

RAYONIER INC.

Charter of the Compensation and Management Development Committee

I. General

The Compensation and Management Development Committee (hereinafter the “Committee”) of the Board of Directors of Rayonier Inc (the Company) is the administrator of the compensation and benefits programs for all employees of the Company with overall authority to establish and interpret the terms of the Company’s salary and incentive programs. The goal of these programs is to attract and retain highly qualified individuals with skills suited to the needs of the Company and to appropriately motivate and reward performance that will lead to enhancement of shareholder value in an increasingly competitive business environment.

II. Purpose

The purpose of the Committee shall be: (a) to discharge the Board of Director’s responsibilities relating to compensation and benefits of Company employees and in particular relating to the compensation of the Company’s executive officers and senior managers; (b) to assist the Board of Directors in overseeing management development and succession planning; and (c) to prepare and publish an annual report on executive compensation in the Company’s annual proxy statement filed with the Securities and Exchange Commission, in accordance with applicable rules and regulations.

III. Committee Membership

The Committee shall consist of no fewer than three (3) members appointed annually by the Board of Directors, in conjunction with its Nominating and Corporate Governance Committee. The members of the Committee shall meet the independence requirements of the New York Stock Exchange and the Board of Directors and such other requirements as may be provided by applicable law with respect to the Committee’s functions. Directors serving on the Committee shall have sufficient knowledge and familiarity in the area of compensation practices and policies to discharge the duties and responsibilities of the Committee.

One of the members of the Committee shall be designated by the Board of Directors to be Chairman. Committee members may be removed by the Board of Directors at any time.

IV. Meetings

The Committee shall meet as often as it determines, but not less frequently than four times per year. The Chairman shall chair all regular sessions of the Committee and set the agendas for the Committee meetings.

V. **Committee Authority and Responsibilities**

The Committee shall have the authority to delegate its responsibilities to subcommittees (consisting of one or more members of the Committee) as the Committee deems appropriate. (The supervision of investment advisors with respect to ERISA qualified Plans sponsored by the Company and for which funds are held in trust for the benefit of participants has been delegated to the Finance Committee.)

The Committee shall have sole authority to retain and terminate such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall make regular reports to the Board of Directors. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval. The Committee shall annually review the Committee's own performance and report to the Board of Directors on its evaluation.

In furtherance of its purpose, the Committee, as necessary or appropriate, shall:

Executive and Employee Compensation

Review and approve compensation arrangements for executives and review and approve all agreements with executives related to executive compensation, retention or other aspects of their employment relationship with the Company.

Review and approve compensation, perquisite, retirement and insured benefit programs for the Company and its subsidiary companies, and make recommendations to the Board of Directors with respect to incentive compensation plans and equity-based plans requiring its approval.

Consult with the independent members of the Board of Directors with respect to compensation for executives who are the subject of annual proxy statement disclosure. Approve, or recommend to the Board of Directors as the circumstances require, such matters as are specifically provided for by Company plans, such as the annual goals and objectives and the total amount of monies available, for the Company pursuant to the incentive compensation plan for elected officers.

Review and approve the compensation and benefits of all executive officers of the Company, considering, among other factors, individual, business unit and company strategic progress and performance relative to prior years' results, economic and business conditions, annual and long-term goals, and comparative and competitive pay and performance levels.

Review and recommend to the Board of Directors the election and advancement of officers and establish their applicable salary grade.

Perform such other functions as may be appropriate to undertake from time to time or as delegated by the Board of Directors.

CEO Compensation

1. Establish and implement an evaluation process for the Chief Executive Officer.
2. Establish, review and approve annual and long-term corporate and individual performance goals and objectives relevant to Chief Executive Officer compensation, evaluate the performance of the Chief Executive Officer in light of those goals and objectives, and set the compensation level of the Chief Executive Officer based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider (among other factors at the discretion of the Committee) the performance and relative shareholder return for the Company, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the Chief Executive Officer in past years.
3. Report on the foregoing to the independent members of the Board of Directors.

Management Development and Continuity

1. Review and monitor management development and succession plans for the Chief Executive Officer, in consultation with the Nominating and Corporate Governance Committee.
2. Recommend to the Board of Directors the individual who should assume the position of CEO if that position becomes vacant due to unforeseen circumstances.
3. Review and monitor management development and succession plans for the other executive officers of the Company.

Other Matters

1. Prepare and publish an annual report on executive compensation in the Company's annual proxy statement filed with the Securities and Exchange Commission, in accordance with applicable rules and regulations.
2. The Committee shall review such other matters within the scope of its responsibilities as the Committee shall determine from time to time, and make such recommendations to the Board of Directors with respect thereto as the Committee deems appropriate.

Effective July 18, 2003.