

Rayonier

Corporate Headquarters

August 7, 2008

Technical Director
File Reference No. 1600-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO. 61

Re: Proposed Statement of Financial Accounting Standards-Disclosure of Certain Loss Contingencies-an amendment of FASB Statements No. 5 and 141(R)

Dear Sir/Madam:

Rayonier Inc. ("Rayonier" or "we") appreciates the opportunity to respond to the Financial Accounting Standards Board ("FASB" or "the Board") regarding the Proposed Statement, *Disclosure of Certain Loss Contingencies, an amendment of FASB Statements No. 5 and 141(R)*, (the "Proposed Statement").

We would like to acknowledge our agreement with the concerns expressed in the July 16, 2008 letter from Allergan Inc., the April 17, 2008 letter from the Committee on Corporate Reporting of Financial Executives International and the December 4, 2007 letter from a group of senior litigators from a number of large U.S. corporations.

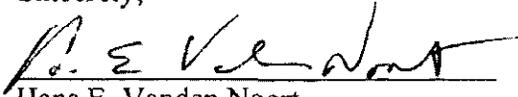
Rather than repeating the comments outlined in the letters referenced above, we would like to briefly highlight our comments and concerns as follows:

- a. FASB Statement No. 5 is a principles-based standard that is well understood and rigorously deliberated by preparers and external auditors of financial statements. Additional disclosure requirements as outlined in the Proposed Statement, including contingencies that are "remote", unasserted contingencies and a company's maximum exposure, will be more confusing than beneficial to investors because the information will likely have little meaning as it relates to the ultimate impact of the contingency.
- b. We do not believe that the use of the exemption for prejudicial information would be rare, nor do we agree with the required disclosures even when the exemption is taken. This includes the description of the loss contingency, how it arose, its basis, the status and anticipated timing of the resolution and the factors likely to affect the outcome. We believe such disclosures defeat the purpose of taking the exemption.
- c. The International Accounting Standards Board (IASB) continues to deliberate changes to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, but has not reconsidered the disclosure requirements. If convergence of global accounting standards is expected in the near term, we believe that any projects that address contingencies should be a joint effort between the FASB and the IASB.

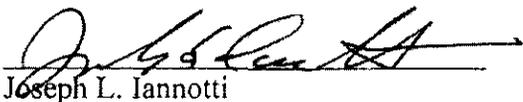
- d. The additional disclosures required by the Proposed Statement will significantly increase fees paid to outside attorneys and external auditors without providing additional benefits to the investment community. Moreover, these additional disclosures run the risk of revealing aspects of the defendant company's thinking about a case, which is carefully guarded in adversarial proceedings, and may lead to waivers of attorney/client privilege and litigation work product protections.
- e. The additional disclosures required by the Proposed Statement may be found to be admissible in evidence against a litigant company in the proceeding itself, or they may alter the outcome of the proceeding by changing the course of settlement discussions or other outcome-determining factors.
- f. Because litigation assessments are inherently uncertain, compliance with the Proposed Statement itself poses a threat of additional securities litigation. Assessments of pending and threatened claims, particularly those involving litigation, are inevitably uncertain and subject to factors outside the control of any of the parties. As a result, the required disclosures and estimates may be sources of additional claims and litigation in the event they later prove to have been inaccurate when first made.

Especially because of the concerns expressed in comments d, e and f above, we strongly believe that the potential adverse impact to a reporting company and its investors of the proposed additional disclosures far outweigh any perceived benefits.

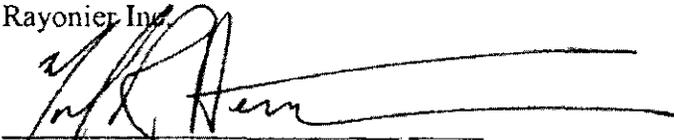
Sincerely,



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



Joseph L. Iannotti
Vice President and Corporate Controller
Rayonier Inc.



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