

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

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

For the quarterly period ended June 30, 1996

Commission file number 1-10466

St. Joe Corporation
(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)

St. Joe Paper Company
(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 June 30, 1996 there were 30,498,650 shares of common stock, no par
value, outstanding.

ST. JOE CORPORATION
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ST. JOE CORPORATION
CONSOLIDATED BALANCE SHEET
(Unaudited)
(Dollars in thousands)

	June 30 1996	December 31 1995
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 557,581	\$ 16,802
Short-term investments	102,917	96,923
Accounts receivable	45,882	44,390
Income taxes refundable	-	4,314
Inventories	26,046	20,592
Other assets	24,339	18,162
Net assets of discontinued operations	-	296,001
Total Current Assets	756,765	497,184
Investment and Other Assets:		
Marketable securities	239,895	189,865
Other assets	55,962	38,971
Total Investments and Other Assets	295,857	228,836
Property, Plant and Equipment, Net	820,568	804,974
Total Assets	\$1,873,190	\$1,530,994
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 32,544	\$ 26,024
Accrued liabilities	46,229	18,445
Income taxes payable	131,390	-
Total Current Liabilities	210,163	44,469
Accrued casualty reserves and other liabilities	20,125	11,043
Deferred income taxes	198,815	192,036
Minority interest in consolidated subsidiaries	271,971	266,741
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	1,108,774	955,239
Net unrealized gains on debt and marketable equity securities	54,628	52,114
Total Stockholders' Equity	1,172,116	1,016,067
Total Liabilities and Stockholders' Equity	\$1,873,190	\$1,530,994

See accompanying notes.

ST. JOE CORPORATION
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
(Unaudited)
(Dollars in thousands except per share amounts)

	Three Months ended June 30		Six Months ended June 30	
	1996	1995	1996	1995
Net sales	\$ 33,195	\$ 37,145	\$ 158,714	\$ 70,347
Operating revenues	46,995	48,760	92,438	91,936
	-----	-----	-----	-----
Net sales and operating revenue	80,190	85,905	251,152	162,283
Cost of sales	16,394	29,216	50,670	55,553
Operating expenses	35,213	36,758	69,865	68,424
Selling, general and administrative expenses	5,530	7,074	14,166	14,621
	-----	-----	-----	-----
Operating profit	23,053	12,857	116,451	23,685
Other income (expense):				
Dividends	1,009	768	1,715	1,333
Interest income	6,493	4,052	10,553	7,067
Interest expense	(257)	(1,086)	(324)	(1,893)
Gain on sales and other dispositions of property	125	1,274	2,936	2,089
Other, net	1,208	2,229	2,605	2,672
	-----	-----	-----	-----
	8,578	7,237	17,485	11,268
	-----	-----	-----	-----
Income before income taxes and minority interest	31,631	20,094	133,936	34,953
Provision for income taxes	22,875	8,614	62,072	14,306
	-----	-----	-----	-----
Income before minority interest	8,756	11,480	71,864	20,647
Income applicable to minority interest in consolidated subsidiaries	2,966	3,141	6,395	5,656
	-----	-----	-----	-----
Income from continuing operations	5,790	8,339	65,469	14,991
Earnings from discontinued operations net of income taxes of (\$4,448), \$8,536, \$527 and \$16,912 respectively	(8,143)	17,997	746	32,859
Gain on sale of discontinued operations, net of income taxes of \$61,638, \$0, \$61,638 and \$0, respectively	90,370	-	90,370	-
	-----	-----	-----	-----
	82,227	17,997	91,116	32,859
	-----	-----	-----	-----
Net income	\$ 88,017	\$ 26,336	\$ 156,585	\$ 47,850
Retained earnings at beginning of period	1,022,282	907,509	955,239	887,520
Dividends	(1,525)	(1,525)	(3,050)	(3,050)
	-----	-----	-----	-----
Retained earnings at end of period	\$1,108,774	\$ 932,320	\$1,108,774	\$ 932,320
	=====	=====	=====	=====
Per share data:				
Dividends	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10
	=====	=====	=====	=====
Income from continuing operations	\$ 0.19	\$ 0.27	\$ 2.15	\$ 0.49
Earnings of discontinued operations	2.70	0.59	2.98	1.08
	-----	-----	-----	-----
Net income	\$ 2.89	\$ 0.86	\$ 5.13	\$ 1.57
	=====	=====	=====	=====

See accompanying notes.

ST. JOE CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)
(Dollars in thousands except per share amounts)

	Six Months ended	June 30
	1996	1995
Cash flows from operating activities:		
Net income	\$ 156,585	\$ 47,850
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and depletion	13,652	13,614
Minority interest in income	6,395	5,656
Gain on sale of property	(2,936)	(2,089)
Gain on sale of discontinued operations	(90,370)	-
Increase in deferred income taxes	6,779	7,857
Changes in operating assets and liabilities:		
Accounts receivable	(1,492)	3,099
Inventories	(5,454)	(5,118)
Other assets	(23,168)	1,852
Accounts payable, accrued liabilities and casualty reserves	43,386	5,926
Income taxes payable	29,335	(7,012)
Discontinued operations - noncash charges and working capital changes	12,165	(7,295)
	-----	-----
Cash provided by operating activities	144,877	64,340
	-----	-----
Cash flows from investing activities:		
Purchases of property, plant and equipment	(31,116)	(51,040)
Investing activities of discontinued operations	-	(6,411)
Purchases of investments:		
Available for sale	(14,515)	(16,351)
Held to maturity	(118,171)	(77,695)
Proceeds from dispositions of assets	4,806	11,682
Proceeds from sale of discontinued operations	497,937	-
Maturities and redemption of investments:		
Available for sale	8,420	18,193
Held to maturity	70,421	78,863
	-----	-----
Cash provided by (used in) investing activities	399,782	(42,759)
	-----	-----
Cash flows from financing activities:		
Financing activities of discontinued operation	-	(7,626)
Dividends paid to stockholders	(3,050)	(3,050)
Dividends paid to minority interest	(830)	(825)
	-----	-----
Cash used in financing activities	(3,880)	(11,501)
	-----	-----
Net decrease in cash and cash equivalents	540,779	10,080
Cash and cash equivalents at beginning of period	16,802	71,890
	-----	-----
Cash and cash equivalents at end of period	\$ 557,581	\$ 81,970
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ 733	\$ 2,524
Income taxes	\$ 23,136	\$ 26,572

See accompanying notes

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

1. 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 June 30, 1996 and December 31, 1995 and the results of operations and cash flows for the three and six month periods ended June 30, 1996 and 1995. The 1995 statements have been restated to reflect the reclassification of the Communications segment and linerboard mill and container plants as discontinued operations.
2. The results of operations for the three and six month periods ended June 30, 1996 and 1995 are not necessarily indicative of the results that may be expected for the full year.
3. On April 11, 1996, St. Joe Industries, Inc., a wholly owned subsidiary of the Company, sold the stock of St. Joe Communications, Inc. (SJCI) to TPG Communications, Inc. as previously discussed. SJCI also sold its interest in four cellular partnerships. These sales represent the Company's entire Communication segment. On May 30, 1996, the Company sold its linerboard mill and container plants. The Company retains its timberlands and will continue to operate in this segment.

Operating revenues for the three month periods ended June 30, 1996 and 1995 for the Communications segment were \$0 and \$8,060, respectively and for the six month periods ended June 30, 1996 and 1995 were \$8,435 and \$15,859 respectively and net sales for the linerboard mill and container plants for the three month periods ended June 30, 1996 and 1995 were \$60,100 and \$156,533, respectively and for the six month periods ended June 30, 1996 and 1995 were \$153,406 and \$302,104, respectively. These amounts are not included in net sales and operating revenues in the accompanying statement of income and retained earnings. The gain on the sale of these operations was \$90.4 million after income taxes of \$61.6 million. The gain is subject to final post closing working capital adjustments.

Net operating results of the Communications segment and for the linerboard mill and container plants for the three and six month periods ended June 30, 1996 and 1995 are shown separately as earnings from discontinued operations in the accompanying statement of income and retained earnings.

Net assets to be disposed of have been separately classified in the accompanying balance sheets at December 31, 1995. At June 30, there were no assets or liabilities to be disposed of.

4. As a result of the sale of the Communications segment and the linerboard mill and container plants and the attendant reduction in employees covered by the Company's pension plans, an estimated gain from curtailment of the pension plans of \$1,200, net of tax, was recorded as part of the gain on sale of discontinued operations.

In addition, the Company's pension plans are in an overfunded position and, with the reduction in employees resulting from the sales, it is unlikely that the overfunding will be realized other than by a plan termination and reversion of excess assets. Accordingly, the Company has recorded the 50% excise tax applicable to plan terminations as additional deferred taxes which amounted to approximately \$11,000. The Company has no immediate plans to terminate the pension plans and is in the process of evaluating other alternatives.

5. Inventories at June 30, 1996 and December 31, 1995:

	June 30 1996	December 31 1995
Materials and supplies	\$14,766	\$12,875
Sugar	11,280	7,717
	-----	-----
	\$26,046	\$20,592
	=====	=====

6. Accrued liabilities at June 30, 1996 consist of real estate and personal property taxes of \$9,026, accrued casualty and other reserves of \$14,910, purchase price adjustments on the sale of discontinued operations of \$14,888 and other accrued liabilities of \$7,405.

7. 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.

The Company is currently a party to, or involved in, legal proceedings directed at the cleanup of three Superfund sites. The Company has accrued its allocated share of the total estimated cleanup costs for these three 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, liquidity, or results of operation of the Company. As of June 30, 1996 and December 31, 1995, the aggregate environmental related accruals were \$6.2 million. Environmental liabilities are paid over an extended period and the timing of such payments cannot be predicted with any confidence.

ST. JOE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

During the second quarter, the Company sold its Communication segment and its linerboard mill and container plants. Sale of the Communications segment occurred on April 11, 1996 and the linerboard mill and container plants on May 30, 1996. Operating revenues for the three month periods ended June 30, 1996 and 1995 for the Communications segment were \$0 and \$8,060, respectively and for the six month periods ended June 30, 1996 and 1995 were \$8,435 and \$15,859 respectively and net sales for the linerboard mill and container plants for the three month periods ended June 30, 1996 and 1995 were \$60,100 and \$156,635, respectively and for the six month periods ended June 30, 1996 and 1995 were \$153,406 and \$302,104, respectively. These amounts are not included in net sales and operating revenues in the accompanying statement of income and retained earnings.

The gain on the sale of these operations was \$90.4 million after income taxes of \$61.6 million. The gain is subject to final post-closing working capital adjustments.

Upon the completion of these sales, revenues of the Company will be materially lower than historical levels. Net income, earnings per share and cash flows may also be materially different than previous periods.

Quarter ended June 30, 1996

Net sales and operating revenues for the quarter were \$80.2 million, a \$5.7 million decrease from the same period in 1995 and a \$90.8 million decrease from the first quarter of 1996. A land sale to the State of Florida for \$13.7 million was offset by a decline of \$11.6 million in sales by the sugar segment and a \$5.4 million dollar decline in forestry net sales. Cost of sales and operating expenses were \$51.6 million, down from \$66.0 million in 1995 and \$68.9 million in the first quarter of 1996. These costs were 64.4% of net sales and operating revenues in 1996 compared to 76.8% in 1995 and 40.3% in the first quarter of 1996. Selling, general and administrative expenses were \$5.5 million in the second quarter of 1996 compared to \$7.1 million in the second quarter of 1995 and \$8.7 million in the first quarter 1996. As a result of these changes, operating profit was \$23.1 million compared to \$12.8 million in the same quarter of 1995 and \$93.4 million in the first quarter of 1996.

Six Months ended June 30, 1996

Net sales and operating revenues were \$251.2 million for the first half of 1996, an increase of \$88.8 million over the same period in 1995. The increase was due to land sales to the State of Florida of \$97.8 million. Cost of sales and operating expenses dropped to \$120.5 million from 1995's \$124.0 million. Selling, general and administrative expenses declined slightly to \$14.2 million in 1996. Operating profit increased to \$116.5 million compared to 1995's \$23.7 million.

An analysis of operating results by segment follows:

Forestry

Quarter ended June 30, 1996

	1996	1995	% Decrease
Net Sales	11.6	17.0	(31.8)
Cost of Sales	10.9	16.8	(35.1)
Selling, General and Administrative Expenses	(0.7)	0.9	(177.8)
Operating Profit (Loss)	1.4	(0.7)	300.0

A month long shutdown at the Company's linerboard mill prior to its sale resulted in sales to the mill decreasing. Delivered prices to the mill dropped by \$0.42 per ton from the first quarter reflecting the execution of the fiber supply agreement with the purchaser of the linerboard mill on May 30, 1996. The fiber supply agreement is for fifteen years with two five year extensions. Annual wood fiber tonnage to be supplied from the Company's lands will not exceed that previously provided and is to be at negotiated market prices adjusted on a quarterly basis. The Company plans in the future to shift its remaining fiber production from the Company's lands to higher margin timber products.

Six Months ended June 30, 1996

1996 1995 % Decrease

Net Sales	25.7	31.9	(19.4)
Cost of Sales	25.1	30.3	(17.2)
Selling, General and Administrative Expenses	0.6	2.1	(71.4)
Operating Loss	(0.0)	(0.5)	(100.0)

Reduced production at the Company's linerboard mill prior to its sale resulted in sales to the mill decreasing. Cost of sales increased from 95.0% of sales in the first half of 1995 to 97.6% in the same period of 1996.

Transportation

Quarter ended June 30, 1996

	1996	1995	% Increase (Decrease)
Operating Revenues	47.0	48.7	(3.5)
Operating Expenses	35.2	36.7	(4.1)
Selling, General and Administrative Expenses	4.6	5.0	(7.8)
Operating Profit	7.2	7.0	2.5

Rail traffic continued to decline on both the Company's rail subsidiaries. The lower operating revenues are primarily attributable to a decline in rail traffic of 1.6% on FEC and 5.8% on ANRR.

Six Months ended June 30, 1996

	1996	1995	% Increase (Decrease)
Operating Revenues	92.4	91.9	0.5
Operating Expenses	69.9	68.4	2.1
Selling, General and Administrative Expenses	9.8	9.3	5.3
Operating Profit	12.7	14.2	(10.3)

A decline of approximately 4.4% in rail shipments for the first six months together with the revenue reduction due to the haulage agreement, were the main contributors to the fall in operating profit.

Sugar

Quarter ended June 30, 1996

	1996	1995	% Increase (Decrease)
Net Sales	0.0	11.6	(100.0)
Cost of Sales	0.0	7.9	(100.0)
Selling, General and Administrative Expenses	0.8	0.5	60.0
Operating Profit (Loss)	(0.8)	3.2	(125.0)

The sugar segment had no shipments in the second quarter of 1996. The contract with the segment's customer calls for specific shipment levels throughout the year, but, at the request of the customer, the Company had shipped in the first quarter of 1996 in advance of the contract in an amount equal to approximately four months additional shipments. Normal shipments resumed in August.

Six Months ended June 30, 1996

	1996	1995	% Decrease
Net Sales	18.7	23.9	(21.8)
Cost of Sales	13.1	16.2	(19.1)
Selling, General and Administrative Expenses	1.9	2.0	(5.0)
Operating Profit	3.7	5.7	(35.1)

Shipments in 1996 dropped 18.2% from 1995 levels. Prices also declined 4.3%. The cost of production declined by \$3.89 in 1996 from \$311.53 in 1995.

Real Estate

Quarter ended June 30, 1996

	1996	1995	% Increase
Net Sales	21.6	8.6	151.2
Cost of Sales	5.5	4.6	20.2
Selling, General and Administrative Expenses	0.9	0.6	46.6
Operating Profit	15.2	3.4	346.8

In 1996, a single realty property sale of \$13.8 million was made to the State of Florida which did not occur in 1995. Rent and other income increased by \$1.1 million in the second quarter of 1996 compared to the same period in 1995. Cost of sales increased due to cost associated with the sale of the property to the State of Florida. Selling, general and administrative expenses increased by \$0.3 million.

Six Months ended June 30, 1996

	1996	1995	% Increase
Net Sales	114.3	14.6	682.9
Cost of Sales	12.5	9.1	37.8
Selling, General and Administrative Expenses	1.8	1.2	51.5
Operating Profit	99.9	4.3	2,224.3

In 1996, realty property sales of \$97.8 million were made to the State of Florida which did not occur in 1995. Rent and other income increased by \$3.1 million in 1996 compared to the same period in 1995. Cost of sales increased principally due to cost associated with the sale of the property to the State of Florida. Selling, general and administrative expenses increased by \$0.6 million.

Other Income increased \$1.5 million in the second quarter of 1996 compared to 1995. Interest income increased by \$2.4 million reflecting increased investment and higher rates. Gain on sales and other dispositions of property, plant and equipment decreased \$1.1 million. Other income, net fell by \$1.0 million.

Income from Continuing Operations decreased \$2.5 million (31%) during the second quarter of 1996 from the same period in 1995.

As a result of the sale of the Communications segment and the linerboard mill and container plants and the attendant reduction in employees covered by the Company's pension plans, an estimated gain from curtailment of the pension plans of \$1.2 million, net of tax, was recorded as a part of the gain on the sale of discontinued operations.

In addition, the Company's pension plans are in an overfunded position and, with the reduction in employees resulting from the sales, it is unlikely that the overfunding will be realized other than by a plan termination and reversion of the excess assets. Accordingly, the Company has recorded the 50% excise tax applicable to plan terminations as additional deferred taxes which amounted to approximately \$11.0 million. The Company has no immediate plans to terminate the pension plans and is in the process of evaluating other alternatives.

Earnings from discontinued operations (net of income taxes), representing the Company's former Communication segment and linerboard mill and container plants, were \$26.1 million less than the second quarter of 1995. Net income for the quarter was 234% above the same period in 1995, due mainly to the \$90.4 million gain on the sale of discontinued operations. Net income per share increased \$2.03 to \$2.89. Income from continuing operations was \$0.19 per share.

Financial Position

The Company's financial position remains strong. Current assets rose to \$756.8 million, an \$259.6 million increase from year end. Current liabilities increased by \$162.2 million causing the current ratio to drop from 11.2 to 1 at year end to 3.7 to 1 at the end of the second quarter.

The Company increased its investment in marketable securities by \$50.1 million over year end. Net property, plant and equipment increased by \$15.6 million, largely in FECI. Deferred income taxes grew by \$6.8 million, due primarily to deferred taxes on the proceeds of the condemnation sale to the State of Florida.

Stockholders' equity at June 30, 1996 was \$38.43 per share, an increase of \$5.11 from December 31, 1995.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At a Special Meeting of the stockholders held on April 24, 1996, the stockholders approved a proposal for the sale by the Company of those assets of St. Joe Forest Products Company ("SJFP") related to its paper mill business to PSJ Paper company L.L.C. ("JV") (a joint venture organized by Four M Corporation ("FMC") and Stone Container Corporation) and of St. Joe Container Company ("SJCC") related to its container business to FMC pursuant to an Asset Purchase Agreement dated as of November 1, 1995, as amended, among the Company, SJFP, and SJCC on one hand, and FMC and JV on the other hand. 25,155,461 votes were cast for, 17,002 votes were cast against, and 3,440 votes abstained as to the proposal.

At the Annual Meeting of the stockholders held on May 14, 1996, stockholders approved a proposed change in the name of the corporation from St. Joe Paper Company to St. Joe Corporation and an amendment to the company's articles of incorporation to effect the same. 24,095,914 votes were cast for, 3,275 votes were cast against, and 3,637 abstained as to the proposal.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3(i) Articles of Incorporation

3(ii) Bylaws

10 Wood Fiber Supply Agreement between St. Joseph Land and Development Company and Florida Coast Paper Company dated as of May 30, 1996

27 Financial Data Schedule

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed on August 19, 1996 to report the closing on May 30, 1996 of the sale of the linerboard mill and container plant under Item 2, "Acquisition or Disposition of Assets." Except for the actual date of closing that was announced by press release on May 30, 1996, essentially all information concerning the sale was previously reported in the Company's Special Meeting Proxy Statement dated April 11, 1996 in connection with stockholder approval of the sale and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996 which segregated discontinued operations.

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 Corporation
(Registrant)

/s/ J. M. Jones, Jr.
Vice President and CFO

/s/ D. M. Groos
Comptroller

OF

ST. JOE CORPORATION

ARTICLE I. LAWS OF FLORIDA TO GOVERN. The Laws of Florida shall govern the corporation.

ARTICLE II. NAME. The name of the corporation is ST. JOE CORPORATION.

ARTICLE III. GENERAL NATURE OF BUSINESS. The general nature of the business and the objects and purposes to be transacted, promoted and carried on by the corporation are as follows:

To manufacture, buy, sell, import, export and deal in pulp wood, wood pulp, paper, paper board, and all raw materials thereof and products and by-products therefrom, and articles of commerce made wholly or partly of pulp wood, wood pulp, paper, or paper board, and to establish, operate and maintain mills, plants and factories for such purposes;

To engage generally in the real estate business in all of its branches; to hold, buy, own, hire, control, work, develop, sell, convey, lease, mortgage, pledge, exchange, cultivate, improve and otherwise deal in or dispose of real estate and property, and any right, interest or estate therein, including fixtures, leases, tax titles and liens and other liens, as well as mineral rights and water rights; to plan, construct, build, erect, layout, open, repair and improve or otherwise deal in and with public or private roads, parks, streets, sidewalks, avenues, lanes, alleys, sewers, city, town and village sites and any and all other conveniences and facilities for the operation, development, improvement and use of real estate and

To engage generally in the business of buying, selling and dealing in stocks, bonds, and all manner of securities, both for its own account and for the account of others, upon commission or otherwise; to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, debentures and other negotiable or transferable instruments; to borrow, advance and lend money, and assets of all kinds upon such terms as may seem expedient; to execute and issue debentures, debenture stocks, bonds, obligations and securities of all kinds, and to evidence and secure the same as may seem expedient, with full power to make the same transferable by delivery or by instrument of transfer or otherwise and either perpetual or terminable and redeemable or otherwise, and to charge and secure the same by mortgage or trust deed, or otherwise on the undertaking of the corporation, or upon any specific property rights, present and future, of the corporation, or otherwise; to guarantee, purchase, hold, sell assign, transfer, mortgage, pledge, or otherwise dispose of the shares of the capital stock of, or any bonds, securities, or evidences of indebtedness erected by this or any other corporation or corporations of this State or any other State or Country, Nation or Government, and while the owner of said stock to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, to the same extent as natural persons might or could do;

To purchase or otherwise acquire, apply for, register, hold, use, sell or in any manner dispose of and to grant licenses or other rights in and in any manner deal with patents, inventions, improvements, processes, formulas, trade-marks, trade names, rights, and licenses secured under letters patent, copyrights or otherwise;

To enter into, make and perform contracts of every kind with any person, firm, association or corporation, municipality, body politic, country, territory or state;

To hold and re-issue any of the shares of its capital stock and to provide for the redemption of said stock; to have a lien upon all of the shares of any stockholder who may become indebted to this corporation, either individually, as co-partner, surety or otherwise, with the right to sell and dispose of such stock, or such portion or portions thereof, as may be necessary to pay off such indebtedness at either public or private sale and upon such notice and terms as the Board of Directors may prescribe, and with the further right to refuse to transfer said stock until full payment of all such indebtedness is made;

To own and/or operate mills or factories for the manufacture and/or furnishing of building material, fixtures and supplies of all kinds; to own and operate newspapers and publishing plants; to raise, breed and deal in live stock of all kinds; to construct harbors and improve the same; to improve rivers and streams by clearing and straightening the channels thereof, closing sloughs, erecting sluiceways, be_____ or dams of all kinds, and other works therein, to acquire construct, lease, operate and maintain radio broadcasting stations of any and all kinds;

To build, maintain, operate, purchase, lease, rent and sell saw-mills, and manufacture and distill turpentine, tar, pitch, rosin and other timber products, and to make and execute any and all manner of contracts and timber leases for logging, lumbering and naval stores operations; to carry on a general logging and lumbering business;

And to conduct any and every mercantile, trading, mineral, prospecting, shipping, forwarding, manufacturing and commission business at such place or places in the State of Florida and at any and all other places in the United States, or, outside the United States, as the corporation may determine;

To do any or all of the things hereinabove set forth as principal, agent, contractor, trustee or otherwise, along or in company with others; to carry on any and all of its operations and business and to promote its objects within the State of Florida or elsewhere without restriction as to place or amount; to have, use, exercise and enjoy all of the general powers of like corporations; and to do any or all of the things hereinabove set forth to the same extent as natural persons might or could do; and to do and perform all such other things and acts as may be necessary, profitable or expedient in carrying on any of the businesses or acts above named.

The intention is that none of the objects and powers hereinabove specified and clauses contained in this Article, except where otherwise specified in this Article, shall be in anywise limited or restricted by reference to or inference from the terms of any other objects, powers or clauses of this or any other Article, but that the several objects and powers specified above shall be regarded as independent objects and powers; the broader meaning shall be given to each word of the foregoing enumeration of the general nature of the businesses of this corporation and the use of no one word shall be construed to limit the meaning or effect of any other word or words used elsewhere.

ARTICLE V. STOCK. The maximum number of shares of stock that the corporation is authorized to have outstanding at any time is sixty million (60,000,000) shares having no par value per share, all of which shall be common voting stock of the same class. All shares of common stock issued shall be fully paid and non-assessable. The corporation shall have the right to issue fractional shares.

ARTICLE V. CAPITAL. The amount of capital with which the corporation shall begin business is the aggregate par value of the shares of stock outstanding, vis: \$9,179,460. Additional shares of authorized stock may be issued as provided by law.

ARTICLE VI. TERM OF EXISTENCE. The corporation shall have perpetual existence.

ARTICLE VII. PRINCIPAL OFFICE. The principal office of the corporation shall be located in the City of Jacksonville, County of Duval, State of Florida.

ARTICLE VIII. DIRECTORS. The number of Directors of the corporation shall be not less than nine (9) nor more than fifteen (15).

ARTICLE IX. BOARD OF DIRECTORS. The names and post office addresses of the Board of Directors who, subject to the By-Laws of the corporation and the Laws of Florida, shall hold office until the next annual meeting of the stockholders of the corporation or until their successors are elected and have qualified, are

NAME	POST OFFICE ADDRESS
Jessie Ball duPont	152h Barnett Bank Building, Jacksonville Florida
Edward Ball	P.O. Box 191, Tallahassee, Florida
Robert L. Main	152h Barnett Bank Building, Jacksonville Florida
Henry W. Dow	152h Barnett Bank Building, Jacksonville Florida
Elbert Dent	Greenville, Wilmington 7, Delaware
Irene Walsh	152h Barnett Bank Building, Jacksonville Florida
W.H. Goedman	P.O. Box 720, Jacksonville 1, Florida
Francis P. Gaines	Washington-Lee University, Lexington, Virginia
H.P. Adair	Barnett Bank Building, Jacksonville Florida
Harry H. Saunders	St. Joe Paper Company, Port St. Joe, Florida
R.C. Brant, Jr.	P.O. Box 191, Tallahassee, Florida
T.S. Coldsway	St. Joe Paper Company, Port St. Joe, Florida
J.C. Belin	St. Joe Paper Company, Port St. Joe, Florida
W.T. Edwards	1785 Southwood Street, Sarasota, Florida

ARTICLE X. OFFICERS. The officers of the corporation shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers, agents and factors as may be deemed necessary. The names and post office addresses of the President, Secretary, and Treasurer, of the corporation, who shall hold office until the next Annual Meeting of the Board of Directors or until their successors are elected, are:

Roger L. Main, President, 152h Barnett Bank Building, Jacksonville, Florida;

Irene Walsh, Secretary, 152h Barnett Bank Building, Jacksonville, Florida;

S. D. Staneburner, Treasurer, 152h Barnett Bank Building, Jacksonville, Florida.

All officers, agents and factors shall be chose in such manner, hold their offices for such terms, and have such powers and duties as may be prescribed by the By-Laws or determined by the Board of Directors. Any person may hold two or more offices, except that the President shall not be also the Secretary or an Assistant Secretary of the corporation. Until their respective successors shall have been duly elected and qualified, the present officers of St. Joe Paper Company shall be the officers of the corporation.

ARTICLE XI. BY-LAWS. Subject to the By-Laws, if any, adopted by the stockholders, the Directors may make the By-Laws of the corporation.

ARTICLE XII. The amended Certificate of Incorporation contains all of the currently effective provisions of the Charter of said corporation, it being the purpose of this Amendment of the Certificate of Incorporation that any previous charter provision as set forth in the original Certificate of Incorporation, the amendments thereto, and the agreements of merger, shall be deemed to have been amended, modified, or revoked, so as to be consistent with the Articles I through XI hereof.

AMENDED BY-LAWS
OF
ST. JOE CORPORATION

ARTICLE I - STOCK

1. CERTIFICATE OF STOCK shall be issued in numerical order from the Stock Certificate Book, and be signed by the President and by the Secretary and sealed with the Corporate Seal. A record of each certificate issued shall be kept on the stub thereof.

2. TRANSFER OF STOCK shall be made only on the books of the Company, in person or by attorney upon surrender of the certificate evidencing the stock sought to be transferred, properly endorsed; the certificate so surrendered shall be cancelled as and when the new certificate or certificates are issued.

ARTICLE II - STOCKHOLDERS

1. The Annual Meeting of the Stockholders of this Corporation shall be held at 10:30 A.M. local time on the second Tuesday in May of each year commencing with the year 1994 A.D. Each Annual Meeting shall be held at the principal office of the Company in Jacksonville, Florida, unless some other place in or out of the State of Florida is designated by the Board of Directors, three weeks or more before the day of such Annual Meeting.

2. SPECIAL MEETINGS of the Stockholders may be called or held at any place in or out of the State of Florida, at any time by resolution of the Board of Directors, and shall be called at any time upon written request of Stockholders holding one-third of the outstanding stock.

3. NOTICE OF STOCKHOLDERS' MEETINGS of the Corporation shall be in writing and signed by the President or a Vice President or the Secretary or an Assistant Secretary of the Corporation. Such notice shall state the purpose or purposes for which the meeting is called and time when and the place where it is to be held. A copy of such notice shall be served upon or mailed to each stockholder of record entitled to vote at such meeting not less than ten nor more than sixty days before such meeting. If mailed, it shall be directed to the stockholder at his home address as it appears upon the records of the Corporation. Notice duly served upon or mailed to a stockholder in accordance with the provisions of this by-law shall be deemed sufficient, and in the event of the transfer of his stock after such service and prior to the holding of the meeting, it shall not be necessary to serve notice of the meeting upon the transferee. Any meeting of stockholders may be held either within or without the State of Florida. Any stockholder may waive notice of any meeting either before, at or after the meeting. When the stockholders who hold four-fifths of the stock of the Corporation shall be present at a meeting, however called, or notified, and shall sign a written consent thereto on the record of the meeting, the acts of such meeting shall be as valid as if legally called and notified.

4. A QUORUM at any meeting of the Stockholders shall consist of a majority of the stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting.

5. THE ORDER OF BUSINESS of the Annual Meetings, and as far as possible, at all other meetings of the stockholders shall be:

1. Calling of roll.
2. Proof of due notice of meeting.
3. Reading and disposal of any unapproved minutes.
4. Annual reports of officers and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III - DIRECTORS

1. THE BUSINESS AND PROPERTY of the Corporation shall be managed by a Board of not less than nine nor more than fifteen Directors, the number to be determined by the stockholders of the Corporation or the Board, all of whom shall be of full age and at least one of whom shall be a citizen of the United States and such Board of Directors shall have full control over the affairs of the Corporation and shall be authorized to exercise all of its corporate powers unless otherwise provided in these by-laws. The Directors shall be elected at the annual meeting of the stockholders by a plurality of the votes cast at such election, for the term of one year, and shall serve until the election and acceptance of their duly qualified successors. Vacancies in the Board of Directors shall be filled by the Directors remaining in office.

2. A CHAIRMAN OF THE BOARD of Directors shall be selected, who shall be considered an officer of the Corporation.

3. A REGULAR MEETING of the Board of Directors shall be held

immediately upon adjournment of the annual meeting of the stockholders each year at the place where the annual meeting of the stockholders is held that year.

4. SPECIAL MEETINGS of the Board of Directors may be held in or out of the State of Florida, and may be called at any time or place by the President or by any three members of the Board, on at least three days notice in writing or by telegraph or may be held at any time and place without notice, by unanimous written consent of all the members, or by the presence of all members at such meeting.

5. AN EXECUTIVE COMMITTEE may be appointed by the Board of Directors from its membership, which shall be authorized to act for and in behalf of the Board of Directors at any time between meetings of the Board of Directors, but such committee shall have only the authority given it by the Board of Directors and any acts thereof shall be subject to ratification and approval by the Board of Directors at the next ensuing meeting of the Board of Directors. The Executive Committee may appoint one of its members to be Chairman of the Executive Committee, who may be considered as an officer of the Corporation.

6. A QUORUM at any meeting shall consist of a majority of the Board. A majority of such quorum shall decide any questions that may come before the meeting. If at any meeting less than a quorum is present, the Directors present, or a majority of them, may adjourn the meeting to another time and/or place.

7. OFFICERS OF THE COMPANY shall be elected by ballot of the Board of Directors at its first meeting after the annual meeting of the stockholders each year. If any office becomes vacant during the year, the Board of Directors shall fill the same for the unexpired term. The Board of Directors shall fix the compensation of the officers and agents of the Company.

8. THE ORDER OF BUSINESS at any regular or special meeting of the Board of Directors shall be:

1. Reading and disposal of any unapproved minutes.
2. Reports of officers and committees.
3. Unfinished business.
4. New business.
5. Adjournment.

9. INDEMNIFICATION OF OFFICERS AND DIRECTORS. The Corporation shall indemnify each officer and director, whether or not then in office (and his or her executor, administrator and heirs), against all reasonable expenses actually and necessarily incurred including but not limited to, judgments, costs and counsel fees in connection with the defense of any litigation, civil or administrative action, suit or proceeding, to which he or she may have been made a party because he or she is or was a director or officer of the Corporation. He or she shall have no right to reimbursement, however, in relation to matters as to which he or she has been adjudged liable to the Corporation for negligence or misconduct in the performance of his or her duties or was derelict in the performance of his or her duty as director or officer by reason of willful misconduct, bad faith, gross negligence or reckless disregard of the duties of his or her office or employment. The right to indemnity for expenses shall also apply to expenses in connection with suits that are compromised or settled if (1) the court having jurisdiction of the action shall approve such settlement, or (2) a majority of the Board of Directors, excluding interested directors, votes to approve such settlement. As used in this paragraph an "interested director or officer" is one against whom the proceeding in question or another proceeding on the same or similar grounds is then pending.

The foregoing right of indemnification shall be in addition to, and not exclusive of, all other rights to which that director or officer may be entitled.

ARTICLE IV - OFFICERS

1. THE OFFICERS OF THE CORPORATION shall be a Chairman of the Board of Directors, a President, one or more Vice Presidents, a Secretary, a Treasurer, and a Comptroller, each of whom shall be elected annually for the term of one year unless sooner removed by the Board of Directors, and each of whom shall hold office until his successor shall be elected and qualified. The President shall be a director of the Corporation. Any person may hold two or more offices except that the President shall not be also the Secretary or an Assistant Secretary of the Corporation.

2. THE CHAIRMAN OF THE BOARD OF DIRECTORS shall preside at all meetings of stockholders and directors. Except where by law the signature of the President is required, he shall possess the same power as the President to sign all certificates, contracts and other instruments of the corporation which may be authorized by the Board of Directors. During the absence or disability of the President he shall exercise all the powers and discharge all the duties of the President.

3. THE PRESIDENT, in the absence of the Chairman of the Board, shall preside at all meetings. He shall also have general supervision of

the affairs of the Company, shall make reports to the Directors and Stockholders and perform all such other duties as are incident to his office or are properly required of him by the Board of Directors. In the absence, disqualification or disability of the President, or at his direction, any Vice President shall exercise all the functions of the President, and in any case, so far as the dealing by third parties with the Corporation is concerned, any Vice President shall have equal authority with the President to bind the corporation.

4. THE SECRETARY shall keep the minutes of all meetings, shall have charge of the seal and the corporate books, shall execute with the President or Vice President such instruments as require such signatures, and shall make such reports and perform such other duties as are incident to his office, or are properly required of him by the Board of Directors. The Board of Directors may appoint one or more Assistant Secretaries; and in the absence, disqualification or disability of the Secretary, any such Assistant Secretary shall exercise the functions of the Secretary.

5. THE TREASURER shall have the custody of all moneys and securities of the Corporation and shall keep regular books of account under the direction of the Board of Directors. He shall deposit all funds and moneys of the Corporation in banks to be designated by the Board of Directors, and shall perform such other duties as may be required of him by the Board of Directors. The Board of Directors may appoint one or more Assistant Treasurers, and in the absence, disqualification or disability of the Treasurer, or at his direction, any such Assistant Treasurer shall exercise the functions of the Treasurer.

6. THE COMPTROLLER shall maintain adequate records of all assets, liabilities, and transactions of the Corporation, shall see that adequate audits thereof are currently and regularly made, and, in conjunction with other officers and department heads, shall initiate and enforce measures and procedures whereby the business of the Corporation shall be conducted with the maximum safety, efficiency, and economy. He shall attend such meetings of the Directors and Stockholders of the Corporation and shall make such reports to the President and/or the Board of Directors as said Board of Directors may prescribe, and shall perform such other duties as may be required of him by the Board of Directors.

7. REMOVAL OF OFFICERS. The Chairman of the Board, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, and the Comptroller of the Corporation, any or all of them, may be removed from office for malfeasance in office or conduct prejudicial to the Corporation's interest by the vote of not less than two-thirds of the whole membership of the Board of Directors at any regular or special meeting of the Board. Provided, however, that the officer so sought to be removed shall be given not less than ten days notice in writing of the charges to be preferred against him, and be given an opportunity to refute the same before the board.

8. THE BOARD OF DIRECTORS may, from time to time, appoint such additional officers as it deems necessary, prescribe their duties, and fix their salaries, and may remove them at pleasure and may authorize any or all of the officers of the corporation to execute in the Corporation's name notes, purchases or sales of real estate, leases, bills of sale, mortgages, pledges, exchanges, contracts, checks, bills of exchange and any and all other papers and documents on behalf of the corporation.

ARTICLE V - DIVIDENDS AND FINANCE

1. DIVIDENDS shall be declared only at such times and in such amounts as the Board of Directors shall direct.

ARTICLE VI - SEAL

1. THE CORPORATE SEAL of the Company shall consist of two concentric circles, between which is the following: "St. Joe Corporation, Florida", and in the center shall be inscribed, "Corporate - Seal - 1936".

ARTICLE VII - AMENDMENTS

1. THESE BY-LAWS MAY BE AMENDED, repealed or altered, in whole or in part, at any meeting, regular or special, regardless of notice, by the vote of no less than four-fifths of the members of the Board of Directors, or by the majority vote of the Directors present at any meeting if notice of the proposed amendment and of the time and place of the meeting at which the amendment is to be voted on shall have been given in writing to each member of the Board of Directors at least ten days before such meeting is held.

WOOD FIBER SUPPLY AGREEMENT

THIS AGREEMENT, made and entered into this 30th day of May, 1996, between ST. JOSEPH LAND AND DEVELOPMENT COMPANY, a Florida corporation, hereinafter "Seller", and FLORIDA COAST PAPER COMPANY, L.L.C., a Delaware limited liability company, hereinafter "Buyer."

W I T N E S S E T H

Whereas, Buyer is desirous of procuring wood fiber in the form of pulpwood, wood chips, and fuel wood from Seller for its paper mill at Port St. Joe, Florida (the "Mill"); Whereas, Seller is desirous of selling pulpwood, wood chips, and fuel wood to Buyer for its mill at Port St. Joe, Florida;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, Seller and Buyer agree that Seller shall sell to and Buyer shall purchase from Seller pulpwood, wood chips, and fuel wood upon the following terms and conditions:

1. AMOUNT:

Seller shall deliver to Buyer and Buyer shall accept from Seller, upon and subject to the terms and conditions of this Agreement, pulpwood and wood chips in the aggregate as follows:

first twelve months	--	1,600,000 tons
second twelve months	--	1,400,000 tons
third twelve months	--	1,200,000 tons
fourth twelve months	--	900,000 tons
thereafter	--	900,000 tons

Starting in the twenty-fifth month, and annually thereafter during the term of this Agreement, 900,000 tons of the tonnage delivered to Buyer must originate from Seller's land with the understanding that wood chips generated from higher margin wood fiber products shall not be required to originate from Seller's land but shall be deemed for this purpose to so originate. During the term of this Agreement, Seller shall notify contemporaneously with notice to other third parties Buyer of any upcoming sales of pulpwood or pine wood chips in the open market and Buyer shall have the right to bid on the same basis as other third parties. From time to time during the term of this Agreement Buyer may elect in its sole option upon 120 days notice to Seller to reduce in increments the minimum tonnage (the "Minimum Tonnage") required of Seller hereunder to an amount not less than 600,000 tons per year, but each and every reduction shall be permanent.

2. SPECIFICATIONS:

All wood fiber delivered pursuant to this Agreement shall meet the specifications set forth in Exhibit A hereto. Of the aggregate annual amount of wood fiber in the form of pulpwood and wood chips to be delivered, at least 25% shall be comprised of wood chips.

3. DELIVERY SCHEDULE:

Seller shall deliver to Buyer and Buyer shall accept from Seller wood fiber on a generally uniform weekly schedule which may be adjusted by the parties to conform so far as practical to (a) Buyer's paper mill operating schedule; (b) cessation of paper mill operations that are scheduled in advance of stoppage, for maintenance of the mill and inventory adjustments; (c) loss of rail transportation; or (d) excessive unfavorable weather conditions; (e) labor disputes or (f) insufficient customer orders. Each party will give to the other party notice in writing in advance of 3(a), (b), (c), (d), (e) and (f) of this Agreement.

In the event Buyer does not accept wood fiber from Seller for reasons other than those in this Section 3 or by Force Majeure (Section 11) for a period of two (2) weeks, Buyer shall pay to Seller weekly an amount equal to the pine pulpwood Zone 2 price as determined from time to time in accordance with the terms of this Agreement (1/52 x the Minimum Tonnage). In the event the circumstances in the preceding sentence arise, Buyer may instruct Seller to deliver wood fiber to third parties at destinations other than the Port St. Joe mill. Additional cost incurred for delivery to third parties shall be for the account of Buyer.

4. FUEL WOOD:

Biomass used for fuel required by Buyer consistent with past practice at its Port St. Joe Mill shall be delivered to Buyer by Seller for its Port St. Joe mill for the first twelve (12) months hereof. No later than 120 days before the first anniversary of the date of this Agreement and each succeeding anniversary, if extended, Buyer shall notify Seller in writing whether it desires fuel wood produced at Seller's wholly owned or leased wood chipping facilities to be delivered to Buyer in the second twelve (12) months and thereafter in which case Buyer shall be solely responsible for obtaining the balance, if any, of its fuelwood requirements otherwise. In such event, Seller shall so deliver such fuel wood to Buyer.

5. SCALES:

A ton used in this Agreement shall be defined as 2,000 pounds by weight for trucks and 78 cubic feet by scale for rail wood chip cars. Buyer shall provide and maintain at its expense, adequate printing scales at its paper mill at Port St. Joe, Florida for the purpose of determining the weight of pulpwood, wood chips, and fuel wood sold and delivered by truck to the mill.

Upon request of Seller, Buyer shall promptly provide Seller copies of the certifications of the scales by the Florida Department of Agriculture and Consumer Services.

Buyer shall be responsible for all scaling and measuring of pulpwood, wood chips, and fuel wood pursuant to this Agreement. Buyer shall, at its expense, furnish qualified scalers acceptable to Seller. Such scalers shall be employees of Buyer.

Notwithstanding the foregoing, Buyer may, at its option, utilize the weight equivalency methodology of (stick) scaling for the purpose of determining the weight of wood chips delivered by rail to the Port St. Joe mill based on 78 cubic feet per ton.

Scaling shall be done upon delivery of pulpwood, wood chips, and fuel wood to Buyer's scales, and Buyer shall expeditiously unload and release all trucks and rail cars.

Seller may, upon reasonable notice to Buyer, at its sole option and cost, utilize scalers other than those supplied by Buyer to verify the scaling and culling. Buyer shall adjust its scaling and culling to reflect the results of such verification, provided, however, that such verification shall have determined that Buyer's scaling methods were in error.

6. PRICE OF WOOD FIBER:

The prices of all wood fiber produced by Seller and purchased by Buyer hereunder is shown in Exhibit B attached to this Agreement and is made a part hereof, as adjusted in accordance with the provisions of this Section 6.

The prices shown in Exhibit B shall be adjusted at the beginning of each month following the most recent quarterly publication of Timber Mart South (or a successor publication). The prices, including the prices currently set forth in Exhibit B and the quarterly adjusted prices as defined below, shall be adjusted by that percentage change rounded to the fourth decimal place between (a) the average of the prices reflected in the four most recent quarterly publications of Timber Mart South (or a successor publication), for Stumpage Price Mart, Standing Timber, Pine Pulpwood, Dollars Per Ton, Zone 2, Average Price for Florida, and (b) the average of the

prices reflected in the four quarterly publications prior to the most recent quarterly publication of Timber Mart South (or a successor publication), for Stumpage Price Mart, Standing Timber, Pine Pulpwood, Dollars Per Ton, Zone 2, Average Price for Florida; provided that each quarterly adjustment shall not be greater than a 5% increase or decrease. However, the prices reflected in Exhibit B (September 30, 1995) attached hereto shall be adjusted without limitation by the percentage change determined by the most recent publication of Timber Mart South (or a successor publication) immediately preceding the closing date hereof.

In the event that Timber Mart South (or a successor publication) is no longer published or such publication (or a successor publication) is prepared on a basis different than that in effect on the date of this Agreement, the parties hereto shall use reasonable efforts to agree on an appropriate substitute publication. Failing such agreement, the parties shall select an arbitrator to select the substitute publication in accordance with the procedures set forth in Section 12 hereof.

Notwithstanding the foregoing, no later than thirty days prior to each 24 month period beginning on the second anniversary date of this Agreement, Buyer and Seller shall use their best efforts to agree on prices reflecting fair market value for each category of wood fiber as reflected on Exhibit B hereto, to become effective on the anniversary date. Such annually negotiated prices shall be adjusted quarterly as described above for the next 24 month period. In the event that Buyer and Seller are unable to agree on prices by the end of each 24 month anniversary date then the parties shall select an arbitrator to determine the prices in compliance with Section 12 hereof. The prices so determined will be applied retroactively to the applicable anniversary date.

7. PRICE OF BIOMASS (FUEL WOOD):

The price of biomass used for fuel wood produced by Seller and delivered to Buyer hereunder is shown in Exhibit B hereto.

The price of fuel wood may be adjusted every 24 months as mutually agreed between the parties.

8. PAYMENT:

Seller shall invoice Buyer on a weekly basis for deliveries made during each week and for all deliveries made during the first year of this Agreement, Buyer shall pay Seller within 30 days from the date of such invoices, which date shall not be earlier than the Friday of the week during which the deliveries were made, for the next four years of the term of this Agreement, Buyer shall pay Seller within 14 days from the date of such invoices and for the remainder of the term of this Agreement, Buyer shall pay Seller within seven days from the date of such invoices.

9. RECORDS:

Buyer shall furnish Seller daily numbered weight tickets and numbered scaling tickets evidencing the weights of pulpwood, wood chips and fuel wood delivered to it; listing the name of the timber dealer, the name of the timber producer, the time, the date, the truck number, the rail car number, the zone and the tract from which the pulpwood, wood chips and fuel wood originated; provided, however, that Seller shall have provided such information to Buyer at the time of the applicable delivery. Buyer shall furnish all documents detailing the amount and nature of any culling to Seller daily as performed and shall make available to Seller, upon Seller's request, the samples taken on which the culling was done. Buyer shall assist Seller in effecting timber security activities. Unless the quantity received by Buyer under the foregoing

records is contested within sixty (60) days from date of such numbered tickets and documents, such records shall be deemed final by the parties hereto.

10. TITLE:

The title of all pulpwood, wood chips and fuel wood under this Agreement shall remain in Seller until delivered to Buyer. Delivery of pulpwood, wood chips, and fuel wood by truck shall be deemed to have been made when the truck has been placed in position for scaling at Buyer's woodyard. Delivery of chips by rail shall be deemed to have been made when the rail cars have been placed for scaling at Buyer's woodyard.

11. FORCE MAJEURE:

The parties hereto agree that Seller shall not be liable to Buyer for any actual or consequential damages for Seller's failure to perform if:

A. The contract dealers and producers of pulpwood, wood chips or fuel wood are prevented by strike, walkout, labor strife, riot, civil war, acts of the public enemy, and/or acts of God from delivering to Buyer;

B. Restrictions or prohibitions imposed by Local, State, or Federal Government or any of their agencies that prevent Seller from performing under this Agreement.

C. The condemnation or taking of Seller's lands or any material part thereof or of the timber thereon; or

D. Seller's timber is damaged by fire, storm, pestilence, wind, lightning, rain, ice, floods, rising waters or other casualty to the extent that the timber remaining and undamaged is insufficient to supply pulpwood, wood chips, and fuel wood without deviating from sound forest management principles.

In the event that Seller is unable to ship the pulpwood and wood chip tonnage required hereunder on account of any such force majeure event, Seller will allocate its available pulpwood and wood chip tonnage thereof among its then existing customers, divisions and affiliated companies on such basis as Seller may deem fair and practical, without liability for any such failure to perform its obligations under this Agreement; provided, however, that in making such allocation Seller shall, as near as practicable, limit its reduction of shipments hereunder in such manner as to have the same percentage of reduction apply to such customers, divisions and affiliated companies.

12. DISAGREEMENT OF SPECIFICATIONS, QUALITY OR PRICE:

In the unlikely event that a disagreement should arise over the specifications, quality, or price of any product produced by Seller and delivered to Buyer, Seller and Buyer mutually agree to submit the matter in dispute to a qualified testing laboratory, engineering firm, forestry consultant, or other third party qualified to arbitrate the disagreement. Seller and Buyer agree to accept the decision of the third party.

In the event that Seller and Buyer cannot agree on the third party qualified to arbitrate the disagreement, a joint request shall be made to the American Arbitration Association to appoint an arbitrator. The arbitrator appointed shall be deemed to be the arbitrator selected by mutual agreement.

If any of the prices of pulpwood, wood chips, or fuel wood is an issue and the matter is submitted for arbitration, the arbitrator shall have not less than ten (10) years experience in the supply of the wood fiber products to be supplied hereunder to the geographic region in which Buyer's mill is located and shall not be a current or prior employee of Buyer, Seller or SCC. Each party shall submit to the arbitrator, within five days after the arbitrator is chosen, the price

it feels reflects the fair market value for such category of wood fiber as reflected in Exhibit B hereto, together with all data in support of its position. The arbitrator will then rule within thirty days thereafter on the price of either Seller or Buyer that most fairly represents fair market value. The decision of the arbitrator shall be binding on both parties. The expenses of the arbitrator shall be borne equally by Seller and Buyer.

13. CHIPPING SERVICES AT LOWRY

Seller will provide chip service at Lowry for Buyer's private wood up to a maximum of 100,000 tons per year. The charge for chipping Buyer's private wood will be as shown on Exhibit B hereto. For each gross ton of Buyer's private wood delivered to Lowry, Seller will deliver to the mill at Port St. Joe eighty-three percent (83%) chips and seventeen percent (17%) fuel wood. If the ratio of chips to fuel wood proves to be different, the parties will negotiate an appropriate ratio based upon actual outturn.

14. TERMS OF AGREEMENT:

This Agreement shall commence on May 30, 1996, and will terminate on December 31 of the fifteenth calendar year thereafter. Notwithstanding the foregoing, this Agreement may be extended by Buyer for two successive five year terms, in each case upon one hundred twenty (120) days advance notice in writing to Seller.

15. ASSIGNMENT:

This Agreement shall be binding on the successors and assigns of the parties hereto; provided that without the prior written consent of Seller, Buyer may only assign or transfer any of its rights or obligations under this Agreement to a subsequent purchaser of the Mill which will only be permitted to take delivery as prescribed in this Agreement at the Mill except as otherwise provided in Section 3. Nothing herein shall prohibit the Seller from employing any

subcontractors or agents; provided that such employment shall not relieve the Seller of any of its obligations hereunder.

16. NOTICES:

All notices provided for in this Agreement shall be in writing signed by the party giving such notice, and delivered personally or sent by overnight courier or messenger against receipt thereof or sent by registered or certified mail (air mail if overseas), return receipt requested, or by Telex, facsimile transmission, telegram or similar means of communication if confirmed by mail. Notices shall be deemed to have been received on the date of personal delivery or telecopy or, if sent by certified registered mail, return receipt requested, shall be deemed to be delivered on the third business day after the date of mailing. Notices shall be sent to the following addresses:

To Seller: St. Joseph Land and Development Company
P.O. Box 908
Port St. Joe, Florida 32456
Attention: Clay Smallwood, Manager

To Buyer: Florida Coast Paper Company, L.L.C.

300 First Street
Port St. Joe, Florida 32456
Attention: Clinton G. Ames, President

17. GOVERNING LAW; JURISDICTION; FORUM:

The parties hereto agree that all of the provisions of this Agreement and any questions concerning its interpretation and enforcement shall be governed by the laws of the State of Florida without regard to any applicable principles of conflict of laws. Each of the parties irrevocably and unconditionally consents that any suit, action or proceeding relating to this Agreement may be brought in a court of the United States sitting in the State of Florida or, if

jurisdiction is lacking in such a court, in a court of record in the State of Florida, and each party hereby irrevocably waives, to the fullest extent permitted by law, any objection that it may have, whether now or in the future, to the laying of the venue in, or to the jurisdiction of, any and each of such courts for the purpose of any such suit, action, proceeding or judgment and further waives any claim that any such suit, action, proceeding or judgment has been brought in an inconvenient forum, and each party hereby submits to such jurisdiction.

18. COUNTERPARTS:

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all of which together shall constitute one and the same instrument.

19. ENTIRE AGREEMENT:

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof.

20. HEADINGS:

The section headings of this Agreement are only for the purpose of reference and shall not affect the meaning hereof.

IN WITNESS WHEREOF, the companies hereunto have caused this Agreement to be executed by their duly authorized officer, on the 30th day of May, 1996.

ST. JOSEPH LAND AND DEVELOPMENT
COMPANY

WITNESSES:

- -----
Witness /s/ R.E. Nedley
 by: R.E. Nedley
 its: Vice President

- -----
Witness

FLORIDA COAST PAPER COMPANY, L.L.C.

WITNESSES:

- -----
Witness /s/ Mary B. Dopsloff
 by: Mary B. Dopsloff
 its: Vice President

- -----
Witness

6-MOS	YEAR	
	DEC-31-1996	DEC-31-1995
	JUN-30-1996	DEC-31-1995
	557,581	16,802
	102,917	189,865
	45,882	44,390
	0	0
	26,046	20,592
	756,765	497,184
	820,568	804,974
	0	0
	1,873,190	1,530,994
210,163		44,469
	0	0
	8,714	8,714
0	0	0
	0	0
1,873,190	1,530,994	0
	158,714	0
251,152	50,670	0
	0	0
	134,701	0
	0	0
	0	0
	324	0
	133,936	0
	62,072	0
65,469	0	0
	91,116	0
	0	0
	0	0
	0	0
	156,585	0
	5.13	0
	.0	0