forest Products Index") and the National Association of Real Estate Investment Trust Equity REIT Index (the "NAREIT Index") for the same period. There would be no payout if results fall below the 4th Quintile performance threshold.

- TSR is defined as stock price appreciation plus the reinvestment of dividends on a quarterly basis. For purposes of performance measurement, TSR shall be the final reported figure as may be adjusted by the Committee for unusual items to avoid distortion in the operation of the Program.
- TSR over the 3-year period will be calculated by measuring the value of a hypothetical \$100 investment in Rayonier shares as compared to an investment in each of the companies comprising the benchmark indices.
- TSR calculations of stock price appreciation will be the average of the closing prices of Rayonier common shares and that of the companies comprising the two indices for the 20 trading days preceding the starting and ending dates of the performance period. Companies which enter or exit either of the benchmark indices between the measurement dates are not included in the quintile rankings.

The final number of shares in the Award would be determined as follows.

- The TSR performance of Rayonier and the companies of each of the benchmark indices are calculated and, for each of the indices, ranked in descending order and quintile groups established.
- The payout percentage of Target Award for Rayonier's quintile performance against the companies of each index is set as noted below.

Quintile Performance		Payout as a
		Percent of Target Awards
Quintile 1	80 th Percentile and Above	175%
Quintile 2	60 th -- 79 th Percentile	137.5%
Quintile 3	40 th -- 59 th Percentile	100%
Quintile 4	20 th -- 39 th Percentile	50%
Quintile 5	Below the 20 th Percentile	0%

- Each result is multiplied by the corresponding Index Weighting.
- The two results are totaled to determine the final payout level. (See the sample calculation, attached).
 - Payment, if any, is to be made in Rayonier Common Shares, and may be offset by the number of shares equal in value to the amount needed to cover associated tax liabilities.
 - Payment will be made as soon as practicable following the completion of the performance period.
 - Target awards will be prorated in cases of retirement, death, or disability in accordance with Plan provisions.

Administration

January 2006

Rayonier

Performance Share Award Program

2006 Class Awards

Exhibit--Example Share Payout Calculation

66.67% S&P Forest Products Index and 33.33% NAREIT Index

Assumptions: Performance Period January 1, 2006 -- December 31, 2008						
TSR Results for 3-Year Performance Period:	For Two Indices:	For Rayonier:		Target Performance Share Award:		5,000 shares
QUINTILES	P&FP (66.67%)	Rayonier TSR	Rayonier's Quintile Ranking	Target Award Payout Percentage (TAPP)	Target Shares x TAPP	x Index Weighting @66.67%
Quintile 1 (175%)	28.0% (Top) 27.6%		1	175%	8,750	5,834
Quintile 2 (137.5%)	22.0% (Top)					
Quintile 3 (100%)	15.0% (Top)					
Quintile 4 (50%)	10.0% (Top)					
Quintile 5 (<50%)	No Payout					
QUINTILES	NAREIT (33.33%)	Rayonier TSR	Rayonier's Quintile Ranking	Target Award Payout Percentage (TAPP)	Target Shares x TAPP	x Index Weighting @33.33%
Quintile 1 (175%)	36.0% (Top)					
Quintile 2 (137.5%)	30.0% (Top) 27.6%		2	137.5%	6,875	2,291
Quintile 3 (100%)	21.0% (Top)					
Quintile 4 (50%)	15.0% (Top)					
Quintile 5 (<50%)	No Payout					
Total Performance Share Award:					<u>8,125</u>	

1 No award payout for performance below the threshold for Quintile 4 (i.e., Quintile 5 performance).

Computation of Final Number of Shares in Award		S&P P&FP	NAREIT
1	Determine Rayonier's TSR quintile performance ranking for each Index.	Quintile 1	Quintile 2
2	Apply Target Award Payout Percentage to Rayonier's quintile ranking against Target Share Award.	175%	137.5%
3	Calculate the number of shares based on each quintile ranking.	8,750	6,875
4	Calculate the 2006 weighted average number of shares for each Index.	5,834	2,291
5	Total the result for each Index to compute Total Performance Shares to be awarded.	8,125	