

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, 1994

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, 1994 there were 30,498,650 shares of common  
stock, no par value, outstanding.

ST. JOE PAPER COMPANY

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

ASSETS	March 31 1994 (Unaudited)	December 31 1993
Current Assets:		
Cash and cash equivalents	\$ 60,605	\$ 48,304
Short-term investments	69,501	66,307
Accounts receivable	81,300	74,127
Inventories	75,182	69,398
Other assets	20,456	25,720
Total Current Assets	307,044	283,856
Investment and Other Assets:		
Marketable securities	150,750	159,523
Other assets	39,917	40,170
Total Investments and Other Assets	190,667	199,693
Property, Plant and Equipment, Net	1,016,385	1,007,722
Total Assets	\$1,514,096	1,491,271
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 39,738	\$ 41,515
Accrued liabilities	27,308	27,838
Income taxes payable	6,273	2,737
Long-term debt due within one year	27,712	21,309
Total Current Liabilities	101,031	93,399
Accrued Casualty Reserves and Other Liabilities	11,834	11,063
Long-Term Debt due After One Year	38,616	38,947
Deferred Income Taxes and Income Tax Credits	208,496	205,531
Minority Interest in Consolidated Subsidiaries	244,084	238,878
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	858,146	851,511
Net unrealized gains on debt and marketable equity securities	43,175	43,228
Total Stockholders' Equity	910,035	903,453
Total Liabilities and Stockholders' Equity	\$1,514,096	\$1,491,271

See accompanying notes.

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

	Three Months ended March 31	
	1994	1993
Net Sales and Operating Revenues	\$167,368	\$146,698
Cost of Sales and Operating Revenues	134,526	126,654
Gross Profit	32,842	20,044
Selling, General and Administrative Expenses	13,822	14,906
Operating Profit	19,020	5,138
Other Income (Expense):		
Dividends	534	229
Interest income	2,504	2,775
Interest expense	(963)	(979)
Gain on sales and other dispositions of property, plant and equipment	384	977
Other, net	1,087	1,321
	3,546	4,323
Income before Income Taxes, Minority Interest and Cumulative Effect of Change in Accounting Principle	22,566	9,461
Provision for Income Taxes	7,903	3,636
Income before Minority Interest and Cumulative Effect of Change in Accounting Principle	14,663	5,825
Income Applicable to Minority Interest in Consolidated Subsidiaries	6,503	2,363
Income before Cumulative Effect of Change in Accounting Principle	8,160	3,462
Cumulative Effect of Change in Accounting Principle for Income Taxes	---	20,518
Net Income	\$ 8,160	\$ 23,980
Retained Earnings at Beginning of Period	851,511	824,968
Dividends	1,525	1,525
Retained Earnings at End of Period	\$858,146	\$847,423
Per Share Data:		
Dividends	\$ 0.05	\$ 0.05
Income before Cumulative Effect of Change in Accounting Principle	\$ 0.27	\$ 0.11
Cumulative Effect of Change in Accounting Principle	---	\$ 0.68
Net Income	\$ 0.27	\$ 0.79
Number of Common Shares Outstanding	30,498,650	30,498,650

See accompanying notes.

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

	Three Months ended March 31	
Cash Flows from Operating Activities:		
Net Income	\$8,160	\$23,980
Adjustments to reconcile net income to		

cash provided by operating activities:		
Cumulative effect of a change in accounting principle	---	(20,518)
Depreciation and depletion	5,533	16,025
Minority interest in income	6,503	2,363
Gain on sale of property	(384)	(977)
Increase in deferred income taxes	2,965	7,464
Changes in operating assets and liabilities:		
Accounts receivable	(7,173)	(1,534)
Inventories	(5,784)	(6,073)
Other assets	5,517	2,314
Accounts payable, accrued liabilities and casualty reserves	(1,536)	(1,121)
Income taxes payable	3,536	---
Cash Provided by Operating Activities	27,337	21,923
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(25,582)	(25,049)
Purchases of investments	(16,490)	(28,411)
Proceeds from sales of property	1,771	2,479
Proceeds from sales of investments	21,148	31,439
Cash Used in Investing Activities	(19,153)	(19,542)
Cash Flows from Financing Activities:		
Net change in short-term borrowings	6,398	4,374
Dividends paid to stockholders	(1,525)	(1,525)
Repayment of long-term debt	(326)	(315)
Dividends paid to minority interest	(430)	(423)
Cash Provided by Financing Activities	4,117	2,111
Net Increase in Cash and Cash Equivalents	12,301	4,492
Cash and Cash Equivalents at Beginning of Period	48,304	42,137
Cash and Cash Equivalents at End of Period	\$60,605	\$ 46,629
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for certain expense items is:		
Interest	\$ 838	\$ 777
Income taxes	\$ 2,563	\$ 916

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, 1994 and December 31, 1993 and the results of operations and cash flows for the three month period ended March 31, 1994 and 1993.
- The results of operations for the three month period ended March 31, 1994 and 1993 are not necessarily indicative of the results that may be expected for the full year.
- Inventories at March 31, 1994 and December 31, 1993:

	March 31 1994	December 31 1993
Manufactured paper products and associated raw materials	\$ 29,945	\$ 30,782
Materials and supplies	25,436	27,407
Sugar	19,801	11,209
	\$ 75,182	\$ 69,398

- 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.

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

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 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, 1994 and December 31, 1993, 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 CONSOLIDATED  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Sales and Operating Revenues for the quarter ended March 31, 1994 increased \$20.7 million (14.1%) compared to the same 1993 period.

Cost of Sales and Operating Expenses increased \$7.8 million (6.2%) for the quarter ended March 31, 1994 compared to the March 31, 1993 quarter which were 80.4% of net sales and operating revenue for the 1994 quarter and 86.3% for the 1993 quarter.

Selling, General and Administrative Expenses for the first quarter of 1994 were \$1.1 million (7.1%) lower when compared to the corresponding 1993 quarter.

Operating Profit for the quarter ended March 31, 1994 compared to the same 1993 period was higher by \$13.9 million (270.2%).

The operating results for the Company by industry segments for the comparable three month period follows (in millions of dollars).

FOREST PRODUCTS

Quarter Ended March 31

%Increase

	1994	1993	(Decrease)
Net Sales and Operating Revenue	\$ 84.5	\$ 79.1	6.8
Cost of Sales and Operating Expenses	82.5	76.7	7.6
Selling, General and Administrative Expenses	7.4	8.6	(14.0)
Operating Profit (Loss)	(5.4)	(6.2)	13.1

Net sales and operating revenue in the Company's paper mill operations for the quarter ended March 31, 1994 were up 0.9% due to tons sold outside being up 16.3% and offset slightly by the average selling price being down 2.7%. Crest white sales were 50% of total tons sold in 1994 compared to 44% in 1993. Sales by the Company's container operations were up 4.1% on an increase of 4.8% in tons sold partially offset by a 0.6% decrease in selling price. The revenue on timber sales to outside customers by our land company was up 72.1% on a 51.3% increase in tons sold and by a 13.8% increase in per ton selling price.

The cost of sales and operating expenses increased 7.6% for the 1994 quarter over the same 1993 period as most major expense items increased because of the increase in production.

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The outlook for linerboard continues to look better as the industry had the first price increase in sometime in October, 1993 of \$25 a ton followed by a \$30 a ton increase in March, 1994. The container operations improved the sales price per ton by \$5.42 in the first quarter of 1994 over the average price per ton they received in the year 1993.

#### TRANSPORTATION

Quarter Ended March 31	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$ 43.1	\$ 43.3	(0.4)
Cost of Sales and Operating Expenses	31.8	32.9	(3.3)
Selling, General and Administrative Expenses	3.8	3.8	0.4
Operating Profit	7.5	6.6	13.4

Operating revenue for the three (3) month period ended March 31, 1994 remained relatively flat at the Florida East Coast Railway Company (FEC) compared to the same 1993 quarter. Traffic due to Hurricane Andrew was a revenue factor in the first quarter of 1993 but is no longer a factor in making revenue comparisons. Apalachicola Northern Railroad Company (ANRR) net revenue for the quarter decreased 4.6% on a decrease in coal, tall oil and stone and clay product shipments.

Operating expenses for the FEC decreased 3.8% for the first quarter of 1994 from 1993 and selling, general and administrative were up 0.5%. ANRR operating expenses for the three month period were up 3.8% and selling, general and administrative expenses were down 2.6%.

#### SUGAR

Quarter Ended March 31	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$ 13.4	\$ 12.1	10.9
Cost of Sales and Operating Expenses	10.8	9.6	12.3
Selling, General and Administrative Expenses	1.1	1.0	7.0
Operating Profit	1.5	1.4	4.5

Net sales and operating revenue in the sugar segment was up for the 1994 three month period due to an increase in tons sold of 10.9% and a 0.2% increase in the sales price per ton.

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Cost of sales and operating expenses in 1994 were up due primarily to an increase in dead season expense from the prior year, which was partially offset by an increase in molasses sales. Molasses is a by-product of the production of raw sugar process and is accounted for as a reduction of the cost of sales and operating expense.

#### COMMUNICATIONS

	Quarter Ended March 31		%Increase (Decrease)
	1994	1993	
Net Sales and Operating Revenue	\$ 7.4	\$ 7.3	0.8
Cost of Sales and Operating Expenses Selling, General and Administrative Expenses	4.7	4.7	0.1
Operating Profit	1.1	1.0	0.7
	1.7	1.6	2.7

Net sales and operating revenue for this segment of the Company covering the first quarter 1994 was up over the prior year quarter and was attributable to access line growth.

Cost of sales and operating expenses and selling, general and administrative expenses were basically the same this period as last year.

#### REAL ESTATE

	Quarter Ended March 31		%Increase (Decrease)
	1994	1993	
Net Sales and Operating Revenue	\$ 19.5	\$ 5.5	253.1
Cost of Sales and Operating Expenses Selling, General and Administrative Expenses	5.2	3.4	54.7
Operating Profit	0.5	0.5	6.5
	13.7	1.6	*

\* Not Meaningful

In the Real Estate segment of the Company, Gran Central, Florida East Coast Industries, Inc.'s real estate subsidiary, had a 377.5% increase in net sales and operating revenues in 1994 from 1993 which is mostly from increased sales of realty property. Southwood Properties, the Company's real estate division had a decrease in net sales and operating revenue caused by a decrease in property sales.

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Cost of sales and operating expenses were up 55.1% and selling, general and administrative expenses were up 12.1% at Gran Central on costs of real property sold and costs connected to the newly rented buildings, such as, property taxes, commissions and depreciation. In our Southwood Properties operations cost of sales and operating expense were up 51.2% and selling, general and administrative expenses were down 6.5% on increased cost of

property sales.

OTHER INCOME for the quarter ended March 31, 1994 was down \$0.8 million (18.0%) as compared to the same 1993 period. This small decrease was in gain on sales and dispositions of property, plant and equipment, miscellaneous items and interest income.

TAXES for the first quarter 1994 were up \$4.3 million (117.4%) as a direct result of the increase in income. The effective tax rate for the three month period is 35.0% for 1994 and was 38.4% for 1993.

NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE for the first quarter of 1994 of \$8.2 million was \$4.7 million more than the same 1993 period or up 135.7%. The earnings per share for the three month period ended March 31, 1994 of \$0.27 are \$0.16 more than the like 1993 period.

#### FINANCIAL POSITION

The Company continues to have a strong current asset position. Current assets were \$307.0 million, up \$23.2 million or 8.2% from December 31, 1993. The Company's working capital ratio at March 31, 1994 was 3.0 to 1, the same ratio that it was at December 31, 1993.

The Company had a net increase in property, plant and equipment at March 31, 1994 of \$8.7 million over the December 31, 1993 balance. The Company has a minimum amount of long-term debt. The noncurrent long-term debt at March 31, 1994 at \$38.6 million was \$0.3 million less than at December 31, 1993. There were no other significant changes in the Balance Sheet at March 31, 1994 over December 31, 1993.

Stockholder's equity at March 31, 1994 was \$910.0 million or \$29.84 per share, an increase of \$6.6 million or \$0.22 per share over \$903.5 million or \$29.62 per share at December 31, 1993.

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#### PART II - OTHER INFORMATION

##### Item 1. Legal Proceedings

No change from Form 10-K for the year ended December 31, 1993.

##### 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)

S. D. Fraser  
Vice President and Director

D. M. Groos  
Comptroller

May 12, 1994  
Date