

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 JUNE 30, 2000

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 13-260732950 North Laura Street, Jacksonville, FL 32202
(Principal Executive Office)

Telephone Number: (904) 357-9100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES (X) NO ()

As of July 31, 2000, there were outstanding 27,207,040 Common Shares of the Registrant.

RAYONIER INC.
FORM 10-Q
JUNE 30, 2000

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following unaudited financial statements reflect, in the opinion of Rayonier Inc. and subsidiaries (Rayonier or the Company), all adjustments (which include only 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 1999 Annual Report on Form 10-K.

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME
(UNAUDITED)
(THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

	Three Months Ended June 30, -----		Six Months Ended June 30, -----	
	2000 -----	1999 -----	2000 -----	1999 -----
SALES	\$ 283,552	\$ 258,023	\$ 572,707	\$ 484,419
Costs and expenses				
Cost of sales	225,922	215,198	452,062	403,879
Selling and general expenses	9,416	9,785	19,352	19,250
Other operating expense (income), net	948	(711)	2,521	(1,905)
	----- 236,286	----- 224,272	----- 473,935	----- 421,224
OPERATING INCOME	47,266	33,751	98,772	63,195
Interest expense	(21,612)	(7,683)	(44,402)	(15,387)
Miscellaneous (expense) income, net	(790)	(233)	(623)	481
Gains from sale of assets	-	-	23,147	-
Income before income taxes	----- 24,864	----- 25,835	----- 76,894	----- 48,289
Income tax expense	(7,433)	(8,758)	(23,990)	(16,082)
NET INCOME	----- \$ 17,431	----- \$ 17,077	----- \$ 52,904	----- \$ 32,207
EARNINGS PER COMMON SHARE				
Basic	\$ 0.64	\$ 0.62	\$ 1.93	\$ 1.16
Diluted	\$ 0.63	\$ 0.60	\$ 1.90	\$ 1.14

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

ASSETS

	June 30, 2000	December 31, 1999
	-----	-----
CURRENT ASSETS		
Cash and short-term investments	\$ 14,416	\$ 12,265
Accounts receivable, less allowance for doubtful accounts of \$4,831 and \$4,859	112,957	103,535
Inventories		
Finished goods	49,786	52,984
Work in process	9,832	12,478
Raw materials	12,064	17,947
Manufacturing and maintenance supplies	21,688	21,670
Total inventories	93,370	105,079
Timber purchase agreements	36,987	30,477
Other current assets	13,416	11,107
Deferred income taxes	8,073	9,143
Total current assets	279,219	271,606
	-----	-----
OTHER ASSETS	65,746	77,094
TIMBER PURCHASE AGREEMENTS	10,363	7,816
TIMBER, FORESTLANDS AND LOGGING ROADS, NET OF DEPLETION AND AMORTIZATION	1,217,666	1,247,547
PROPERTY, PLANT AND EQUIPMENT, NET		
Land, buildings, machinery and equipment	1,351,427	1,333,789
Less accumulated depreciation	695,595	657,625
	655,832	676,164
	-----	-----
TOTAL ASSETS	\$ 2,228,826	\$ 2,280,227
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 74,213	\$ 74,035
Bank loans and current maturities	2,734	3,248
Accrued taxes	26,133	15,148
Accrued payroll and benefits	22,803	22,405
Accrued interest	11,989	11,160
Other current liabilities	38,114	48,895
Current reserves for dispositions and discontinued operations	19,573	18,980
Total current liabilities	195,559	193,871
DEFERRED INCOME TAXES	129,029	123,458
LONG-TERM DEBT	1,050,245	1,132,930
NON-CURRENT RESERVES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS	144,038	149,551
OTHER NON-CURRENT LIABILITIES	31,430	27,517
SHAREHOLDERS' EQUITY		
Common shares, 60,000,000 shares authorized, 27,231,040 and 27,407,094 shares issued and outstanding	52,928	60,518
Retained earnings	625,597	592,382
	678,525	652,900
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,228,826	\$ 2,280,227
	=====	=====

RAYONIER INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(UNAUDITED)
(THOUSANDS OF DOLLARS)

	Six Months Ended June 30,	
	2000	1999
OPERATING ACTIVITIES		
Net income	\$ 52,904	\$ 32,207
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	73,388	50,124
Deferred income taxes	4,839	5,663
Gains from sale of assets	(23,147)	-
Non-cash cost of land sales	1,215	2,878
Increase in other non-current liabilities	3,913	1,584
Change in accounts receivable, inventories and accounts payable	1,250	5,730
Increase in current timber purchase agreements	(6,510)	(2,138)
Increase in other current assets	(2,309)	(348)
Increase in accrued liabilities	1,431	7,866
	-----	-----
CASH PROVIDED BY OPERATING ACTIVITIES	106,974	103,566
	-----	-----
INVESTING ACTIVITIES		
Capital expenditures	(47,420)	(43,453)
Sales, retirements and reclassifications of property, plant and equipment, net	(2,011)	(311)
Expenditures for dispositions and discontinued operations, net of tax benefits of \$1,802 and \$2,773	(3,118)	(4,798)
Proceeds from sale of assets, net of cash costs	49,403	-
Change in timber purchase agreements and other assets	8,801	1,500
	-----	-----
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	5,655	(47,062)
	-----	-----
FINANCING ACTIVITIES		
Issuance of debt	55,549	99,861
Repayments of debt	(138,748)	(137,436)
Dividends paid	(19,652)	(17,244)
Repurchase of common shares	(9,350)	(5,600)
Issuance of common shares	1,723	2,997
	-----	-----
CASH USED FOR FINANCING ACTIVITIES	(110,478)	(57,422)
	-----	-----
CASH AND SHORT-TERM INVESTMENTS		
Increase (decrease) in cash and short-term investments	2,151	(918)
Balance at beginning of period	12,265	6,635
	-----	-----
Balance at end of period	\$ 14,416	\$ 5,717
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 43,574	\$ 14,132
	=====	=====
Income taxes	\$ 11,208	\$ 4,622
	=====	=====

RAYONIER INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)
 (THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)

1. 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 six months ended June 30, 2000 and 1999.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
Net income	\$ 17,431	\$ 17,077	\$ 52,904	\$ 32,207
	=====	=====	=====	=====
Shares used for determining basic earnings per common share	27,324,476	27,785,931	27,357,419	27,796,186
Dilutive effect of				
Stock options	192,293	307,947	193,325	269,111
Contingent shares	360,000	240,000	360,000	240,000
	-----	-----	-----	-----
Shares used for determining diluted earnings per common share	27,876,769	28,333,878	27,910,744	28,305,297
	=====	=====	=====	=====
Basic earnings per common share	\$ 0.64	\$ 0.62	\$ 1.93	\$ 1.16
	=====	=====	=====	=====
Diluted earnings per common share	\$ 0.63	\$ 0.60	\$ 1.90	\$ 1.14
	=====	=====	=====	=====

2. GAINS FROM SALE OF ASSETS

From time to time, Rayonier opportunistically sells non-strategic assets to monetize portions of its asset base. In March 2000, Rayonier sold approximately 57,000 acres of Southeastern U.S. forestland to various third parties for \$49.6 million, resulting in a pre-tax gain of \$23.1 million (\$14.4 million after tax, or \$0.51 per diluted common share). The proceeds of these sales were used to reduce debt.

3. RECLASSIFICATIONS

Certain reclassifications of the prior year amounts have been made to conform with the current year presentation.

SEGMENT INFORMATION

Rayonier operates in two major business segments, Timber and Wood Products and Specialty Pulp Products. The Timber and Wood Products segment includes two reportable business units, Forest Resources and Trading and Wood Products. Chemical Cellulose and Fluff and Specialty Paper Pulps are product lines within the Specialty Pulp Products segment.

The amounts and relative contributions to sales and operating income attributable to each of Rayonier's reportable business units for the three months and six months ended June 30, 2000 and 1999 were as follows (thousands of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
SALES				
Timber and Wood Products				
Forest Resources and Trading	\$ 116,746	\$ 119,102	\$ 241,315	\$ 219,144
Wood Products	31,660	32,786	63,299	57,414
Total Timber and Wood Products	148,406	151,888	304,614	276,558
Specialty Pulp Products				
Chemical Cellulose	74,073	69,945	148,852	132,785
Fluff and Specialty Paper Pulps	61,070	36,296	119,433	75,325
Total Specialty Pulp Products	135,143	106,241	268,285	208,110
Intersegment Eliminations	3	(106)	(192)	(249)
Total Sales	\$ 283,552	\$ 258,023	\$ 572,707	\$ 484,419
OPERATING INCOME (LOSS)				
Timber and Wood Products				
Forest Resources and Trading	\$ 32,849	\$ 29,892	\$ 74,514	\$ 58,409
Wood Products	(2,736)	1,964	(4,133)	1,063
Total Timber and Wood Products	30,113	31,856	70,381	59,472
Specialty Pulp Products	21,008	6,156	38,509	12,022
Corporate and Other	(3,855)	(4,261)	(10,118)	(8,299)
Total Operating Income	\$ 47,266	\$ 33,751	\$ 98,772	\$ 63,195

RESULTS OF OPERATIONS

SALES AND OPERATING INCOME (LOSS)

Sales for the second quarter of 2000 were \$284 million, \$26 million above prior year, primarily due to higher U.S. Southeast timber harvest volumes and stronger Specialty Pulp Products markets. Sales for the six months ended June 30, 2000 of \$573 million were \$89 million higher than the prior year, due to increases in the Specialty Pulp Products segment, primarily the result of higher prices and volumes, as well as increases in the Timber and Wood Products segment, primarily the result of increased log trading activity and timber harvesting in both the Southeast and the Northwest U.S. regions.

Operating income for the second quarter of 2000 of \$47 million was \$14 million above prior year, and operating income for the six months ended June 30, 2000 of \$99 million was \$36 million above prior year. Specialty Pulp Products operating results for both periods increased due to higher volumes, higher prices and lower costs. Timber and Wood Products results declined in the second quarter compared to the prior year due primarily to lower lumber pricing. However, the unusually strong Northwest U.S. harvest during the first quarter resulted in greater operating income for the six months ended June 30, 2000 when compared to the prior year.

TIMBER AND WOOD PRODUCTS

Timber and Wood Products sales for the second quarter of 2000 were \$148 million, \$4 million below prior year, although sales for the six months ended June 30, 2000 were \$28 million above prior year, at \$305 million. Operating income for the second quarter of 2000 of \$30 million was \$2 million below prior year. However, operating income for the six months ended June 30, 2000 was \$11 million above prior year, at \$70 million.

FOREST RESOURCES AND TRADING

Forest Resources and Trading sales for the second quarter of 2000 were \$117 million, \$2 million below prior year. Higher Southeast U.S. timber volumes were more than offset by lower Northwest U.S. timber volumes, which had been unusually strong in first quarter 2000. For the six months ended June 30, 2000, sales were \$241 million, \$22 million above prior year. The sales improvement was the result of unusually strong first quarter 2000 Northwest U.S. timber volumes and higher prices, increased volumes in the Southeast U.S. resulting from the Smurfit forestlands acquisition, and higher log trading activity in U.S. markets. These improvements in sales were partially offset by lower timber prices in the Southeast U.S.

Operating income for the second quarter of 2000 was \$33 million, \$3 million above prior year, and \$75 million for the six months ended June 30, 2000, \$16 million above prior year. The increases were primarily a result of the strong Northwest U.S. timber sales activity in first quarter of 2000. Second quarter 2000 results were also adversely affected by \$0.8 million in additional foreign exchange translation losses compared to the prior year and by \$0.4 million due to the write off of fire-damaged, pre-merchantable timber.

WOOD PRODUCTS

Wood Products sales for the second quarter of 2000 were \$32 million, \$1 million below prior year, although for the six months ended June 30, 2000 sales were \$63 million, \$6 million above prior year. Operating losses of \$3 million and \$4 million for the second quarter of 2000 and six months ended June 30, 2000, respectively, were both \$5 million below prior year results. The lower operating income is attributable to lower lumber pricing and higher logs costs, partially offset by continued operating and price improvements at the New Zealand medium-density-fiberboard (MDF) plant.

SPECIALTY PULP PRODUCTS

Sales of Specialty Pulp Products for the second quarter of 2000 were \$135 million, \$29 million above prior year, due to stronger fluff pulp pricing and higher pulp volumes, and for the six months ended June 30, 2000, sales were \$268 million, \$60 million above prior year. Operating income of \$21 million and \$39 million for the second quarter of 2000 and six months ended June 30, 2000, respectively, were \$15 million and \$27 million above prior year. Second quarter 2000 fluff and specialty paper pulp prices were 28 percent higher than prior year, while overall volumes for chemical cellulose, and fluff and specialty paper pulps were 20 percent higher. For the six months ended June 30, 2000, fluff and specialty paper pulp prices were 25 percent higher, while chemical cellulose and fluff and specialty paper pulp volumes increased 21 percent.

CORPORATE AND OTHER

Corporate and other costs for the second quarter of 2000 were \$3.9 million, \$0.4 million below prior year, due to lower general administrative costs. However, corporate and other expenses for the six months ended June 30, 2000 of \$10.1 million were \$1.8 million above prior year, principally as a result of costs associated with the headquarters relocation from Stamford, CT to Jacksonville, FL, partially offset by lower general administrative costs. The relocation is essentially complete, on schedule and under budget.

INTEREST EXPENSE

Interest expense of \$22 million and \$44 million for the second quarter of 2000 and the six months ended June 30, 2000, respectively, were \$14 million and \$29 million above prior year, reflecting higher debt levels associated with the Smurfit forestland acquisition and slightly higher interest rates.

MISCELLANEOUS (EXPENSE) INCOME, NET

Miscellaneous (expense) income for the second quarter of 2000 was \$(0.8) million compared to \$(0.2) million in the prior year, and \$(0.6) million for the six months ended June 30, 2000 compared to \$0.5 million for the six months ended June 30, 1999. The increased expense for both the second quarter of 2000 and the six months ended June 30, 2000 reflect losses on the mark-to-market of foreign exchange forward contracts.

GAINS FROM SALES OF ASSETS

In March 2000, Rayonier sold approximately 57,000 acres of non-strategic Southeast U.S. forestland to various third parties for \$49.6 million, resulting in a pre-tax gain of \$23.1 million (\$14.4 million after tax, or \$0.51 per diluted common share). The proceeds of these sales were used to reduce debt.

INCOME TAX EXPENSE

The effective tax rate was 29.9 percent for the second quarter of 2000 and 31.2 percent for the six months ended June 30, 2000, compared to 33.9 percent and 33.3 percent for the corresponding periods in the prior year. The lower tax rates in 2000 reflect the impact of increased foreign sales corporation tax benefits. The effective tax rates continue to be below U.S. statutory rates, resulting from the lower tax rates in effect for foreign subsidiaries and various tax credits.

NET INCOME

Net income for the second quarter of 2000 was \$17.4 million, or \$0.63 per diluted common share, compared to \$17.1 million, or \$0.60 per diluted common share, for the second quarter of 1999. Net income for the six months ended June 30, 2000 was \$52.9 million, or \$1.90 per diluted common share, compared to \$32 million, or \$1.14 per diluted common share, for the six months ended June 30, 1999. Net income for the six months ended June 30, 2000 included \$14.4 million, or \$0.51 per diluted common share, reflecting gains from the sale of non-strategic forestland.

Specialty pulp markets are continuing to strengthen reflecting a tight supply and demand balance, while New Zealand timber and MDF conditions are stable to improving. As a result, full year 2000 net income is expected to be better than in 1999, despite the timberland acquisition financing costs. However, results for the third quarter of 2000 are expected to be somewhat lower than both the second quarter of 2000 and the third quarter of 1999. In the third quarter, improving pulp markets are expected to only partially offset the combined effect of a lower U.S. Northwest harvest due to the seasonal slowdown in Northwest timber harvests and the unusually strong harvest that took place in the first quarter of 2000.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operating activities of \$107 million for the six months ended June 30, 2000 increased \$3 million from 1999, primarily as a result of improvements in net income, partially offset by working capital requirements. Cash flow provided by investing activities for the six months ended June 30, 2000 was \$6 million, primarily the result of monetizing certain non-strategic forestlands and reduced timber purchase agreements. EBITDA (defined as earnings from continuing operations before significant non-recurring items, provision for dispositions, interest expense, income taxes, depreciation, depletion and amortization and the non-cash cost of land sales) for the three months and six months ended June 30, 2000 was \$83 million and \$173 million, respectively, \$26 million and \$56 million higher, respectively, than the prior year. Cash from operating activities were used to finance capital expenditures of \$47 million, dividends of \$20 million and the repurchase of common shares for \$9 million.

The Company repurchased 142,900 of its shares during the second quarter of 2000 at an average cost of \$40.64 for a total of \$6 million, and 228,500 shares during the six months ended June 30, 2000 at an average cost of \$40.92 for a total of \$9 million. During the second quarter of 1999 and the six months ended June 30, 1999, the Company repurchased 86,900 and 124,300 shares, at average costs of \$46.92 and \$45.05 per share for \$4 million and \$6 million, respectively.

At June 30, 2000, debt was \$1,053 million and the debt-to-capital ratio was 60.8 percent, compared to debt of \$1,136 million and a debt-to-capital ratio of 63.5 percent at December 31, 1999. Excluding U.S. timberland external debt, corporate debt was \$323 million, a reduction of \$96 million from December 31, 1999 and \$129 million from June 30, 1999. The Company has unsecured credit facilities totaling \$300 million, which were used as support for \$45 million of outstanding commercial paper. As of June 30, 2000, Rayonier (excluding U.S. timberland revolving credit facilities) had \$255 million available under its revolving credit facilities.

In connection with the financing of the Smurfit forestland acquisition, Rayonier Timberlands Operating Company, L.P. (RTOC), a wholly-owned limited partnership, issued notes totaling \$485 million, and entered into an agreement with a group of banks that provided RTOC with an unsecured term loan of \$200 million and revolving credit facilities totaling \$75 million, which expire in 2004.

As of June 30, 2000 and December 31, 1999, RTOC's outstanding external debt was \$730 million and \$717 million, respectively. RTOC had \$30 million of available borrowings under its revolving credit facilities as of June 30, 2000.

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.

SAFE HARBOR

Comments about market trends, anticipated earnings and future activities in 2000 and beyond, are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Changes in 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; interest rate and currency movements; fluctuations in demand for specialty chemical cellulose and fluff pulps, 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 specialty pulps, particularly for raw materials such as wood and chemicals; and governmental policies and regulations affecting the environment, import and export controls, and taxes.

ITEM 3. SELECTED OPERATING DATA

	Three Months Ended June 30, -----		Six Months Ended June 30, -----	
	2000 ----	1999 ----	2000 ----	1999 ----
TIMBER AND WOOD PRODUCTS				
Log trading sales volume				
North America, in millions of board feet	62	45	124	75
New Zealand, in thousands of cubic meters	305	319	549	591
Other, in thousands of cubic meters	86	162	205	272
Timber sales volume				
Northwest U.S., in millions of board feet	64	67	154	132
Southeast U.S., in thousands of short green tons	1,137	598	2,136	1,131
New Zealand, in thousands of cubic meters	289	321	542	591
Lumber sales volume, in millions of board feet	70	68	135	124
Medium-density fiberboard sales volume, in thousands of cubic meters	39	31	76	58
Intercompany timber sales volume				
Northwest U.S., in millions of board feet	19	8	39	18
Southeast U.S., in thousands of short green tons	11	4	23	11
New Zealand, in thousands of cubic meters	154	148	263	269
SPECIALTY PULP PRODUCTS				
Pulp sales volume				
Chemical cellulose, in thousands of metric tons	89	81	178	155
Fluff and specialty paper pulp, in thousands of metric tons	91	69	185	146
Production as a percent of capacity	101.1%	87.0%	102.6%	94.0%

SELECTED SUPPLEMENTAL FINANCIAL DATA
(thousands of dollars, except per share data)

	Three Months Ended June 30, -----		Six Months Ended June 30, -----	
	2000 -----	1999 -----	2000 -----	1999 -----
GEOGRAPHICAL DATA (NON-U.S.)				
Sales				
New Zealand	\$ 23,559	\$ 21,521	\$ 42,853	\$ 39,805
Other	12,859	11,101	23,997	21,083
Total	<u>\$ 36,418</u>	<u>\$ 32,622</u>	<u>\$ 66,850</u>	<u>\$ 60,888</u>
Operating income (loss)				
New Zealand	\$ (355)	\$ (1,068)	\$ (1,464)	\$ (2,703)
Other	307	38	267	(268)
Total	<u>\$ (48)</u>	<u>\$ (1,030)</u>	<u>\$ (1,197)</u>	<u>\$ (2,971)</u>
FOREST RESOURCES				
Sales				
Northwest U.S.	\$ 21,701	\$ 23,716	\$ 55,999	\$ 47,582
Southeast U.S.	27,150	14,754	54,492	31,696
New Zealand	5,611	7,430	10,169	12,792
Total	<u>\$ 54,462</u>	<u>\$ 45,900</u>	<u>\$ 120,660</u>	<u>\$ 92,070</u>
Operating income				
Northwest U.S.	\$ 17,409	\$ 18,704	\$ 47,038	\$ 37,270
Southeast U.S.	11,902	10,532	24,787	22,995
New Zealand	1,660	2,467	2,782	3,465
Total	<u>\$ 30,971</u>	<u>\$ 31,703</u>	<u>\$ 74,607</u>	<u>\$ 63,730</u>
EBITDA per share				
Northwest U.S.	\$ 0.66	\$ 0.70	\$ 1.77	\$ 1.39
Southeast U.S.	0.85	0.47	1.71	1.01
New Zealand	0.17	0.21	0.31	0.35
Total	<u>\$ 1.68</u>	<u>\$ 1.38</u>	<u>\$ 3.79</u>	<u>\$ 2.75</u>

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of the Company was held on May 18, 2000. At that meeting, three directors were elected as follows (there were no broker non-votes with respect to the election of directors):

	Votes For -----	Votes Withheld -----
Director of Class III, Term Expires in 2003:		
Rand V. Araskog	23,724,109	109,208
W. Lee Nutter	23,747,958	85,359
Nicholas L. Trivisonno	23,748,335	84,982

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) See Exhibit Index.
- (b) Rayonier Inc. did not file a report on Form 8-K during the quarter covered by this report.

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 /s/ GEORGE C. KAY
George C. Kay
Vice President and
Corporate Controller
(Chief Accounting Officer)

August 10, 2000

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	Material Contracts	None
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
27	Financial data schedule	Filed herewith
99	Additional exhibits	None

RAYONIER INC. AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)
(THOUSANDS OF DOLLARS)

	Six Months Ended June 30, -----	
	2000	1999
Earnings:		
Net Income	\$ 52,904	\$ 32,207
Add:		
Income Taxes	23,990	16,082
Amortization of Capitalized Interest	1,154	1,184
	-----	-----
Additions to Net Income	25,144	17,266
	-----	-----
Adjustments to Earnings for Fixed Charges:		
Interest and Other Financial Charges	44,402	15,387
Interest Factor Attributable to Rentals	685	875
	-----	-----
Adjustments for Fixed Charges	45,087	16,262
	-----	-----
EARNINGS AS ADJUSTED	\$ 123,135	\$ 65,735
	=====	=====
Fixed Charges:		
Fixed Charges above	\$ 45,087	\$ 16,262
Capitalized Interest	-	150
	-----	-----
TOTAL FIXED CHARGES	\$ 45,087	\$ 16,412
	=====	=====
RATIO OF EARNINGS AS ADJUSTED TO TOTAL FIXED CHARGES	2.73	4.01
	=====	=====

5
1,000

6-MOS

DEC-31-2000	
JAN-01-2000	
JUN-30-2000	14,416
	0
	117,788
	4,831
	93,370
	279,219
	1,351,427
	695,595
	2,228,826
195,559	1,050,245
0	0
	52,928
	625,597
2,228,826	
	572,707
	452,062
	21,873
	0
	44,402
	76,894
	23,990
52,904	0
	0
	0
	52,904
	1.93
	1.90