

August 27, 2010

Technical Director  
File Reference No. 1840-100  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update – Contingencies (Topic 450): Disclosure of Certain Loss Contingencies

Dear Sir/Madam:

On behalf of Rayonier Inc. (“Rayonier”) we are distressed to again have to respond to the Financial Accounting Standards Board (“FASB” or “the Board”) regarding the Proposed Accounting Standards Update, *Contingencies (Topic 450): Disclosure of Certain Loss Contingencies* (the “Proposed Standard”). We believe the Board did not adequately address the majority of comments received on the initial Exposure Draft.

By way of background, we have met with over 500 existing and prospective shareholders over the past three years as part of our Investor Relations efforts. **Not once** have we heard investors complain about the lack of visibility or transparency around contingencies or ask for the type of information the Board is proposing.

While we support the goal of enhancing and improving financial reporting, the Proposed Standard does not achieve this goal. We continue to have the following concerns:

- **The expanded disclosures have the potential to harm investors.** The Proposed Standard contains elements that will prejudice registrants in ongoing litigation, resulting in harm to stockholders. Our concerns include:
  1. Even with the aggregation of cases, the requirements to disclose the amounts accrued, the potential range of loss and a tabular reconciliation on an interim basis have the potential to provide prejudicial information to the plaintiffs. For example, if a company has only one significant lawsuit ongoing during a quarter (this situation is especially true for a small to mid-sized company), any changes in accruals could provide prejudicial information to plaintiffs on management’s outlook of the case.
  2. Disclosure of insurance coverage details, including those not requested by the plaintiff or a regulatory agency, may harm a company not only in the current legal proceedings, but may also provide information that may be used by parties in other legal proceedings. There also may be confidentiality issues involved with these requirements.

We strongly recommend that the Board remove the above disclosure requirements; however, if the final rules require the expanded disclosures, we recommend the following:

- A prejudicial exemption should be available to eliminate disclosure requirements for non-public information that will potentially harm a company or its stockholders. At a minimum, this exemption should include insurance coverage details, the amount of accruals and the potential range of loss.
  - The tabular reconciliation should only be required annually, as opposed to an interim basis (similar to FIN 48 requirements).
- **Amounts claimed by the plaintiff and remote contingencies are not relevant and should not be required.** The amount claimed by the plaintiff in certain situations is not relevant. In many cases, such as the amounts stated in the *ad damnum* clause of a complaint, the amount of the ultimate resolution is a small fraction of the amount claimed. The amount of claimed damages is often purposefully exaggerated by plaintiffs for purposes unrelated to the merits of the claim, such as for media attention. The Proposed Standard also suggests that the use of “expert testimony” would be appropriate quantitative evidence of loss. The use of so-called experts, who are essentially hired guns engaged by the plaintiffs to inflate their claims, is hardly relevant. An exaggerated claim is more confusing than beneficial to investors because the information has little meaning as it relates to the ultimate impact of the contingency. In addition, this proposal could encourage plaintiffs and their attorneys to purposely exaggerate the amount of their claims to gain leverage against a defendant whom they believe will be concerned about the effect of having to disclose the claim publicly despite the lack of merit.

Similarly, the rationale for requiring disclosure for remote contingencies escapes us. The effect would be to lend some level of credence to a dispute that management clearly believes has little chance to come to fruition. Fashioning a disclosure around these would be nothing more than guesswork and will likely serve to confuse rather than inform the investor. We believe that “reasonably possible” is the appropriate threshold for loss contingencies and that disclosure of remote contingencies should not be required.

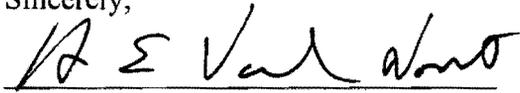
- **The additional disclosures required by the Proposed Standard will significantly increase fees paid to outside attorneys and external auditors without providing additional benefits to the investment community.**

In conclusion, Accounting Standards Codification 450, *Contingencies*, is a principles-based standard that is well understood and rigorously debated by preparers and external auditors of financial statements. The current standard achieves an appropriate balance between disclosures that are transparent and relevant for financial statement users, and disclosures that are supported from a legal and audit perspective. The issues discussed above, as well as a number of others in the Proposed Standard will accomplish nothing except to confuse investors and provide information to plaintiffs’ lawyers that will harm investors by disadvantaging the companies in which they have invested. As noted in a Wall Street Journal editorial on August 18, 2010, there is

no evidence that investors are clamoring for these changes; certainly, we have not heard anything about these issues from our shareholders or the analysts who cover our stock.

As such, we do not support the Proposed Standard as currently drafted.

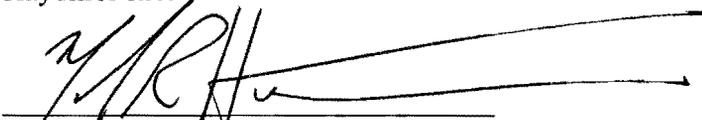
Sincerely,



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



Joseph L. Iannotti  
Vice President and Controller  
Rayonier Inc.



Michael R. Herman  
Vice President and General Counsel  
Rayonier Inc.