

RAYONIER INC
Form DEF 14A
March 31, 2008
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

RAYONIER INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: RAYONIER INC - Form DEF 14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Corporate Headquarters

March 31, 2008

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders on Thursday, May 15, 2008, at the Omni Jacksonville Hotel, 245 Water Street, Jacksonville, Florida, at 4:00 p.m. local time. On the following pages we describe in the Notice of Annual Meeting and Proxy Statement the matters you will be asked to vote on at the Annual Meeting.

This year, we are pleased to take advantage of the new Securities and Exchange Commission rules allowing us to furnish our proxy materials to you over the Internet. We believe this allows us to provide the information you need in a more timely and efficient manner.

As always, your vote is very important. I urge you to vote on the Internet, by telephone or by mail in order to be certain your shares are represented at the meeting, even if you plan to attend.

Sincerely yours,

LEE M. THOMAS

Chairman, President and Chief Executive Officer

Rayonier Inc.

50 North Laura Street

Jacksonville, FL 32202

Telephone (904) 357-9100

Fax (904) 357-9101

Table of Contents

Corporate Headquarters

March 31, 2008

NOTICE OF 2008 ANNUAL MEETING

Notice is hereby given that the 2008 Annual Meeting of the Shareholders of Rayonier Inc., a North Carolina corporation, will be held at the Omni Jacksonville Hotel, 245 Water Street, Jacksonville, Florida on Thursday, May 15, 2008 at 4:00 p.m. local time, for the purposes of:

- 1) electing three Class II directors to terms expiring in 2011 and one Class III director to a term expiring in 2009;
 - 2) consideration and approval of the Rayonier Incentive Stock Plan;
 - 3) consideration and approval of the Rayonier Non-Equity Incentive Plan;
 - 4) ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2008;
 - 5) acting on one shareholder proposal described in the attached Proxy Statement; and
 - 6) acting upon such other matters as may properly come before the meeting.
- All Rayonier shareholders of record at the close of business on March 17, 2008 are entitled to vote at the meeting.

We urge you to vote your shares over the Internet, by telephone or through the mail at the earliest convenience.

Rayonier Inc.

50 North Laura Street

W. EDWIN FRAZIER, III
*Senior Vice President, Chief Administrative Officer
and Corporate Secretary*

Jacksonville, FL 32202

Telephone (904) 357-9100

Fax (904) 357-9101

Table of Contents

TABLE OF CONTENTS

<u>GENERAL INFORMATION ABOUT THIS PROXY STATEMENT AND THE ANNUAL MEETING</u>	1
<u>Distribution and Electronic Availability of Proxy Materials</u>	1
<u>QUESTIONS AND ANSWERS</u>	1
<u>ITEM 1 ELECTION OF DIRECTORS</u>	5
<u>Information As To Nominees For Election To The Board Of Directors</u>	5
<u>Information As To Other Directors</u>	6
<u>CORPORATE GOVERNANCE</u>	8
<u>Corporate Governance Principles</u>	8
<u>Director Independence</u>	8
<u>Committees Of The Board Of Directors</u>	8
<u>Non-Employee Director Meetings And Presiding Director</u>	10
<u>Director Attendance At Annual Meeting of Shareholders</u>	10
<u>Communications With The Board</u>	10
<u>Director Nomination Process</u>	10
<u>Submission Of Director Nominations By Shareholders</u>	10
<u>Related Person Transactions</u>	11
<u>Standard Of Ethics And Code Of Corporate Conduct</u>	11
<u>Compensation Committee Interlocks And Insider Participation: Processes And Procedures</u>	11
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	12
<u>Overview Of Compensation Program</u>	12
<u>Setting Executive Compensation</u>	13
<u>Components Of Executive Compensation For 2007</u>	15
<u>Aggregate 2007 Executive Compensation Positioning</u>	21
<u>Retirement Plans And Programs</u>	21
<u>Executive Severance Pay Plan</u>	22
<u>Perquisites And Personal Benefits</u>	22
<u>Other Matters</u>	23
<u>2008 Compensation Decisions</u>	23
<u>Report Of The Compensation And Management Development Committee</u>	23
<u>SUMMARY COMPENSATION TABLE</u>	24
<u>GRANTS OF PLAN-BASED AWARDS</u>	26
<u>OUTSTANDING EQUITY AWARDS AT FISCAL-YEAR END</u>	28
<u>OPTION EXERCISES AND STOCK VESTED</u>	30
<u>PENSION BENEFITS</u>	30
<u>NONQUALIFIED DEFERRED COMPENSATION</u>	32
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u>	34

Table of Contents

<u>DIRECTOR COMPENSATION</u>	36
<u>Cash Compensation Paid To Non-Employee Directors</u>	36
<u>Annual Equity Awards</u>	36
<u>Other Fees</u>	36
<u>Other Compensation And Benefits</u>	36
<u>Director Compensation Table</u>	37
<u>SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	38
<u>SHARE OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	39
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	39
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	40
<u>ITEM 2 PROPOSAL TO APPROVE THE RAYONIER INCENTIVE STOCK PLAN</u>	40
<u>ITEM 3 PROPOSAL TO APPROVE THE RAYONIER NON-EQUITY INCENTIVE PLAN</u>	46
<u>ITEM 4 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	49
<u>REPORT OF THE AUDIT COMMITTEE</u>	49
<u>Audit Committee Financial Expert</u>	50
<u>Information Regarding Independent Registered Public Accounting Firm</u>	50
<u>ITEM 5 SHAREHOLDER PROPOSAL REQUESTING THE BOARD TO TAKE THE STEPS NECESSARY TO ELIMINATE ITS CLASSIFIED STRUCTURE</u>	51
<u>MISCELLANEOUS</u>	53
<u>Annual Report</u>	53
<u>Delivery Of Materials To Shareholders Sharing An Address</u>	53
<u>RAYONIER INCENTIVE STOCK PLAN</u>	A-1
<u>RAYONIER NON-EQUITY INCENTIVE PLAN</u>	B-1
<u>RAYONIER AUDIT COMMITTEE POLICIES AND PROCEDURES</u>	C-1

Table of Contents

PROXY STATEMENT

Annual Meeting of Rayonier Shareholders

Thursday, May 15, 2008

The 2008 Annual Meeting of Shareholders of Rayonier Inc. will be held on May 15, 2008, for the purposes set forth in the accompanying Notice of 2008 Annual Meeting. This Proxy Statement and the accompanying proxy card are furnished in connection with the solicitation by the Board of Directors of proxies to be used at the meeting and at any adjournment of the meeting. We will refer to your company in this Proxy Statement as we, us, the Company or Rayonier.

GENERAL INFORMATION ABOUT THIS PROXY STATEMENT AND THE ANNUAL MEETING

Distribution and Electronic Availability of Proxy Materials

This year we are taking advantage of the new Securities and Exchange Commission (SEC) rules that allow companies to furnish proxy materials to shareholders via the Internet. If you received a Notice of Internet Availability of Proxy Materials (Notice) by mail, you will not receive a printed copy of the proxy materials unless you specifically request one. The Notice tells you how to access and review all of the important information contained in the Proxy Statement and our 2007 Annual Report to Shareholders, which includes the Annual Report on Form 10-K for the fiscal year ended December 31, 2007, including financial statements, as well as how to submit your proxy over the Internet. If you received the Notice and would still like to receive a printed copy of our proxy materials, simply follow the instructions for requesting these materials included in the Notice.

The 2008 Notice of Annual Meeting and Proxy Statement and the 2007 Annual Report are available at www.ProxyVote.com.

The Notice was first mailed, and these proxy solicitation materials and the Annual Report were first made available on the Internet, to all shareholders entitled to vote at the Annual Meeting on or about March 31, 2008.

QUESTIONS AND ANSWERS

Q: WHAT AM I VOTING ON?

A: You are being asked by the Company to vote on five matters: (1) the election of four directors, James H. Hance, Jr., Paul G. Kirk, Jr., V. Larkin Martin and Carl S. Sloane (more information on each nominee is included beginning on page 5); (2) approval of the Rayonier Incentive Stock Plan (the Incentive Stock Plan) (see page 40); (3) approval of the Rayonier Non-Equity Incentive Plan (the Non-Equity Incentive Plan) (see page 46); (4) ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2008 (see page 49); and (5) one shareholder proposal (see page 51). **The Board of Directors recommends that you vote FOR each of proposals (1) through (4) and that you vote AGAINST proposal (5).**

Q: WHO IS ENTITLED TO VOTE?

A: The record holder of each of the 78,402,475 shares of Rayonier common stock (Common Shares) outstanding at the close of business on March 17, 2008 is entitled to one vote for each share owned.

Table of Contents

Q: WHY DID I RECEIVE A ONE-PAGE NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS THIS YEAR INSTEAD OF A FULL SET OF PROXY MATERIALS?

A: As allowed under rules recently adopted by the SEC, we are providing access to our proxy materials and Annual Report over the Internet this year to all shareholders who have not previously indicated a preference to receive paper copies. The Notice advised you of the website where you can access the proxy materials and Annual Report, how to request a printed set of the proxy materials and Annual Report if you would like, and how to submit your proxy over the Internet.

Q: HOW DO I VOTE?

A: You can vote in any one of the following ways:

You can vote on the Internet by following the *Vote by Internet* instructions on your Notice or proxy card.

You can vote by telephone by following the *Vote by Phone* instructions on the **www.proxyvote.com** website referred to in the Notice.

If you request hard copies of the proxy solicitation materials, you can vote by mail by signing and dating your proxy card and mailing it in the provided prepaid envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If you return a signed and dated card but do not provide voting instructions, your shares will be voted in accordance with the recommendations of the Board of Directors.

You can vote in person at the Annual Meeting by delivering a completed proxy card or by completing a ballot available upon request at the meeting. However, if you hold your shares in a bank or brokerage account rather than in your own name, you must obtain a legal proxy from your stockbroker in order to vote at the meeting.

Regardless of how you choose to vote, your vote is important and we encourage you to vote promptly.

Q: IS MY VOTE CONFIDENTIAL?

A: Proxy cards, ballots and reports of Internet and telephone voting results that identify individual shareholders are mailed or returned directly to Broadridge Financial Services, Inc. (*Broadridge*), our vote tabulator, and handled in a manner that protects your privacy. Your vote will not be disclosed except:

as needed to permit Broadridge to tabulate and certify the vote;

as required by law;

if we determine that a genuine dispute exists as to the accuracy or authenticity of a proxy, ballot or vote; or

Edgar Filing: RAYONIER INC - Form DEF 14A

in the event of a proxy contest where all parties to the contest do not agree to follow our confidentiality policy.

Q: WHAT SHARES ARE COVERED BY MY NOTICE OR PROXY CARD?

A: You should have been provided a Notice or proxy card for each account in which you own Common Shares either:

directly in your name as the shareholder of record, which includes shares purchased through any of our employee benefit plans; or

indirectly through a broker, bank or other holder of record.

Table of Contents

Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE NOTICE OR PROXY CARD?

A: It means that you have multiple accounts in which you own Common Shares. **Please vote all Notices or proxy cards with control numbers that you receive to ensure that all your shares are voted.** However, for your convenience we recommend that you contact your broker, bank or our transfer agent to consolidate as many accounts as possible under a single name and address. Our transfer agent is The Bank of New York. All communications concerning shares you hold in your name, including address changes, name changes, requests to transfer shares and similar issues, can be handled by making a toll-free call to The Bank of New York at 1-800-659-0158. From outside the U.S. you may call The Bank of New York at 201-680-6685.

Q: HOW CAN I CHANGE MY VOTE?

A: You can revoke your proxy and change your vote by:

voting on the Internet or by telephone before 11:59 p.m. eastern daylight time on the day before the Annual Meeting (only your most recent Internet or telephone proxy is counted);

signing and submitting another proxy card with a later date at any time before the polls close at the Annual Meeting; or

voting again before the polls close at the Annual Meeting.

Q: HOW MANY VOTES ARE NEEDED TO HOLD THE MEETING?

A: In order to conduct the Annual Meeting, a majority of the Common Shares outstanding as of the close of business on March 17, 2008 must be present, either in person or represented by proxy. All properly submitted proxies and ballots, as well as abstentions, broker non-votes and withheld votes, will be counted as present and entitled to vote for purposes of satisfying this requirement. Broker non-votes are shares that brokerage firms and banks, as record holders of Common Shares, are not permitted by New York Stock Exchange rules to vote on certain proposals in the absence of instructions from their customers, as the beneficial owners of those Common Shares.

Q: HOW MANY VOTES ARE NEEDED TO ELECT THE NOMINEES FOR DIRECTOR?

A: The affirmative vote of the majority of the votes cast with respect to each nominee at the Annual Meeting is required to elect him or her as a director. For this proposal, a majority of the votes cast means that the number of votes **FOR** a nominee must exceed the number of votes cast **AGAINST** the nominee. Abstentions will therefore not affect the outcome of director elections. Because brokerage firms and banks are permitted to vote on the election of directors in the absence of instructions from their customers, we do not anticipate that there will be any broker non-votes with regard to the election of directors.

Q: HOW MANY VOTES ARE NEEDED TO APPROVE THE INCENTIVE STOCK PLAN?

A: The proposal to approve the Incentive Stock Plan will be approved if the number of votes cast **FOR** the proposal exceeds the number of **AGAINST** and **ABSTAIN** votes. As a result, abstentions will have the practical effect of a vote against the proposal, but broker non-votes will have no effect on the proposal.

Q: HOW MANY VOTES ARE NEEDED TO APPROVE THE NON-EQUITY INCENTIVE PLAN?

A: The proposal to approve the Non-Equity Incentive Plan will be approved if the votes cast **FOR** the proposal exceed the votes cast **AGAINST** the proposal. As a result, abstentions will not affect the outcome. We do not anticipate that there will be any broker non-votes with regard to the proposal.

Table of Contents

Q: HOW MANY VOTES ARE NEEDED TO APPROVE THE RATIFICATION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM?

A: The proposal to ratify the appointment of the Company's independent registered public accounting firm will be approved if the number of votes cast FOR the proposal exceeds the number of votes cast AGAINST it. As a result, abstentions will not affect the outcome. We do not anticipate that there will be any broker non-votes with regard to the proposal.

Q: HOW MANY VOTES ARE NEEDED TO APPROVE THE SHAREHOLDER PROPOSAL?

A: The shareholder proposal will be approved if the number of votes cast FOR the proposal exceeds the number of votes cast AGAINST it. As a result, abstentions and broker non-votes will not affect the outcome.

Q: WILL ANY OTHER MATTERS BE VOTED ON?

A: We do not expect any other matters to be considered at the Annual Meeting. However, if a matter not listed on the Notice or proxy card is legally and properly brought before the Annual Meeting by a shareholder, the proxies will vote on the matter in accordance with their judgment of what is in the best interest of Rayonier. Under the Company's bylaws, all shareholder proposals (including director nominations) must have been received by December 11, 2007 to be considered at the Annual Meeting. We have not received any other shareholder proposals or director nominations from shareholders that will be acted upon at the Annual Meeting.

Q: WHO WILL COUNT THE VOTES?

A: Representatives of Broadridge will count the votes, however submitted. A Company representative will act as inspector of elections.

Q: HOW WILL I LEARN THE RESULTS OF THE VOTING?

A: We will announce results of the voting on the five proposals at the Annual Meeting and in our Quarterly Report on Form 10-Q for the second quarter of 2008.

Q: WHO PAYS THE COST OF THIS PROXY SOLICITATION?

A: The Company pays the costs of soliciting proxies and has retained Innisfree M&A Incorporated (Innisfree) to aid in the solicitation of proxies. For these services the Company will pay Innisfree a fee of \$12,500, plus expenses. The Company will also reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of the Common Shares. Additionally, directors, officers and employees may solicit proxies on behalf of the Company by mail, telephone, facsimile, email and personal solicitation. Directors, officers and employees will not be paid additional compensation for such services.

Q: WHEN ARE SHAREHOLDER PROPOSALS FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS DUE?

Edgar Filing: RAYONIER INC - Form DEF 14A

- A:** All shareholders who wish to include a proposal in our Proxy Statement for the Annual Meeting in 2009 must provide notice by certified mail return receipt requested to Corporate Secretary, Rayonier, 50 North Laura Street, Jacksonville, Florida 32202 by no later than December 1, 2008. The notice must satisfy the requirements for shareholder proposals under the federal securities laws. Under our bylaws, this deadline also applies to any shareholder proposal sought to be considered at the 2009 Annual Meeting, not just to those sought to be included in the proxy materials. The submission of a proposal in accordance with these requirements does not guarantee that we will include the proposal in our Proxy Statement or on our proxy card. We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary at (904) 357-9100 prior to submission in order to discuss the proposal.

Table of Contents

ITEM 1 ELECTION OF DIRECTORS

The Board of Directors is responsible for establishing broad corporate policies and for overseeing management and the overall performance of the Company. The Board reviews significant developments affecting the Company and acts on matters requiring Board approval. The Board held eleven meetings during 2007.

The Board is divided into three classes (I, II and III) serving staggered three-year terms. The terms of the Class II directors, James H. Hance, Jr., Paul G. Kirk, Jr. and Carl S. Sloane, will expire at the 2008 Annual Meeting. Messrs. Hance, Kirk and Sloane have each been nominated for re-election for a term expiring in 2011.

V. Larkin Martin was appointed as a Class III director by the Board on August 6, 2007. North Carolina law requires that any director appointed by the Board stand for election at the first Annual Meeting following his or her appointment. Accordingly, Ms. Martin has been nominated for election as a Class III director for a term expiring in 2009.

The Board has no reason to believe that any nominee will be unable to serve as a director. If, however, a nominee should be unable to serve at the time of the Annual Meeting, Common Shares properly represented by valid proxies will be voted in connection with the election of a substitute nominee recommended by the Board. Alternatively, the Board may allow the vacancy to remain unfilled until an appropriate candidate is located or may reduce the authorized number of directors to eliminate the unfilled seat.

If any incumbent nominee for director should fail to receive the required affirmative vote of the majority of the votes cast at the Annual Meeting, under North Carolina law the director would remain in office as a holdover director until his or her successor is elected and qualified or he or she resigns, retires or is otherwise removed. In such a situation, our Corporate Governance Principles require the director to tender his or her resignation to the Board. The Nominating and Corporate Governance Committee would then consider such resignation and make a recommendation to the Board as to whether to accept or reject the resignation. The Board is then required to make a determination and publicly disclose its decision and rationale within 90 days after receipt of the tendered resignation.

A biography of each member of Rayonier's current Board of Directors, including the four nominees for election, is set forth below.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE FOUR NOMINEES NAMED BELOW FOR ELECTION TO THE BOARD OF DIRECTORS.

Information As To Nominees For Election To The Board Of Directors

Class II, Terms Expire in 2008

JAMES H. HANCE, JR., Age 63

Director Since 2004

Mr. Hance is the retired Vice Chairman of the Board of Bank of America Corporation (a financial institution providing a full range of banking, investing, asset management and other financial and risk-management products and services), a position he held from 1993 until his retirement in January 2005. He also served as Chief Financial Officer from 1988 until April 2004. Mr. Hance joined NCNB Corporation, predecessor to NationsBank and Bank of America, in 1987 as Executive Vice President and Chief Accounting Officer. He also serves as a director of Cousins Properties Incorporated, Duke Energy Corporation and as Non-Executive Chairman of Sprint Nextel Corporation. He is a graduate of Westminster College and holds an MBA from Washington University.

Table of Contents

PAUL G. KIRK, JR., Age 70

Director Since 1994

Mr. Kirk is the Chairman, President and a director of Kirk & Associates, Inc., (a business advisory and consulting firm). He was a partner in the law firm of Sullivan & Worcester from 1977 to 1992 and is presently affiliated with the firm. He served as Chairman of the Democratic National Committee from 1985 to 1989. Mr. Kirk is currently a Trustee of St. Sebastian's School, Chairman of the Board of Directors of the John F. Kennedy Library Foundation, Chairman of the Visiting Committee on Harvard Athletics and serves as Co-Chairman of the Commission on Presidential Debates. He is also a director of The Hartford Financial Services Group, Inc. and Cedar Shopping Centers, Inc. Mr. Kirk is a graduate of Harvard College and Harvard Law School.

CARL S. SLOANE, Age 71

Director Since 1997

Mr. Sloane served as Co-Chairman of AlixPartners Holdings and Questor Partners Holdings (providers of services and capital to underperforming and distressed companies) from June 2005 until October 2006. He is also Professor Emeritus, Harvard University Graduate School of Business Administration, and a Trustee of Beth Israel Deaconess Medical Center, a Harvard affiliated teaching hospital. He was the Ernest L. Arbuckle Professor of Business Administration at Harvard from 1991 until his retirement in 2000. Prior to joining the Harvard faculty, Mr. Sloane spent 30 years in management consulting, the last 20 with the firm he co-founded, Temple, Barker & Sloane, Inc., and its successor firm, Mercer Management Consulting, where he served as Chairman and Chief Executive. He is also a director of The Brinks Company. Mr. Sloane is a graduate of Harvard College and the Harvard University Graduate School of Business Administration.

Class III, Term Expires in 2009

V. LARKIN MARTIN, Age 44

Director Since 2007

Ms. Martin is the Managing Partner of Martin Farm and Vice President of The Albemarle Corporation (family businesses with interests in agriculture and timberland), positions she has held since 1990. She also serves as Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta and is a director and officer of Servico, Inc. and Cottonseed, LLC, (operations involved in cotton ginning, warehousing and whole cottonseed sales). Ms. Martin is also on the Board of Directors of The Cotton Board and the Business Council of Alabama and is a member of the President's Advisory Council of the University of Alabama in Birmingham. She holds a bachelor's degree from Vanderbilt University.

Information As To Other Directors

Class I, Terms Expire in 2010

C. DAVID BROWN, II, Age 56

Director Since 2006

Mr. Brown is Chairman of Broad and Cassel, an Orlando based law firm, a position he has held since 2000. Previously, he served as Managing Partner of the firm's Orlando office from 1990. He joined the firm in 1980. Prior to joining Broad and Cassel, Mr. Brown was an associate with Rowland, Bowen and Thomas, P.A. and served as a First Lieutenant in the United States Air Force. Mr. Brown serves on the board of CVS Caremark Corporation. He holds a bachelor's and juris doctorate degree from the University of Florida.

THOMAS I. MORGAN, Age 54

Director Since 2004

Mr. Morgan is the retired President and Chief Executive Officer of Hughes Supply, Inc. (a diversified wholesale distributor of construction, repair and maintenance-related products). He joined Hughes Supply in 2001 as President and Chief Operating Officer and was elected President and Chief Executive Officer in 2003. Previously Mr. Morgan was Chief Executive Officer of EnfoTrust Network (a business to business information delivery network) from February 2000 to March 2001, Chief Executive Officer of Value America (an online

Table of Contents

retailer) from February 1999 to November 1999, and Chief Executive Officer of US Office Products (an office supply company) from November 1997 to January 1999. He also spent 22 years with Genuine Parts Company (a distributor of automotive and industrial replacement parts, office products and electrical/electronic materials) in positions of increasing responsibility. Mr. Morgan serves as a director of ITT Educational Services, Inc., Tech Data Corporation and Waste Management, Inc. Mr. Morgan is a graduate of the University of Tennessee.

LEE M. THOMAS, Age 63

Director Since 2006

Mr. Thomas joined Rayonier in 2006 as a Director, was named President and Chief Executive Officer on March 1, 2007 and became Chairman effective July 1, 2007. Prior to joining Rayonier, Mr. Thomas served as President of Georgia-Pacific Corporation, beginning in September 2002, and as its Chief Operating Officer, beginning in March 2003, until his retirement in December 2005. Prior to becoming President and Chief Operating Officer, Mr. Thomas served in a number of management positions with Georgia-Pacific, including President-Building Products and Distribution from March 2002 until September 2002, Executive Vice President-Consumer Products from August 2000 until March 2002 and Executive Vice President-Paper and Chemicals from December 1997 until August 2000. Mr. Thomas previously served as chairman and chief executive officer of Law Companies Environmental Group Inc., administrator of the U.S. Environmental Protection Agency, executive deputy director of the Federal Emergency Management Agency and director of the Division of Public Safety Programs Office of the Governor of South Carolina. Mr. Thomas serves on the boards of Airgas Inc., Regal Entertainment Group and the Federal Reserve Bank of Atlanta. He holds a bachelor's degree from the University of the South and a M.Ed. from the University of South Carolina.

Class III, Term Expires in 2009

RICHARD D. KINCAID, Age 46

Director Since 2004

Mr. Kincaid is a principal and founder of Lakeshore Holdings, LLC (a real estate opportunity fund). Mr. Kincaid was the President, Chief Executive Officer and a trustee of Equity Office Properties Trust (an owner and manager of office buildings and the largest U.S. real estate investment trust) until March 2007. He became President in November 2002 and Chief Executive Officer in April 2003. Mr. Kincaid joined Equity Office Properties Trust as Senior Vice President in 1996, was named Chief Financial Officer in 1997 and Executive Vice President and Chief Operating Officer in 2001. He previously served as Senior Vice President and Chief Financial Officer of Equity Office Holdings, L.L.C. (a predecessor of Equity Office Properties Trust), and was Senior Vice President of Equity Group Investments, Inc. (a private investment company). Mr. Kincaid serves as a director of Vail Resorts, Inc. He is a graduate of Wichita State University and holds an MBA from the University of Texas.

RONALD TOWNSEND, Age 66

Director Since 2001

Mr. Townsend is an independent communications consultant based in Jacksonville, Florida since 1997. He retired from Gannett Company (a diversified news and information company) in 1996 after serving 22 years in positions of increasing responsibility, most recently as President of Gannett Television Group. Mr. Townsend attended The City University of New York, Bernard Baruch.

Table of Contents

CORPORATE GOVERNANCE

Corporate Governance Principles

Our Board of Directors operates under a set of Corporate Governance Principles which include, among other things, guidelines for determining director independence and qualifications for directors. The Corporate Governance Principles can be found on the Company's website at www.rayonier.com and are also available in print to any shareholder upon request in writing to the Corporate Secretary, Rayonier, 50 North Laura Street, Jacksonville, Florida 32202. The Board, through its Nominating and Corporate Governance Committee (the Nominating Committee), regularly reviews corporate governance developments and best practices and modifies its Corporate Governance Principles, committee charters and key practices as warranted.

Director Independence

The Company's Common Shares are listed on the New York Stock Exchange (NYSE). In accordance with NYSE rules, the Board makes affirmative determinations as to the independence of each director and nominee for election as a director. To assist in making such determinations, the Board has adopted a set of Director Independence Standards which conform to or are more exacting than the independence requirements set forth in the NYSE listing standards. Our Director Independence Standards are appended to the Company's Corporate Governance Principles, available at www.rayonier.com or in print upon written request as described above. In applying the Director Independence Standards, the Board considers all relevant facts and circumstances.

Based on the Director Independence Standards, the Board has determined that all directors other than Mr. Thomas are independent. The Nominating Committee, on behalf of the Board of Directors, considered various transactions undertaken in the ordinary course of business between the Company and other companies in connection with which any of our directors also serve as directors. The Board determined that none of these transactions were material to the Company, the other companies or the subject directors.

Committees Of The Board Of Directors

Our Board of Directors has four standing committees, each of which operates under a written charter available in the Investor Relations section of the Company's website at www.rayonier.com. The committee charters are also available in print to any shareholder upon written request to the Corporate Secretary, Rayonier, 50 North Laura Street, Jacksonville, Florida 32202. As required by NYSE listing standards and SEC rules, all members of the Audit, Compensation and Management Development and Nominating Committees have been affirmatively determined by the Board to be independent as set forth above.

Table of Contents

Name of Committee and Members	Functions of the Committee	Number of Meetings in 2007
AUDIT:	This Committee, comprised entirely of independent directors, is responsible for oversight of the Company's accounting and financial reporting policies, processes and systems of internal control, including:	
James H. Hance, Jr., Chair		
C. David Brown, II	monitoring the independence and performance of the Company's independent registered public accounting firm with responsibility for such firm's selection, evaluation, compensation and discharge;	12
V. Larkin Martin		
Thomas I. Morgan	approving, in advance, all of the audit and non-audit services provided to the Company by the independent registered public accounting firm;	
Ronald Townsend	facilitating open communication among the Board, senior management, internal audit and the independent registered public accounting firm; and	
	overseeing the Company's legal compliance and ethics programs, including the Standard of Ethics and Code of Corporate Conduct.	
COMPENSATION AND MANAGEMENT DEVELOPMENT:	This Committee, comprised entirely of independent directors, is responsible for overseeing the compensation and benefits of employees, including:	
Thomas I. Morgan, Chair	evaluating management performance, succession and development matters;	
Richard D. Kincaid	establishing executive compensation;	
Paul G. Kirk, Jr.	reviewing the Compensation Discussion and Analysis included in the annual Proxy Statement;	7
Carl S. Sloane	approving individual compensation actions for all senior executives other than Mr. Thomas; and	
	recommending compensation actions with regard to Mr. Thomas to the Board.	
NOMINATING AND CORPORATE GOVERNANCE:	This Committee, comprised entirely of independent directors, is responsible for:	
Paul G. Kirk, Jr., Chair	establishing criteria for Board nominees and identifying qualified individuals for nomination to become Board members, including considering potential nominees recommended by shareholders;	
V. Larkin Martin	recommending the composition of Board committees;	
Carl S. Sloane	overseeing processes to evaluate Board and committee effectiveness;	5
Ronald Townsend	recommending director compensation and benefits programs to the Board;	
	overseeing a set of Corporate Governance Principles for the Company; and	
	reviewing and approving changes to the charters of the other Board committees.	
FINANCE:		5
Table of Contents		21

Edgar Filing: RAYONIER INC - Form DEF 14A

Richard D. Kincaid, Chair

C. David Brown, II

James H. Hance, Jr.

Lee M. Thomas

This Committee is responsible for advising the Board concerning certain issues with respect to the financial structure of the Company, including:

financial strategies and tax planning initiatives;

dividend policies;

capital structure;

financings;

risk management policies;

compliance with various REIT qualification tests;

investment policies; and

performance of the pension and savings plans.

Table of Contents

On average, directors attended 93 percent of the aggregate meetings of the Board of Directors and Committees on which they served during 2007, and no director attended less than 75 percent of such meetings.

Non-Employee Director Meetings And Presiding Director

Our non-employee directors meet separately from the other directors in regularly scheduled meetings, chaired by the presiding director. The non-employee directors appointed Mr. Sloane to serve as the Board's presiding director for 2007.

Director Attendance At Annual Meeting Of Shareholders

Directors are encouraged, but not required, to attend the Annual Meeting of Shareholders. At the 2007 Annual Meeting, all directors were in attendance.

Communications With The Board

Shareholders and other interested parties who would like to communicate their concerns to one or more members of the Board, a Board committee, the presiding director or the non-employee directors as a group may do so by writing them at Rayonier, c/o Corporate Secretary, 50 North Laura Street, Jacksonville, FL 32202. All such concerns received will be forwarded to the appropriate person or persons and may be accompanied by a report summarizing such concerns if deemed appropriate by the Corporate Secretary.

Director Nomination Process

It is the policy of our Nominating Committee to consider director nominees submitted by shareholders based on the same criteria used in evaluating candidates for Board membership identified by any other source. While there are no specific minimum qualifications for director nominees other than a maximum permitted age, in evaluating the suitability of potential nominees it is the policy of the Nominating Committee to seek individuals who have the knowledge, experience, skills, expertise and diversity, together with the highest personal and professional integrity, to be most effective, in conjunction with the other Board nominees and members, in collectively serving the long-term interests of the Company's shareholders. These criteria for Board membership are periodically reevaluated by the Nominating Committee taking into account the Company's strategy, its geographic markets, regulatory environment and other relevant business factors, as well as changes in applicable laws or listing standards.

Potential director candidates may come to the attention of the Nominating Committee through current directors, management, shareholders and others. The Nominating Committee has also utilized independent third party search firms to identify potential director candidates. In 2007, Ms. Martin was identified by Mr. Thomas.

Submission Of Director Nominations By Shareholders

Our bylaws provide that nominations of persons for election to the Board of Directors may be made at the Annual Meeting either by or at the direction of the Board or by any shareholder who complies with the requirements set forth in our bylaws for submission of director nominations. Such requirements are that the shareholder: (i) be a shareholder of record at the time of submitting the required notice of nomination; (ii) be entitled to vote for the election of directors at the subject Annual Meeting; and (iii) comply with the notice procedures detailed below.

Notice of director nominations from shareholders must be in writing and received by the Corporate Secretary at the Company's offices at 50 North Laura Street, Jacksonville, Florida 32202, not less than 120 days prior to the first anniversary date of the Proxy Statement released to shareholders in connection with the previous year's Annual Meeting (provided that if we have changed our Annual Meeting date by more than 30 days from the previous year's date, notices from shareholders must be received by a date that is a reasonable time before we begin to print and mail the Notice or Proxy Statement). Each shareholder's notice must include the shareholder's name and address and the number of Common Shares owned and, as to each potential nominee, information

Table of Contents

substantially the same as that required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, along with such potential nominee's written consent to being named as a nominee and to serving as a director if elected.

Related Person Transactions

We have adopted a written policy regarding related person transactions pursuant to which we review certain relationships and transactions in which the Company and any of our directors and executive officers, their immediate family members or certain of their businesses or other affiliates, are participants to determine whether such persons have a material interest in any such transaction. Pursuant to our policy, a Related Person Transaction is any transaction, arrangement or relationship in which the Company is a participant and the amount involved exceeds \$120,000 and in which any related person has, had or will have a material relationship.

The Company's Corporate Secretary is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions. The primary vehicle for obtaining this information is the annual Directors and Officers Questionnaire which requires a listing of all immediate family members and their employers and affiliates and disclosure of any transactions between (i) the subject director or executive officer, any of their immediate family members or any employer or affiliate of such director, officer or family member and (ii) the Company or any of its affiliates. Information provided is verified by comparison of identified individuals and entities with the Company's accounts receivable and payable records. A report of all transactions identified, regardless of amount, is prepared and reviewed with the Nominating Committee, which determines, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in any such transaction and whether, based on our policy and SEC rules, the transaction requires disclosure in the Company's Proxy Statement. In the course of its review of a potential Related Person Transaction, the Nominating Committee will consider:

the related person's relationship to the Company and interest in the transaction;

the material terms of the transaction, including, without limitation, the amount and type of transaction;

the benefits to the Company of the proposed transaction;