

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1995

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-12001

St. Joe Paper Company
(Exact name of registrant as specified in its charter)

Florida 59-0432511
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

Suite 400, 1650 Prudential Drive, Jacksonville, Florida 32207
(Address of principal executive offices) (Zip Code)

(904) 396-6600
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed
since last report)

Indicate by check mark whether the registrant (1) has filed
all reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or
for such shorter period that the registrant was required to file
such reports), and (2) has been subject to such filing requirements
for the past 90 days. YES X NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of March 31, 1995 there were 30,498,650 shares of
common stock, no par value, outstanding.

ST. JOE PAPER COMPANY

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March 31, 1995 and December 31, 1994

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ST. JOE PAPER COMPANY
CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

ASSETS	March 31 1995 (Unaudited)	December 31 1994
Current Assets:		
Cash and cash equivalents	\$ 51,052	\$ 71,890
Short-term investments	75,204	61,156
Accounts receivable	90,631	88,606
Inventories	75,788	57,673
Other assets	16,434	21,677
Total Current Assets	309,109	301,002
Investment and Other Assets:		
Marketable securities	205,200	174,027
Other assets	49,714	50,426
Total Investments and Other Assets	254,914	224,453
Property, Plant and Equipment, Net	1,039,595	1,026,875
Total Assets	\$1,603,618	\$1,552,330
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 47,455	\$ 44,804
Accrued liabilities	29,168	25,339
Income taxes payable	8,510	7,012
Long-term debt due within one year	24,340	19,672
Total Current Liabilities	109,473	96,827
Accrued Casualty Reserves and Other Liabilities	15,432	14,534
Long-Term Debt due After One Year	36,877	37,220
Deferred Income Taxes and Income Tax Credits	223,562	215,311
Minority Interest in Consolidated Subsidiaries	257,783	251,457
Stockholders' Equity:		
Common stock, no par value; 60,000,000 shares authorized; 30,498,650 shares issued and outstanding	8,714	8,714
Retained earnings	907,509	887,520
Net unrealized gains on debt and marketable equity securities	44,268	40,747
Total Stockholders' Equity	960,491	936,981
Total Liabilities and Stockholders' Equity	\$1,603,618	\$1,552,330

See accompanying notes.

ST. JOE PAPER COMPANY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
(Unaudited)

(Dollars in thousands except per share amounts)

	Three Months	
	ended March 31	
	1995	1994
Net Sales	\$133,061	\$116,828
Operating Revenues	50,975	50,540
Net Sales and Operating Revenues	184,036	167,368
Cost of Sales	98,818	98,043
Operating Expenses	36,586	36,483
Cost of Sales and Operating Expenses	135,404	134,526
Gross Profit	48,632	32,842
Selling, General and Administrative Expenses	15,538	13,822
Operating Profit	33,094	19,020
Other Income (Expense):		
Dividends	565	534
Interest income	3,637	2,504
Interest expense	(1,386)	(963)
Gain on sales and other dispositions of property, plant and equipment	815	384
Other, net	1,372	1,087
	5,003	3,546
Income before Income Taxes and Minority Interest	38,097	22,566
Provision for Income Taxes	14,068	7,903
Income before Minority Interest	24,029	14,663
Income Applicable to Minority Interest in Consolidated Subsidiaries	2,515	6,503
Net Income	\$ 21,514	\$ 8,160
Retained Earnings at Beginning of Period	887,520	851,511
Dividends	1,525	1,525
Retained Earnings at End of Period	\$ 907,509	\$ 858,146
Per Share Data:		
Dividends	\$ 0.05	\$ 0.05
Net Income	\$ 0.71	\$ 0.27
Number of Common Shares Outstanding	30,498,650	30,498,650

See accompanying notes.

ST. JOE PAPER COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Dollars in thousands except per share amounts)

	Three Months ended March 31	
	1995	1994
Cash Flows from Operating Activities:		
Net Income	\$ 21,514	\$ 8,160
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and depletion	15,791	15,533
Minority interest in income	2,515	6,503
Gain on sale of property	(815)	(384)
Increase in deferred income taxes	3,212	2,965
Changes in operating assets and liabilities:		
Increase in accounts receivable	(2,025)	(7,173)
Increase in inventories	(18,115)	(5,784)
Decrease in other assets	6,880	5,517
Increase (decrease) in accounts payable, accrued liabilities and casualty reserves	7,378	(1,536)
Increase in income taxes payable	1,498	3,536
Cash Provided by Operating Activities	37,833	27,337
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(32,602)	(25,582)
Purchases of investments:		

Available for sale	(9,845)	(721)
Held to maturity	(61,575)	(15,769)
Proceeds from dispositions of assets	4,907	1,771
Maturity and redemption of investments:		
Available for sale	8,502	1,061
Held to maturity	29,552	20,087
Cash Used in Investing Activities	(61,061)	(19,153)

Cash Flows from Financing Activities:

Net change in short-term borrowings	8,861	6,398
Dividends paid to stockholders	(1,525)	(1,525)
Repayment of long-term debt	(4,536)	(326)
Dividends paid to minority interest	(410)	(430)
Cash Provided by Financing Activities	2,390	4,117

Net Increase in Cash and Cash Equivalents	(20,838)	12,301
Cash and Cash Equivalents at Beginning of Period	71,890	48,304
Cash and Cash Equivalents at End of Period	\$ 51,052	\$ 60,605

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for certain expense items is:

Interest	\$ 1,138	\$ 838
Income taxes	\$ 5,803	\$ 2,563

See accompanying notes

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ST. JOE PAPER COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Dollars in thousands)

- In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1995 and December 31, 1994 and the results of operations and cash flows for the three month period ended March 31, 1995 and 1994.
- The results of operations for the three month period ended March 31, 1995 and 1994 are not necessarily indicative of the results that may be expected for the full year.
- Inventories at March 31, 1995 and December 31, 1994:

	March 31	December 31
	1995	1994
Manufactured paper products and associated raw materials	\$ 31,810	\$ 27,023
Materials and supplies	25,834	25,640
Sugar	18,144	5,010
	\$ 75,788	\$ 57,673

- The Company and its subsidiaries are involved in litigation on a number of matters and are subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company has retained certain self-insurance risks with respect to losses for third party liability, property damage and group health insurance provided to employees.

The Company is subject to costs arising out of environmental laws and regulations, which include obligations to remove or limit the effects on the environment of the disposal or release of certain wastes or substances at various sites. It is the Company's policy to accrue and charge against earnings environmental cleanup costs when it is probable that a liability has been incurred and an amount is reasonably estimable. As assessments and cleanups proceed, these accruals are reviewed and adjusted, if necessary, as additional information becomes available.

ST. JOE PAPER COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Dollars in thousands)

The Company is currently a party to, or involved in, legal proceedings directed at the cleanup of two Superfund sites. The Company has accrued its allocated share of the total estimated cleanup costs for these two sites. Based upon management's evaluation of the other potentially responsible parties, the Company does not expect to incur additional amounts even though the Company has joint and several liability. Other proceedings involving environmental matters such as alleged discharge of oil or waste material into water or soil are pending against the Company.

It is not possible to quantify future environmental costs because many issues relate to actions by third parties or changes in environmental regulation. However, based on information presently available, management believes that the ultimate disposition of currently known matters will not have a material effect on the financial position or liquidity of the Company, but could be material to the results of operation of the Company in any one period. As of March 31, 1995 and December 31, 1994, the aggregate environmental related accruals were \$6.7 million. Environmental liabilities are paid over an extended period and the timing of such payments cannot be predicted with any confidence.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Net sales and operating revenues for the quarter ended March 31, 1995 were \$184.0 million, a \$16.7 million increase over the same period in 1994. Cost of sales and operating expenses were \$135.4 million, up from \$134.5 million. These costs were 73.6% of net sales and operating revenues in 1995 compared to 80.4% in 1994. Selling, general and administrative expenses rose from \$13.9 million in 1994 to \$15.5 million in 1995. As a result of these changes, operating profit during the first quarter of 1995 was \$33.1 million compared to \$19.0 million in the first quarter of 1994. An analysis of operating results by segment follows:

Forest Products

	1995	1994	% Increase (Decrease)
Net Sales	115,248	84,500	36.4
Cost of Sales	86,497	82,488	4.9
Selling, General and Administrative Expenses	8,061	7,378	9.3
Operating Profit (Loss)	20,690	(5,366)	485.6

The containerboard market continues to be tight with additional price increases effective January 1 and April 1, 1995. Average selling price for the Company's linerboard rose from \$360 in the first quarter of 1994 to \$509 in 1995, a 41% increase. Net sales to outside customers by the Company's paper mill increased 46% in the first quarter of 1995 compared to the same period last year on a volume increase of 15%. The Company's container revenues were 33% higher in 1995 than the first quarter of 1994 on a volume decrease of 1.7%. Timber sales to outside customers decreased 34% on a volume decline of 10% as more of the Company's timber production was required by the mill. Mill production per day rose by 6% and this increased productivity was a major factor in a 1% reduction in cost per ton.

Transportation

	1995	1994	% Increase (Decrease)
Operating Revenue	43,176	43,136	0.1
Operating Expenses	31,666	31,782	(0.4)
Selling, General and Administrative			

Expenses	4,325	3,825	13.1
Operating Profit	7,185	7,529	(4.6)

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Operating results for the transportation segment were consistent with the prior year. Revenues for the Florida East Coast Railway Company (FEC) decreased by .9% compared to the first quarter of 1994 while Apalachicola Northern Railroad Company (ANRR) revenues increased by 13.2%, primarily due to an increase in coal shipments. Operating expenses at FEC declined .8% and the ANRR increased 9.2%. Selling, general and administrative expenses rose 11.8% at FEC and 45.3% (\$65,939) at ANRR.

Sugar

	1995	1994	% Increase (Decrease)
Net Sales	12,335	13,370	(7.7)
Cost of Sales	8,366	10,809	(22.6)
Selling, General and Administrative Expenses	1,470	1,059	38.8
Operating Profit	2,499	1,502	66.4

The sugar segment experienced a 10.8% volume reduction in the first quarter of 1995 compared to 1994. The selling price rose 3.5%. Increased productivity drove down the cost per ton of sugar by 11.3%. The segment produced 28.3% more sugar in 1995 than 1994 with an 18.4% increase in the amount of cane ground and an 8.5% increase in the yield. The increase in selling, general and administrative expenses is primarily due to the Everglades Agricultural Privilege Tax which was enacted in the second quarter of 1994 and not reflected in the first quarter of 1994.

Communications

	1995	1994	% Increase (Decrease)
Operating Revenue	7,799	7,404	5.3
Operating Expenses	4,920	4,701	4.7
Selling, General and Administrative Expenses	1,148	1,051	9.2
Operating Profit	1,731	1,652	4.8

Operating revenues increased in the first quarter of 1995 compared to 1994 largely due to adjustments in the interstate access charge pooling process. All three local exchange companies began their cable maintenance earlier in 1995 than 1994 resulting in increased operating expenses for the first quarter.

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Real Estate

	1995	1994	% Increase (Decrease)
Net Sales and Operating Revenue	6,011	19,482	(69.2)
Cost of Sales and Operating Revenue	4,459	5,242	(14.9)
Selling, General and Administrative Expenses	564	538	4.8
Operating Profit	988	13,702	(92.8)

In the first quarter of 1994, realty property sales of \$14.6 million (\$13.7 million by Gran Central, Florida East Coast Industries, Inc. real estate subsidiary, and \$.9 million by the Company) occurred which were not repeated in the first quarter of 1995. Rent and other income increased by \$1.2 million in 1995 compared to the same period in 1994. Gran Central's cost of sales decreased by 9.4% and Southwood Properties, the Company's real estate division, decreased by 1.3%. Selling, general and administrative expenses increased 9.0% at Gran Central and declined 6.7% at Southwood Properties.

Other Income increased \$1.5 million in the first quarter of 1995 compared to 1994. Interest income increased by \$1.1 million reflecting increased investment and higher rates.

Net Income increased \$13.4 million (163.7%) during the first quarter of 1995 from the same period in 1994. Earnings per share increased \$0.44 to \$0.71.

Financial Position

The Company's financial position remains strong. Current assets rose to \$309.1 million, an \$8.1 million increase from year end. Increases in current liabilities of \$12.6 million caused the current ratio to drop from 3.1 at year end to 2.8 at the end of the first quarter.

The Company increased its investment in marketable securities by \$31.2 million over year end. Net property, plant and equipment increased by \$12.7 million, largely in Florida East Coast Industries, Inc. Deferred income taxes grew by \$8.3 million, due to the tax effect of an increase in the unrealized gains on debt and marketable equity securities and a decrease in alternative minimum tax credits.

Stockholders' equity at March 31, 1995 was \$31.49 per share, an increase of \$0.77 from December 31, 1994.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

No change from Form 10-K for the year ended
December 31, 1994

Item 5. Other Information

The Company is not aware of any other matters of
significance to be reported hereunder.

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 thereunto
duly authorized.

St. Joe Paper Company
(Registrant)

E. C. Brownlie
Vice President

D. M. Groos
Comptroller

May 15, 1995
Date

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