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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): 01/07/2011**

**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.)

**1301 Riverplace Boulevard**  
**Jacksonville, Florida**  
**32207**  
(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 7.01. Regulation FD Disclosure**

On January 7, 2011, Rayonier Inc. issued a press release announcing that its Board of Directors recently authorized management to proceed with the final analysis on the potential conversion of the existing fluff pulp fiber line at its Jesup, Ga., mill to produce high purity cellulose specialties pulps. The analysis will include market assessment, detailed design and engineering and cost estimates. The Company expects the analysis will be completed by mid-year 2011, when the Board is expected to make a final decision on the project. If approved, the converted line would be scheduled to begin production in 2013.

A copy of the Company's press release is furnished herewith as Exhibit 99.1. This information shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

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**SIGNATURES**

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: January 07, 2011

By: /s/ Hans E. Vanden Noort

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

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
EX-99.1	Cellulose Specialties Expansion Final Analysis Approved by Rayonier Board

# News Release

## Contacts:

Investors Carl Kraus 904-357-9158

Media Robin Keegan 904-357-9194

## **Cellulose Specialties Expansion Final Analysis Approved by Rayonier Board**

JACKSONVILLE, Fla., Jan. 7, 2011 - Rayonier today announced its board of directors recently authorized management to proceed with the final analysis on the potential conversion of the existing fluff pulp fiber line at its Jesup, Ga., mill to produce high purity cellulose specialties pulps. The analysis will include market assessment, detailed design and engineering and cost estimates.

The company expects the analysis will be completed by mid-year 2011, when the board is expected to make a final decision on the project. If approved, the converted line would be scheduled to begin production in 2013.

Rayonier, the global leader in the production of high performance cellulose specialties fibers, anticipates that markets will continue to grow, resulting in ongoing strong, world-wide demand. The company's current cellulose specialties capacity of 485,000 metric tons is sold out and the addition of the new line would raise the total cellulose specialties capacity to 675,000 metric tons.

"We are meeting with our current and potential customers, and expect to receive commitments for most of this additional volume," said Lee Thomas, chairman and chief executive officer.

"The board's action speaks to our continued commitment to the Performance Fibers business," Thomas continued. "The business is a vital contributor to our balanced business mix and is expected to continue to play a crucial role in our financial performance."

Our cellulose specialties fibers, which include acetates, ethers and high-strength viscose, are used in the manufacturing of products like filters, LCD screens, pharmaceuticals, food additives, paints, tire cords and sausage casings.

## **About Rayonier**

*Rayonier is a leading international forest products company with three core businesses: Timber, Real Estate and Performance Fibers. The company owns, leases or manages 2.4 million acres of timber and land in the United States and New Zealand. The company's holdings include approximately 200,000 acres with residential and commercial development potential along the Interstate 95 corridor between Savannah, Ga., and Daytona Beach, Fla. Its Performance Fibers business is one of the world's leading producers of high-value specialty cellulose fibers. Approximately 45 percent of the company's sales are outside the U.S. to customers in approximately 40 countries. Rayonier is structured as a real estate investment trust. More information is available at [www.rayonier.com](http://www.rayonier.com).*

Certain statements in this release regarding anticipated outcomes, including future decisions to proceed or not with the described project, business and market conditions, expectations of demand for our products, anticipated timing of decisions and commencement of construction and production, and other similar statements relating to the potential project described in this release, 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 events or performance and undue reliance should not be placed on these statements.

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.

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