UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 1994

OR

[ ] TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from   to

Commission File No. 0-12001

S T.   J O E   P A P E R   C O M P A N Y
(Exact name of registrant as specified in its charter)

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, No par value	New York Stock Exchange

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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 [ ]

The aggregate market value of registrant's Common Stock held by non-affiliates based on the closing price on March 15, 1995 was $560,474,346.

As of March 15, 1995 there were 30,498,650 shares of Common Stock No par value outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
(Specific pages incorporated are identified under the applicable item herein.)

Portions of the Registrant's Annual Report to Stockholders for 1994 (the 1994 Annual Report to Stockholders) are incorporated by reference in Part I and Part II of this Report.

Portions of the Registrant's definitive Proxy Statement dated March 31, 1995 (the "Proxy Statement") are incorporated by reference in Part III of this Report. Other documents incorporated by reference in this Report are listed in the Exhibit Index.

PART I

ITEM 1. BUSINESS

As used throughout this Form 10-K Annual Report, the terms "St. Joe", "Company" and "Registrant" means St. Joe Paper Company and its consolidated subsidiaries unless the context indicates otherwise.

GENERAL

St. Joe was incorporated in 1936 under the laws of the State of Florida. The general purposes of the Company at incorporation were (1) to manufacture, buy, sell, import, export and deal in pulpwood, woodpulp, paper, paperboard, all raw material thereof, and products and by-products therefrom and to establish, operate and maintain mills, plants and factories for such purpose and (2) to buy, hold, own, work, develop, improve, divide or sub-divide, sell, convey, lease, mortgage, pledge, exchange and otherwise deal in and dispose of all kinds of real and personal property.

The Executive Offices of St. Joe are located in Suite 400, duPont Center, 1650 Prudential Drive, Jacksonville, Florida, 32207, and its telephone number is 904/396-6600.

St. Joe is at present primarily engaged in two industry segments: (1) the growing and harvesting of timber, and the manufacturing, distribution and sale of forest products and (2) transportation of goods by rail. The Registrant also is engaged in three other industry segments in which it derives income: (1) growing and processing of sugarcane into raw sugar, (2) telephone communications and (3) real estate. Other income was derived from Company investments in securities, gains on disposition of property and other miscellaneous items.

Financial information as to revenue, operating profits and identifiable assets by industry segment is set forth in footnote 11 to the Consolidated Financial Statements on pages 28 and 29 of the 1994 Annual Report to Stockholders of this Report. Below is a description of each of these industry segments with information to the extent necessary and material in order that the Company's business taken as a whole can be understood.

Forest Products

The Company is a vertically integrated producer of corrugated containers. It owns approximately 700,000 acres of timberland (most of which is located in northwestern Florida), a paper mill located in Port St. Joe, Florida, and 16 container plants located throughout the eastern half of the United States. The Company's timberland and forestry operations supply wood chips and pulpwood to the mill, which produces linerboard, some of which is bartered for corrugating medium. The container plants convert the linerboard and corrugating medium into corrugated containers. The Company produces and sells a wide variety of corrugated containers to processors and manufacturers in the food, agricultural, paper, petrochemical, plastics, electronics,

electrical equipment and machinery industries. Demand for corrugated containers is cyclical and correlates closely with real growth in the United States gross national product and also with population and other demographic factors.

The corrugated container industry is highly competitive, with over 1,500 container plants in the United States. When demand for corrugated containers falls, the ability to maintain prices by adjusting inventory levels is limited because container plants and paper mills operate most economically at or near full capacity. In addition, although corrugated containers are the dominant form of transport packaging nationally, corrugated containers compete with various other packaging materials, including paper, plastic, wood and metal.

The Company's operating strategy for its Forest Products sector has been to reduce unit production costs by increasing operating efficiency and maximizing capacity utilization. In addition, the Company emphasizes the marketing and production of higher margin products such as the Company's mottled white linerboard and high performance linerboard, over unbleached linerboard.

The Company's paper mill, located at Port St. Joe, Florida, produces mottled white and unbleached linerboard, a principal component of corrugated containers. The mill can produce linerboard in a full range of grades and weights. Set forth below is certain information as to mill linerboard production for the years indicated:

Linerboard Production
(In tons)

Year	Total Production	Average Daily Production*
1994	477,990	1,375
1993	444,005	1,254
1992	425,087	1,266
1991	433,352	1,308
1990	454,342	1,327

*Average daily production is computed by dividing the total production of each paper machine by the number of days on which such paper machine operates each year.

In 1993 and 1994, approximately 45% and 52%, respectively, of mill production in tons was mottled white linerboard marketed by the Company under the trade name "Crest White." Demand for mottled white linerboard has increased significantly in recent years. Mottled white linerboard, which is more aesthetically attractive than unbleached linerboard, in 1994 sold at approximately 39% over the price of unbleached linerboard while, in 1993,

this upcharge was 49%. Since mottled white linerboard offers significantly higher profit margins than unbleached linerboard, the Company has emphasized, and expects to continue to emphasize, the production of mottled white over unbleached linerboard. Approximately 58% of the Company's mottled white linerboard production in 1994 was traded to other producers under trade agreements in exchange for corrugating medium or kraft liner.

The capital expenditures at the paper mill in 1993 for maintenance and upgrade were $18.5 million which compares to $20.3 million for the 1994 capital and maintenance expenditures. The 1995 budget for maintenance and upgrade at the paper mill is $21.1 million.

The Company has sought to lower its energy costs at the mill by using increasing amounts of timber harvesting and pulp mill by-products as energy sources. The mill's boilers use "biomass" fuel (scrub wood, bark and timber wastes) and "black liquor" solids (a by-product of the wood pulping process) to meet a substantial percentage of the mill's energy requirements. In 1994 fuel oil and natural gas accounted for 35.1% of mill energy requirements. Black Liquor solids and biomass supplied most of the mill requirements.

The Company owns 16 container plants located throughout the eastern half of the United States. Linerboard and corrugating medium are the principal materials used in the manufacture of corrugated containers. The container plants have an aggregate production capacity of approximately 8 billion square feet of containerboard per year. The plants in 1994 produced approximately 7.9 billion square feet of containerboard. In 1994, fourteen of the container plants operated on two shifts, one on one shift and one on three shifts. The Company could increase capacity by running the one plant that is on one shift, two additional shifts, as well as adding a third shift to the fourteen plants presently on two shifts. The Company's paper mill production resulted in supplying of approximately 78% of the container plants' requirements for linerboard and corrugating medium for 1994 which was down from the 87% that was supplied in 1993.

The Company's container plants accounted for approximately 2% of the total national industry shipments during 1994 up from the approximately 1.9% in 1993. The Company's corrugated container business services approximately 2,700 customers. The single largest customer accounted for approximately 3.3% of the Company's corrugated container shipments for 1994 and the ten largest customers accounted for approximately 15.6% of the Company's 1994 corrugated container revenues.

The Company considers its container plant facilities to be in satisfactory condition. To maintain and upgrade these facilities, the Company spent $9.5 million in 1994 and has adopted a budget of $10.2 million for its 1995 capital maintenance and upgrade program. The Company maintains a laboratory facility located in Louisville, Kentucky, which tests container components, materials and workmanship to ensure quality control for container products.

Company-owned timberlands are the principal source of woodchips and pulpwood for the paper mill. Cellulose fiber which is produced primarily from wood chips and pulpwood is the principal raw material used in the manufacture of linerboard. The Company owns approximately 700,000 acres of timberland, of which approximately 665,000 acres are situated in northwestern Florida and the remaining 35,000 acres are situated in southern Georgia. Presently, approximately 624,000 acres have been planted as managed plantations to facilitate harvesting and reforestation and to maximize timber yields. During the current planting season, November, 1994 through the end of February, 1995 the Company planted 18 million seedlings on 24,500 acres. The Company owns, in total, approximately 1.1 million acres of land.

Six forestry units and a wood procurement unit manage the timberlands. The timberlands are harvested by local contractors pursuant to agreements which generally are renewed annually. Timber harvested from Company timberlands accounted for 1,119,632 tons or 54% of mill wood requirements in 1994, compared to 56% in 1993. The Company has wood chipping facilities located at the paper mill, Lowry and Newport, Florida.

Recycled fiber is obtained in part from third parties and in part from mill operations. In 1994 and 1993, recycled or secondary fiber supplied approximately 17% of the mill's total fiber requirements. We expect to use approximately 22% recycled fiber in our 1995 production.

The Company operates a nursery located in Capps, Florida. The nursery conducts research to produce faster-growing, more disease-resistant species of pine trees, and produces seedlings for planting on Company-owned plantations. In addition, the Company in cooperation with the University of Florida, is doing experimental work in genetics on the development of superior pine seed orchards. In 1994 and 1993 capital expenditures in the forestry operations were approximately $5.5 million and $5.3 million, respectively. The Company has adopted a capital expenditure program for 1995 to reinvest approximately $5.5 million in these operations. These expenditures include nursery expense and tree planting.

In 1994 the mill at Port St. Joe spent $3.0 million on environmental related items. These were for asbestos removal and disposal, and repair of the recovery boiler precipitator. The Company has budgeted $5.6 million in 1995 for predominantly capitalized environmental items. The main items in 1995 will be for additional asbestos removal and disposal, and modifications to meet proposed Environmental Protection Agency Cluster Rule Regulations.

The mill at Port St. Joe is in compliance at this time in all environmental areas under the present existing laws, rules and permits. The Company's concerns at this point are with proposed new regulations for permits in the area of both air and water under the new "Cluster Rule". The "Cluster Rule" is a proposal to combine the air and water regulations into one. The U.S. Environmental Protection Agency (EPA) is also considering adding the new solid waste rule to the "Cluster Rule" umbrella. The proposed "Cluster Rule" was issued in draft form in the fall of 1993. Additional changes to the air rules will be announced in mid 1995. Compliance with the final rules as presently drafted will be required by 1998. The greatest

concern remains in the area of dioxin and other toxins in the dioxin family. If the industry continues to be allowed to bleach via chlorine substitution as proposed in the new rule, the industry will be able to comply. If, however, the proposed regulations are changed to require total chlorine free bleaching, then the paper industry, as well as, a number of other industries and cities will be faced with major expenditures in order to comply.

In the container plants, there are no known major environmental problems at this time. In 1994, the Company had expenses at several plants, mostly for closure of a lagoon, with the total for all plants being less than $0.4 million. Anticipated spending is approximately $0.8 million in 1995 on similar items.

The forestry operation continues to have no major environmental problems. The one area of expense in 1994 was at one of the forestry units in connection with fuel contamination of soil. Approximately $0.3 million was spent on this in 1994 and it is estimated that $0.1 million will be spent in 1995 for clean-up and monitoring the ground water. No problems are anticipated at any other forestry units.

Transportation

The Company owns 54% of Florida East Coast Industries, Inc. which in turn owns 100% of Florida East Coast Railway Company (FEC). The Company also owns and operates Apalachicola Northern Railroad Company (ANRR). The common stock, par value $6.25 per share, of Florida East Coast Industries, Inc. is registered pursuant to Section 12(b) of the Securities Exchange Act (Commission file number 2-89530).

Both FEC and ANRR are subject to regulation by the Interstate Commerce Commission and, in some areas, the State of Florida. These governmental agencies must approve, prior to implementation, changes in areas served and certain other changes in operations of FEC and ANRR.

The principal business of FEC is that of a common carrier of goods by rail over 442 miles of main and branch line track all in the state of Florida. The mainline extends 351 miles from Jacksonville on the north, to Miami on the south, with 91 miles of branch line extending west from Fort Pierce to Lake Harbor. Principal commodities carried by the FEC in its rail service include automotive vehicles, crushed stone, cement, trailers-on-flatcars, containers-on-flatcars and basic consumer goods such as food. FEC is the only railroad serving the area between Jacksonville and West Palm Beach on the east coast of Florida. Common motor carriers are competitors throughout the entire transportation system and CSX Transportation, Inc. is a competitor over that section of track extending southward from West Palm Beach to Miami for rail traffic, excluding that of trailer-on-flatcar and container-on-flatcar traffic.

The operating statistics set forth below reflect FEC's performance for the latest three years:

Operating Statistics
(In thousands except percentage data)

	Years Ended December 31, 1994	1993	1992
Operating revenues	$ 163,098	$ 162,318	$ 138,736
Operating income	28,506	28,843	18,876
Operating margin	17.5%	17.8%	13.6%
Tonnage	13,693	14,709	13,772
Revenue ton miles	4,487,401	4,257,000	4,157,594

The FEC had capital expenditures in 1994 of $21.3 million in addition to maintenance expenditures of $55.8 million. This compares to 1993 capital expenditures of $19.8 million and 1992 of $17.9 million. The maintenance expense in 1993 was $53.7 million and 1992, $33.8 million.

ANRR is a short line railroad that operates exclusively within the state of Florida, over 90 miles of main track and 6 miles of rail yard track extending from Port St. Joe to Chattahoochee where it connects with an unaffiliated carrier. All 90 miles of the main line are 100% concrete crossties. Although it is a common carrier, most of ANRR business consists of carrying coal and items related to wood. In 1994, 68.1% of its carloads were carrying coal. The carloads of coal carried in 1993 and 1992 were 67.5% and 67.8% respectively of the total. The other main commodity carried is wood products, consisting of pulpboard, woodchips and pulpwood. These products totaled 24.6% of the total 1994 carloads, 24.6% in 1993 and 24.1% in 1992. The other items carried by ANRR are tall oil, chemicals, stone and clay products and recyclable items. Certain operating statistics for the latest three years are as shown:

Operating Statistics
(In thousands except percentage data)

	Years Ended December 31, 1994	1993	1992
Operating revenues	$ 12,886	$ 12,685	$ 12,366
Operating income	1,398	1,969	2,614
Operating margin	10.9%	15.5%	21.1%

Tonnage	4,227	4,187	4,047
Revenue ton miles	407,197	401,907	380,696

Capital expenditures by the ANRR in 1994 were $3.8 million which compares to 1993 capital expenditures of $4.2 million and 1992 of $3.4 million. The ANRR has budgeted $2.2 million in 1995 for capital expenditures.

FEC is a party to various proceedings before state regulatory agencies relating to environmental issues. In addition, FEC, along with many other companies, has been named a potentially responsible party in proceedings under Federal statutes for the clean up of designated Superfund sites at Jacksonville, Florida and Portsmouth, Virginia. FEC has made an estimate of its likely costs attributed to sites for which its clean up responsibility is probable and a liability has been recorded. Such liability is not material to the financial position of the FEC. 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. FEC is not aware of any monetary sanctions to be proposed which in the aggregate, are likely to exceed $100,000, nor does it believe that corrections will necessitate significant capital outlays or cause material changes in its business.

ANRR has environmental problems involving stormwater run-off and contaminated soil from fuel oil and gasoline. These items cost approximately $1.4 million in 1994 for both capital expenditures and expense and are budgeted for $0.3 million in 1995.

Sugar

In 1971, the Company acquired a 60% interest in Talisman Sugar Corporation (TSC) which is a grower of sugarcane located in the fertile Belle Glade area in south central Florida. In addition to growing sugarcane TSC harvests the cane and processes the cane into raw sugar. In 1984, the Company acquired the remaining 40% interest in TSC, thereby owning 100% of it today.

The Company at the end of 1994 owned approximately 48,600 acres of agricultural land and leased approximately 7,000 acres for use in its sugarcane growing operation. Sugarcane production and processing is seasonal in nature. Sugarcane plantings generally yield two harvests before replanting is necessary. The Company harvests its sugarcane crop in one-year cycles, as do other Florida producers. The Company generally plants sugarcane in the fall of each year. Harvesting of a crop generally commences in October of each year and continues into the following March. During the 1994-1995 crop the TSC grew sugarcane on approximately 43,000 acres of land.

The majority of the Florida sugarcane producers, including TSC, harvests sugarcane using mechanical cane harvesters. This is a change from harvesting sugarcane by hand as was the historical practice. Cane cutting and loading are performed with mechanized harvesters which reduces significantly the labor requirements, resulting in substantial cost savings and permits the grinding of the sugarcane more quickly after harvesting, resulting in improved efficiency. Mechanized harvesting, however, is less

precise than manual harvesting, resulting in greater amounts of chaff and trash being mixed in with the harvested sugarcane. As a result, a minimal amount of sucrose is lost through leaching into the trash and chaff. In addition, mechanized harvesting causes more damage to cane fields than manual harvesting, resulting in slightly lower cane yields in subsequent crops. Consequently, yields of sucrose from harvested sugarcane and its crop yields per acre are generally slightly lower than those cut by hand. These negative effects are far outweighed by the labor cost savings and other efficiencies resulting from mechanized harvesting.

The Company's sugar mill has a grinding capacity of approximately 11,500 tons of sugarcane per day. The Company ground approximately 1,296,000 tons of sugarcane in 1992, approximately 1,321,000 tons in 1993 and approximately 1,184,000 tons of sugarcane in 1994 from Company operated lands. Total raw sugar production for the Company was approximately 117,000 tons in 1992, 119,000 in 1993, and 114,261 tons in 1994.

The sugar mill is virtually energy self-sufficient, with almost all of its energy requirements supplied through the use of bagasse, a by-product of the mill's cane grinding operations. The Company harvests and processes its sugarcane into raw sugar and sells its entire production to Everglades Sugar Refinery, Inc., a wholly-owned subsidiary of Savannah Foods & Industries, Inc., pursuant to a contract which was to expire in 1996. In 1993, this contract was amended and extended through the 1997/1998 crop year and is automatically renewed each crop year thereafter. Either party can decline to renew by giving notice to the other party no later than October 1 of the fourth year prior to the termination date. Under the contract, the Company is paid for its sugar based on market prices.

The sugar industry is highly competitive. The Company competes with foreign and domestic sugarcane and sugar beet processors, as well as manufacturers of corn sweeteners and artificial sweeteners such as aspartame and saccharin. Sugar is a volatile commodity subject to wide price fluctuations in the marketplace. Sugar prices have been supported by the United States Government through the Agriculture and Food Act of 1981 which restricts sugar imports in order to support the domestic sugar price. This Act was scheduled to terminate in 1990. The United States Congress in 1990, passed the Food, Agriculture, Conservation and Trade Act of 1990, which extended this price support program to cover the 1991-95 crops of sugarcane.

In 1994 the State of Florida enacted the Everglades Forever Act which significantly affects agriculture in the Everglades Agricultural Area (EAA).The Act calls for the creation of six Stormwater Treatment Areas (STA) as buffers between the Everglades Protection Area and the EAA. The Act imposes substantial taxes on TSC and other agricultural interests to pay for construction of the STAs. As with the Forest Products segment of the Company, there is concern in the Sugar segment with the new Clean Air Act and not knowing at this time what will be the complete impact of the Act on this operation. The sugarcane growers, as well as, TSC will need to get Title V permits as required under the Clean Air Act. These permits presently are required prior to November, 1995.

Capital expenditures by TSC in 1994 were $3.4 million and compares to $2.9 million in 1993 and $7.4 million in 1992. The capital expenditures budget for 1995 is $4.3 million.

The Company had only minor expenditures for environmental problems, less than $0.4 million, in 1994. The only environmental problem TSC has, at present, is in the removal of water from its property. TSC has installed equipment to monitor the quality and quantity of water being pumped out of its pumping stations as required by the local Water Management District.

Communications

St. Joe Communications, Inc. (SJCI) provides unregulated tele-communications services such as the sale of communications systems and of telephone equipment to commercial and residential customers and in addition owns three regional operating telephone companies. The operating companies provide local telephone communications services in 12 northwestern Florida counties, 2 southern Alabama counties and 1 Georgia county through 19 exchanges located in the region which service approximately 36,900 access lines. In addition to providing local exchange telephone service, the Company's facilities are connected with other telephone companies and the nationwide toll networks of long distance carriers. The Company also supplies telephone and other communications service to Tyndall Air Force Base pursuant to a long-term contract.

In addition to its regular telephone services, the Communications segment participates in four limited partnerships with major telecommun-ications companies as partners. These interests in the four partnerships vary from 12% to 51% and are to provide cellular telephone service in their operating territory. These four partnerships operate in the following areas: (1) Tallahassee - Perry, Florida (serving six counties in Florida); (2) Port St. Joe, Florida (serving four counties in Florida); (3) Fort Walton Beach, Florida (serving five counties in Florida) and (4) southeast Alabama (serving twelve counties in Alabama). These partnerships operated 66 cell sites at December 31, 1994 having added 16 cell sites in 1994. The Company anticipates adding 20 more in 1995.

The Company owns and leases to MCI on a primary term of ten years, with renewal option provisions, a fiber optic transmission network extending from Fort Walton Beach to Tallahassee of approximately 150 miles. The Company owns fiber optic routes from Port St. Joe to Blountstown, Carrabelle, and Tyndall Air Force Base, Blountstown to Bristol and Perry to Keaton Beach and one-half of the distance from Perry to Tallahassee. These locations are all in Florida and total over 326 miles. This network is used exclusively to serve intercompany and intracompany routes. The intracompany routes are major feeder routes between exchanges and/or electronic remote facilities associated with the various exchanges. The companies will continue to install fiber optic cable for these same basic transmission functions.

SJCI has a policy to invest in the latest, most advanced equipment and technology. In keeping with this policy SJCI expended $5.4 million on capital improvements in 1994 which compares to $5.3 million that was spent in 1993 and $7.6 million in 1992. SJCI has budgeted $3.9 million for 1995 capital improvements. The Communications operations are subject to regulations by the Public Service Commissions of the states of Florida and Alabama with respect to intrastate services and the Federal Communications Commission with respect to interstate services. The operating companies are limited to certain specified rates of return on its regulated operations and in 1990 and 1991 exceeded these permitted rates of return and were required to rebate the excess revenue to its customers.

Real Estate

The Real Estate segment of the Company consists of two operations, one a division of St. Joe known as Southwood Properties (Southwood), and Gran Central Corporation (Gran Central), a subsidiary of Florida East Coast Industries, Inc. The Company reorganized into industry segments in 1985 and at that time put most of St. Joe's investment and developable real estate into Southwood. Gran Central was incorporated in 1981, but was not very active until 1984 when, by reorganization, it received all Florida East Coast Industries, Inc. non-operating real estate. The Real Estate segment was established for more efficient management and for better planning of future development, sales and/or leasing of various parcels of property. The property in this segment is suited for development in all areas, commercial, industrial, residential and resort. The Company began in the mid 80's to actively pursue plans to develop these real estate properties. The Real Estate segment became a significant business operation and for the first time in 1987 was reported as a separate segment of the Company.

The Company has not and does not intend to enter into any debt financing arrangements in connection with its development activities. Rather, the Company intends to fund those projects with cash from operations and from sales of certain properties. Because the Company will not incur significant financing costs, the Company believes that it will bring a long-term perspective to its development strategy and will be better able to withstand any cyclical downturns in the Florida real estate market. In addition, the Company intends to take a conservative approach to development and to develop projects only to the extent market conditions and internally generated funds permit. Accordingly, it can be expected that it will take many years before the Company may be able to complete developments covering significant portions of its developable properties. The Company's objective is to emphasize the long-term capital appreciation of its real estate assets and as a consequence, the Company expects that substantially all of the cash flow generated from real estate development activities will be reinvested in these activities.

The growth of the panhandle area, where the Company owns significant acreage, is expected to continue, although at a much lower rate than is generally expected for the rest of the state. Florida's fastest population and employment growth areas are expected to be along both coasts (excluding the panhandle region) and in central Florida. Gran Central owns sizable acreage within several high-growth areas along Florida's east coast, including, but not limited to, the West Palm Beach, Melbourne-Titusville, Daytona Beach, Miami-Hialeah and Fort Pierce areas. The focus of Gran Central's activities has been the Miami and Jacksonville area.

Although this growth has provided, and is expected to continue to provide, significant real estate development opportunities, there is substantial concern among state and local authorities about the impact that this development may have on the environment and facilities and services provided by municipalities. As a result, land use and environmental regulations are becoming more complex and burdensome. Development of real property in Florida entails an extensive approval process which involves regulatory agencies with overlapping jurisdictions. The process requires compliance with the Local Government Comprehensive Planning and Land Development Act (the "Growth Management Act"). In addition, development projects that exceed certain specified regulatory thresholds require approval of a comprehensive Development of Regional Impact (DRI) application by a state-appointed regional planning council. Compliance with the Growth Management Act and the DRI process is usually lengthy and costly and can be expected to have a material effect on the Company's real estate development activities in the area of land use and its application to wetlands.

Southwood manages the extensive properties that the Company owns and has identified as suitable for development in the Florida panhandle and in St. Johns county. These wooded properties include substantial gulf, lake and riverfront acreage and, therefore, are well suited to residential and resort development, including development as large residential and mixed-use planned communities. A portion of the Company's property along the northwestern coast of Florida is suitable for commercial or industrial development. Southwood's general strategy for developing its residential and mixed-use properties will be to install infrastructure improvements, such as sewers, utility hookups and roads, and to sell lots to other developers or individuals for building in accordance with the master development plan formulated for the community. At present, the Company does not intend to build individual homes.

In 1991, Southwood completed the construction of its first office building containing 11,700 square feet. This building is in the Southwood Center Office Park, Panama City, Florida and at December 31, 1994 was 100% leased. Architectural design for the next building at this location was completed during 1994 and site design and permitting are currently active. Southwood, in 1994, sold the remaining 12 lots in Woods II, and the remaining lots in the Woodmere subdivision, all being in Panama City. The Company sold the last 21 lots at Old Florida Beach subdivision, Walton County, Florida. In 1994 design and permitting continues in Phase III of the Woods for 50 lots. The Retreat, which will be a 100 lot, gulf-front subdivision near Old

Florida Beach in Walton County is currently in the design and permitting stage. Phase I of 50 lots will be completed this year with the first sales anticipated for 1996. Final engineering and permitting for Summerwood, a 200 lot subdivision in Bay County, is expected to be completed by mid summer. Construction will start this year with the first sales taking place in early 1996. Final permitting is expected by mid year for Camp Creek subdivision, an 18 lot gulf-front subdivision in Walton County, with sales possible by year-end. Southwood had approximately $0.3 million in capital expenditures in 1994 compared to $1.5 million in 1993. The Company has budgeted $1.8 million in capital expenditures for 1995.

The development properties owned and managed by Gran Central total approximately 17,900 acres. These properties are in thirteen counties situated in a corridor running along the eastern seaboard of Florida between Jacksonville and Miami. They include both urban and rural properties on sites that range in size from parcels of under one acre to a tract of over 6,000 acres. Many of the properties are located on strategic urban streets or are easily accessible by major highways such as Interstate 95 or U. S. Route 1 and several are located adjacent to mass transit facilities.

Approximately two-thirds of Gran Central's properties are located in or adjacent to industrial and commercial corridors, and are well suited to the development of office buildings, office/distribution parks and industrial parks. Gran Central has been pursuing planning, permitting and infrastructure development and now has approximately 3.8 million square feet of buildings. Approximately 89% of the leasable space was under lease at year-end 1994 compared to 88% in 1993 and 90% in 1992. In 1994, Gran Central completed six buildings with a total square footage of 686,000. Gran Central had capital expenditures of $28.0 million in 1994 compared to $34.1 million in 1993 and expects to spend $35.3 million in 1995.

Investments

The Company in addition to its operations has investments in U. S. Government securities, tax exempt municipal bonds, certificates of deposit, remarketed certificates of participation, common and preferred stocks, and other corporate debt securities. The Company's marketable securities include common stock of E. I. duPont de Nemours & Company, General Motors Corporation and General Motors Corporation Class-H stock.

New Products

Refinements of existing products are developed and introduced in the forest products segment of the Company every year. During 1994, no single refinement or group of refinements was introduced which would require the investment of a material amount of St. Joe's assets or which otherwise would be considered material.

Sources and Availability of Raw Materials

During 1994 and 1995 to date, all of the raw materials the Company uses were available in adequate supply from multiple sources.

St. Joe owns slightly over one million acres of timberland, of which approximately 700,000 acres are suitable for growing commercial species of trees. Such timberland is the main source of supply for its linerboard mill which in turn supplies a major part of the requirements for the Company's corrugated box operations. The remaining timber requirements for the linerboard mill are obtained on the open market under short-term contracts.

Talisman owns or leases approximately 55,100 acres of land in Palm Beach County, Florida, of which approximately 43,000 acres are being used to grow sugarcane.

Patents and Licenses

St. Joe did not obtain any new patents or licenses in 1994. The Company has pending one application for a trademark in the Container Company.

Seasonality

The sugarcane production and processing segment is seasonal with one sugarcane crop being harvested each year. None to little significant seasonality exists for products or services in the other segments of the Company.

Working Capital

In general, the working capital practices followed by the Company are typical of industries in which it operates. During some periods the accumulation of inventories in the sugar operations prior to expected shipments reflects the seasonal nature of this industry and may require periodic short-term borrowing.

Customers

Major customers exist for each of the Company's industry segments. TSC has a contract with Everglades Sugar Refinery, Inc. to purchase the entire raw sugar production. This contract runs through the 1997/1998 crop year and is automatically renewed each crop thereafter. Either party can decline to renew by giving notice to the other party no later than October 1 of the fourth year prior to the termination date. No single customer accounts for 10% or more of the Company's consolidated revenues.

Research and Development

St. Joe maintains a nursery and research facility in Capps, Florida, which grows seedlings for use in reforestation of its lands. Experiments in forestry genetics, including research on the production of faster growing,

more disease-resistant pine species, are also conducted at this facility. The Company also participates through cooperation with the University of Florida in their Genetics Co-op program. This experimentation work is in genetics, plantation and fertilization. The amounts spent during the last three fiscal years on Company-sponsored research and development activities were not material.

Employees

The Company had approximately 5,000 employees at December 31, 1994. Approximately 70% of the Company's employees are covered by collective bargaining agreements with 9 different unions. These agreements generally have terms of between one and four years and have varying expiration dates. The Company considers its relations with its employees to be good.

Executive Officers of the Registrant

Set forth below are the names, ages (at March 15, 1995), positions and offices held, and a brief account of the business experience during the past five years of each executive officer.

Name	Age	Position with Company
Winfred L. Thornton	66	Chairman of the Board and Chief Executive Officer since 1991; President 1984-1991; Director since 1968; President and Chairman of the Board of Florida East Coast Industries, Inc. since 1984; President of FEC 1964-1984.
Robert E. Nedley	56	President since 1991; Vice President 1981-1991; Director since 1989.
Howard L. Brainin	65	Vice President and Director since 1992.
Edward C. Brownlie	57	Vice President - Administration Director since 1982.
E. Thomas Ford	62	Vice President since 1972; Director since 1989.
Stanley D. Fraser	70	Vice President since 1972; Director since 1982.

There are no family relationships among the persons named above. All officers serve at the pleasure of the Board of Directors of the Company and there is no arrangement or understanding between any of the officers of the Company and any other persons pursuant to which such officer was selected as an officer. Each officer has been elected to the position shown until the next annual election of officers, which is to be held on May 9, 1995.

ITEM 2. PROPERTIES

The principal manufacturing facilities and other materially important physical properties of the Company at December 31, 1994 are listed below and grouped by industry segment. All properties shown are owned in fee simple except where otherwise indicated.

Corporate Facilities

Jacksonville, Florida - Occupies approximately one and one-half floors of a four story Company-owned building.

Forest Products

Forestry Management Facilities

Albany, Georgia	Port St. Joe, Florida
Hosford, Florida	West Bay, Florida
Newport, Florida	Wewahitchka, Florida

Chip Plants

Lowry

Newport

Nursery and Genetics Research Facility

Capps, Florida

Pulpwood Procurement Offices
Port St. Joe, Florida

Paper Mill
Port St. Joe, Florida

Container Manufacturing Plants

Atlanta, Georgia	Lake Wales, Florida
Baltimore, Maryland	(subject to Industrial
Birmingham, Alabama	Revenue Bond Financing
Charlotte, North Carolina	$8.5 million)
Chesapeake, Virginia	Laurens, South Carolina
Chicago, Illinois	Louisville, Kentucky
Dallas, Texas	Memphis, Tennessee
Dothan, Alabama	Pittsburgh, Pennsylvania
Hartford City, Indiana	Port St. Joe, Florida
Houston, Texas	

Marketing Offices
Union, New Jersey
(leased)

Agricultural Lands

The Company owns slightly over one million acres of agricultural lands in Florida and Georgia and leases an additional 4,800 acres.

Transportation

FEC owns three four-story buildings in downtown St. Augustine which it uses for its corporate headquarters. Its transportation facilities include 351 miles of main track, which is mostly 132# rail on concrete crossties, 97 miles of branch line track, 210 miles of yard switching track and 124 miles of other track. FEC owns 79 diesel electric locomotives, approximately 2,800 freight cars, approximately 1,630 tractor and/or trailer units for highway service, numerous pieces of work equipment and automotive vehicles. All property and equipment owned is in good physical condition.

Sugar Operations

Belle Glade, Florida. The Company owns approximately 48,600 acres of land and leases approximately 7,000 acres. In addition, it owns a raw sugar mill and various types of agricultural equipment.

Communications - Telephone Exchanges and Offices

Alligator Point, Florida	Keaton Beach, Florida
Altha, Florida	Laurel Hill, Florida
Apalachicola, Florida	The Beaches, Florida
Blountstown, Florida	Paxton, Florida
Bristol, Florida	Perry, Florida
Carrabelle, Florida	Port St. Joe, Florida
Chattahoochee, Florida	Tyndall AFB, Florida
Eastpoint, Florida	Wewahitchka, Florida
Florala, Alabama	Wing, Alabama
Hosford, Florida	

Real Estate

Southwood owns approximately 50,550 acres of investment land the majority of which is located in West Florida. The counties with the largest holdings at December 31, 1994 are as follows:

County	Acres
Bay	25,040
Leon	9,753
Franklin	7,049
St. Johns	4,321
Walton	2,012
Wakulla	1,153

In addition to these holdings the Company has another approximately 20,000 acres in West Florida that it considers investment or developable property. Southwood owns an office building in Panama City, Florida which was completed in 1991 and contains 11,700 square feet.

Gran Central at December 31, 1994 owned approximately 17,900 acres of land held for lease development and/or sale. In addition, it manages approximately 1,430 acres owned by FEC. The largest holdings by counties are as follows:

County	Acres
Volusia	3,560
St. Johns	3,530
Flagler	3,460
Brevard	2,810
Dade	1,700
Duval	1,530
Manatee	900

Gran Central also owned at year-end 1994 forty-six buildings as detailed below;

Location	Number of Buildings	Type	Rentable Square Feet	Year Built
duPont Center Jacksonville, FL	2	Office	144,000	1987/ 1988
Barnett Plaza Jacksonville, FL	1	Office	59,000	1982
Gran Park at Interstate South Jacksonville, FL	6	Office/Showroom/ Warehouses	260,000	1987/ 1989
Gran Park at the Avenues Jacksonville, FL	2	Office/Showroom/	101,000	1992
	2	Warehouses/ Office	145,000	1992/ 1993
	1	Office/Warehouses	139,000	1994
Gran Park at Melbourne Melbourne, FL	1	Office/Showroom/ Warehouse	28,000	1989
Gran Park at Riviera Beach, FL	1	Office/Showroom Warehouse	62,000	1987
Lewis Terminals	2	Rail Warehouses	176,000	1982/ 1987
	4	Cross Docks	75,000	1987/ 1991
Gran Park - McCahill Miami, FL	2	Rail Warehouses	468,000	1992/1994
Gran Park at Miami Miami, FL	5	Office/Showroom/ Warehouses	368,000	1988/ 1990/ 1992/ 1994
	4	Office/Warehouses	382,000	1990/ 1991/ 1992/ 1993
	4	Rail Warehouses	398,000	1989/ 1990/

				1993/ 1994
	5	Front Load Warehouses	604,000	1991/ 1992/ 1993
	1	Double Front Load Warehouse	239,000	1993
	1	Office Service Center	41,000	1994
Hialeah, FL	1	Cross Dock	20,000	1987
Pompano, FL	1	Rail Warehouse	54,000	1987
TOTAL	46		3,763,000	

Gran Central's holdings include lands adjacent to FEC tracks which are suitable for development into office and industrial parks offering both rail and non-rail-served parcels. Certain other holdings are in urban or suburban locations offering opportunities for development of office building structures or business parks offering both office building sites and sites for flexible space structure such as office/showroom/warehouse buildings.

General

St. Joe considers that its facilities are suitable and adequate for the operations involved. All facilities are being productively utilized in the business.

ITEM 3. LEGAL PROCEEDINGS

The Forest Products segment of the Company has suits pending in several counties in West Florida contesting ad valorem tax assessments. In 1994, the Company's mill was named as a potentially responsible party under Federal regulations for the cleanup of a designated Superfund site in Tampa, Florida. The alleged violation occurred in the late 1970's or early 1980's. The Company has investigated this claim and has found no evidence that material from the mill was dumped at this site and therefore, it should not have been named as a party in this matter.

The Registrant, through its Transportation subsidiary, Florida East Coast Railway (FEC), was involved in a legal action versus CSX Transportation, Inc. (CSXT), alleging, in part, violations of a 1978 Agreement between CSXT and FEC and, in part, violations of the Sherman Act. The complaint alleged that CSXT has, by its actions, placed FEC in a position such that it could not fairly compete with CSXT for certain carload traffic destined to or from South Florida points served by the two railroads. In early 1992, CSXT petitioned the ICC to reopen the merger proceedings for the purpose of eliminating the merger conditions set down by the ICC in the 1967 merger of ACL/SAL railroads. Under the conditions set by the ICC prior to merger, the merged company, CSXT, was required to cooperate with FEC in matters of rates, routes, and service in a fashion allowing FEC to compete effectively with CSXT on traffic to and from West Palm Beach southward. A tentative Order by the U.S. District Court dated February 19, 1993, found that contract rates were included in the 1978 Agreements, but that CSXT could not be required to establish an equal joint-line contract rate since the Court views such action as a form of price-setting which is illegal. As reported in 1993, appeals were made in the U.S. District Court in Chicago and before the Interstate Commerce Commission in Washington. Both actions were resolved in favor of CSXT and the Company will not contest this issue further.

The FEC is also involved in legal actions against the Florida Department of Revenue (FDR), and several counties of the state, for its ad valorem assessment covering the years 1987 through 1991. The FDR received a favorable decision on this case in 1991 for the years 1987 and 1988 which the FEC appealed. The years 1989 through 1991 which had been stayed, pending the outcome of the above case, have now been assessed and form the basis for new suits. In the third quarter of 1993 the FDR and FEC reached a settlement of $13.5 million as the total amount of ad valorem taxes due for the years 1987 through 1991.

The FEC and ANRR are involved in various proceedings associated with environmental issues. See page 8 under discussion of the Transportation segment for details.

ANRR has filed action in the courts against the FDR and several counties of the state on its ad valorem assessment covering the years 1987 through 1993. The suit covering the years 1987 and 1988 was being held in abeyance, pending final determination of the companion case of the FEC discussed above. Since the FDR settlement with the FEC, they have billed the ANRR $0.3 million as the amount required to settle the case covering these two years. The suit for the years 1989 through 1993 which was scheduled to be heard by the courts in 1993 has been reset for 1994. The amount at issue for these five years is approximately $0.6 million. The Company expects these cases will be settled in 1995.

The Company knows of no other pending or contemplated legal proceedings other than ordinary routine litigation incidental to the business or property of the Company.

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

No matter was submitted during the fourth quarter of the Company's 1994 fiscal year to a vote of security holders, whether by solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to the 1994 Annual Report to Stockholders on page 11.

The Company has established a regular quarterly cash dividend of $.05 per share. The dividend of $.05 per share for the first quarter of 1995 is payable on March 31, 1995 on record date of March 24, 1995.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference to the 1994 Annual Report to Stockholders on page 11.

ITEM 7. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Incorporated by reference to the 1994 Annual Report to Stockholders

Balance Sheet	-	Page 13
Statement of Income	-	Page 15
Statement of Cash Flow	-	Page 18

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements on page 12 to 29, inclusive and the Independent Auditors' Report on page 30 of the Annual Report to Stockholder for 1994 are filed as part of this Report and incorporated herein by reference thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Reference is made to the information to be set forth in the section entitled "Election of Directors" in the definitive proxy statement involving the election of directors in connection with the Annual Meeting of Stockholders of St. Joe to be held on May 9, 1995 (the "Proxy Statement"), which section is incorporated herein by reference. The Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 1994, pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended.

The information required with respect to executive officers is set forth in Part I of this Report under the heading "Executive Officers of the Registrant", pursuant to instruction 3 to paragraph (b) of Item 401 of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information to be set forth in the section entitled "Compensation of Directors' in the Proxy Statement, which section is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Reference is made to the information to be set forth in the section entitled "Common Stock Ownership of Certain Beneficial Owners" and "Common Stock Ownership of Management" in the Proxy Statement, which sections are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT, SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The financial statements listed in the accompanying Index to Financial Statements and Financial Statement Schedules are filed as part of this Report.

2. Financial Statement Schedules

The financial statement schedules listed in the accompanying Index to Financial Statements and Financial Statement Schedules are filed as part of this report.

3. Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed as part of this Report.

(b) Reports on Form 8-K

None

ST. JOE PAPER COMPANY

INDEX TO FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES

(Item 14(a) 1. and 2.)

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule or because the information required is included in the consolidated financial statements, including the summary of significant accounting policies and the notes to the consolidated financial statements.

ST. JOE PAPER COMPANY

INDEX TO EXHIBITS

(Item 14(a) 3.)

(3)	(b)	By-Laws	*
(10)	(b)	Agreement between Apalachicola and Seminole Electric Cooperative, Incorporated dated October 14, 1982	*
(b)		Agreement between Talisman Sugar Corporation and Everglades Sugar Refinery dated February 11, 1986	**
(21)		Subsidiaries of St. Joe (filed herewith and attached)	E-1
(24)		Powers of Attorney	E-2 - E-3

*Incorporated herein by reference to Exhibits filed in connection with St. Joe Paper Company Registration Statement on Form 10 as filed with the Securities and Exchange Commission on April 30, 1984 (File No. 1-12001).

**Incorporated herein by reference to Exhibits filed with the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on February 28, 1995.

ST. JOE PAPER COMPANY

By:
Edward C. Brownlie
Vice President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 8, 1995.

W. L. Thornton* Winfred L. Thornton	Chairman of the Board and Chief Executive Officer
Jacob C. Belin* Jacob C. Belin	Chairman of the Executive Committee
Robert E. Nedley* Robert E. Nedley	President, Chief Operating Officer and Director
Stanley D. Fraser* Stanley D. Fraser	Vice President and Director
Howard L. Brainin* Howard L. Brainin	Vice President and Director

Vice President and
Director (principal
financial officer)

Edward C. Brownlie

Richard H. Dent* Director
Richard H. Dent

E. Thomas Ford* Vice President and Director
E. Thomas Ford

Russell B. Newton, Jr.* Director
Russell B. Newton, Jr.

Walter L. Revell* Director
Walter L. Revell

John D. Uible* Director
John D. Uible

Comptroller (principal
accounting officer)

D. Michael Groos

By:
Edward C. Brownlie
Attorney-in-Fact

*Such signature has been affixed pursuant to Power of Attorney.
See Exhibit 24.

Independent Auditors' Report

The Board of Directors and Stockholders
St. Joe Paper Company:

Under date of February 28, 1995, we reported on the consolidated balance sheets of St. Joe Paper Company and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1994, as contained in the 1994 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1994. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedules as listed in the accompanying index. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As disclosed in notes 2 and 6 to the consolidated financial statements, the Company changed its method of accounting for investments to adopt the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities" at December 31, 1993. As disclosed in notes 2 and 8, the Company changed its method of accounting for income taxes effective January 1, 1993 to adopt the provisions of the Financial Accounting Standards Board's SFAS No. 109, "Accounting For Income Taxes".

KPMG PEAT MARWICK LLP
Certified Public Accountants

Jacksonville, Florida
February 28, 1995

ST. JOE PAPER COMPANY
SCHEDULE VIII (CONSOLIDATED)
VALUATION AND QUALIFYING ACCOUNTS
Years ended December 31, 1994, 1993 and 1992
(Dollars in thousands)

Reserves included in Liabilities	Balance at Beginning of Year	Additions Charged to Expense	Payments	Balance End of Year
1994				
Accrued casualty reserves	22,911	9,995	5,122	27,784 (a)
1993				
Accrued casualty reserves	22,916	2,443	2,448	22,911 (a)
1992				
Accrued casualty reserves	23,043	3,774	3,901	22,916 (a)

(a) Includes $13,250, $11,601 and $11,213 in current liabilities at December 31, 1994, 1993 and 1992, respectively. The remainder is included in "Accrued casualty reserves and other liabilities."

ST. JOE PAPER COMPANY
SCHEDULE XI (CONSOLIDATED)
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1994, 1993 and 1992
(Dollars in thousands)

		Initial Cost to Company		
Description	Encum-brance	Land	Buildings & Tenant Improvements	Costs Capitalized Subsequent to Acquisition

Duval County				
Office Buildings (5)	0	1,153	6,200	26,508
Office/Showroom/Warehouse(9)	0	1,502		23,234
Land w/ Infrastructure	0	6,593		6,786
City & Residential Lots	0	371	5	77
Unimproved land & misc assets	0	915		1,548
St. Johns County				
Land w/ Infrastructure	0	10		1,045
Unimproved land	0	2,631		411
Flagler County				
Unimproved land	0	3,218		1,137
Volusia County				
Unimproved land	0	3,651		501
Brevard County				
Office/Showroom/Warehouse	0	73		1,900
Land w/ Infrastructure	0	3,797		0
Unimproved land	0	4,846		191
Indian River County				
Unimproved land	0	218		189
St. Lucie County				
Unimproved land	0	639		5
Martin County				
Unimproved land	0	4,671		2,344
Palm Beach County				
Office/Showroom/Warehouse	0	113		2,879
Rail Warehouses (2)	0	449		4,110
Cross Docks (4)	0	117		3,763
Land w/ Infrastructure	0	1,259		0
Unimproved land	0	1,596		0
Broward County				
Rail Warehouse	0	85		1,701
Unimproved land	0	733		701
Dade County				
Office/Showroom/Warehouses (5)	0	1,003		14,782
Office/Warehouses (5)	0	1,747		14,960
Rail Warehouses (6)	0	808		24,607
Cross Dock	0	137		1,018
Double Front Load Warehouse	0	768		5,485
Front Load Warehouses (5)	0	1,943		16,066
Land w/ Infrastructure	0	2,577		7,854

ST. JOE PAPER COMPANY
SCHEDULE XI (CONSOLIDATED)
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1994, 1993 and 1992
(Dollars in thousands)

		Initial Cost to Company		
Description	Encum-brance	Land	Buildings & Tenant Improvements	Costs Capitalized Subsequent to Acquisition
Dade County (continued)				
Unimproved land & misc assets	0	15,725		9,733
Putnam County				
Unimproved land	0	2		0
Manatee County				
Unimproved land	0	14		78
Gulf County				
Unimproved land	0	559		180
Bay County				
Land w/ Infrastructure	0	1		121
Office Building	0	1		1,195
Unimproved land & misc assets	0	517		121
Leon County				
Land w/ Infrastructure	0	603		46
Walton County				
Land w/ Infrastructure	0	120		480
Other Counties				
Unimproved land	0	105		1,949
Grand Total	0	65,270	6,205	177,705

ST. JOE PAPER COMPANY
SCHEDULE XI (CONSOLIDATED)
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1994, 1993 and 1992
(Dollars in thousands)

Description	Gross Amount at Which Carried as of December 31, 1994 Land & Land Improvement	Buildings & Tenant Improvement	Total
Duval County			
Office Buildings (5)	3,917	29,944	33,861
Office/Showroom/Warehouses (9)	5,003	19,733	24,736
Land w/ Infrastructure	13,379		13,379
City & Residential Lots	371	82	453
Unimproved land & misc assets	2,289	174	2,463
St. Johns County			
Land w/ Infrastructure	1,055		1,055
Unimproved land	3,042		3,042
Flagler County			
Unimproved land	4,355		4,355
Volusia County			
Unimproved land	4,152		4,152
Brevard County			
Office/Showroom/Warehouse	438	1,535	1,973
Land w/ Infrastructure	3,797		3,797
Unimproved land	5,037		5,037
Indian River County			
Unimproved land	407		407
St. Lucie County			
Unimproved land	644		644
Martin County			
Unimproved land	7,015		7,015
Palm Beach County			
Office/Showroom/Warehouse	599	2,393	2,992
Rail Warehouses (2)	557	4,002	4,559
Cross Docks (4)	1,262	2,618	3,880
Land w/ Infrastructure	1,259		1,259
Unimproved land	1,596		1,596
Broward County			
Rail Warehouse	405	1,381	1,786
Unimproved land	1,434		1,434
Dade County			
Office/Showroom/Warehouses (5)	3,150	12,635	15,785
Office/Warehouses (5)	3,518	13,189	16,707
Rail Warehouses (6)	4,837	20,578	25,415
Cross Dock	137	1,018	1,155
Double Front Load Warehouse	1,409	4,844	6,253
Front Load Warehouses (5)	4,326	13,683	18,009

ST. JOE PAPER COMPANY
SCHEDULE XI (CONSOLIDATED)
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1994, 1993 and 1992
(Dollars in thousands)

Description	Gross Amount at Which Carried as of December 31, 1994 Land & Land Improvement	Buildings & Tenant Improvement	Total
Dade County (continued)			
Land w/ Infrastructure	10,431		10,431
Unimproved land & misc assets	25,126	332	25,458
Putnam County			
Unimproved land	2		2
Manatee County			
Unimproved land	92		92
Gulf County			
Unimproved land	739		739

Bay County			
Land w/ Infrastructure	88	34	122
Office Building	1	1,195	1,196
Unimproved land & misc assets	524	114	638
Leon County			
Land w/ Infrastructure	610	39	649
Walton County			
Land w/ Infrastructure	600		600
Other Counties			
Unimproved land	2,012	42	2,054
Grand Total	119,615	129,565	249,180

ST. JOE PAPER COMPANY
SCHEDULE XI (CONSOLIDATED)
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1994, 1993 and 1992
(Dollars in thousands)

Description	Accum-ulated Depre-ciation	Date Started or Acquired	Life on Which Depreciation in Latest Income Statement is Computed
Duval County			
Office Buildings (5)	5,141	1985	3 to 40 years
Office/Showroom/Warehouses (9)	3,484	1987	3 to 40 years
Land w/ Infrastructure		Various	
City & Residential Lots	59	Various	3 to 40 years
Unimproved land & misc assets	173	Various	3 to 40 years
St. Johns County			
Land w/ Infrastructure		Various	
Unimproved land		Various	
Flagler County			
Unimproved land		Various	
Volusia County			
Unimproved land		Various	
Brevard County			
Office/Showroom/Warehouse	352	1988	3 to 40 years
Land w/ Infrastructure		Various	
Unimproved land		Various	
Indian River County			
Unimproved land		Various	
St. Lucie County			
Unimproved land		Various	
Martin County			
Unimproved land		Various	
Palm Beach County			
Office/Showroom/Warehouse	647	1986	3 to 40 years
Rail Warehouses (2)	1,034	1982	3 to 40 years
Cross Docks (4)	747	1987	3 to 40 years
Land w/ Infrastructure		Various	
Unimproved land		Various	
Broward County			
Rail Warehouse	492	1986	3 to 40 years
Unimproved land		Various	
Dade County			
Office/Showroom/Warehouses (5)	1,826	1988	3 to 40 years
Office/Warehouses (5)	1,413	1990	3 to 40 years
Rail Warehouses (6)	1,554	1988	3 to 40 years
Cross Dock	210	1987	3 to 40 years
Double Front Load Warehouse	321	1993	3 to 40 years
Front Load Warehouses (5)	989	1991	4 to 40 years
Land w/ Infrastructure			

Description	Accumulated Depreciation	Date Started or Acquired	Life on Which Depreciation in Latest Income Statement is Computed
Dade County (continued)			
Unimproved land & misc assets	1,891	Various	3 to 40 years
Putnam County			
Unimproved land		Various	
Manatee County			
Unimproved land		Various	
Gulf County			
Unimproved land	24		
Bay County			
Land w/ Infrastructure			
Office Building	174	1993	3 to 40 years
Unimproved land & misc assets	13	Various	3 to 40 years
Leon County			
Land w/ Infrastructure	11	Various	3 to 40 years
Walton County			
Land w/ Infrastructure			
Other Counties			
Unimproved land	41	Various	
Grand Total	20,596		

Notes

(a) The aggregate cost of real estate owned at December 31, 1994 for federal income tax purposes is $140,875.

	1994	1993	1992
(b) Reconciliation of real estate owned:			
Balance at beginning of year	222,498	192,466	162,083
Amounts capitalized	28,350	31,691	30,690
Amounts retired or adjusted	(1,668)	(1,659)	(307)
Balanced at close of period	249,180	222,498	192,466
(c) Reconciliation of accumulated depreciation:			
Balance at beginning of year	15,475	11,306	8,127
Depreciation expense	5,145	4,169	3,272
Amounts retired or adjusted	(24)		(93)
Balanced at close of period	20,596	15,475	11,306

(d) Table excludes $25,148 of real estate construction in progress

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

ASSETS	December 31 1994	1993
Current Assets:		
Cash and cash equivalents	$ 71,890	$ 48,304
Short-term investments	61,156	66,307
Accounts receivable	88,606	74,127
Inventories	57,673	69,398
Other assets	21,677	25,720
Total current assets	301,002	283,856
Investments and Other Assets:		
Marketable securities	174,027	159,523
Other assets	50,426	40,170
Total investments and other assets	224,453	199,693
Property, Plant and Equipment, net	1,026,875	1,007,722
Total Assets	$ 1,552,330	$ 1,491,271
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 44,804	$ 41,515
Accrued liabilities	25,339	27,838
Income taxes payable	7,012	2,737
Long-term debt due within one year	19,672	21,309
Total current liabilities	96,827	93,399
Accrued casualty reserves and other liabilities	14,534	11,063
Long-term debt due after one year	37,220	38,947
Deferred income taxes and income tax credits	215,311	205,531
Minority interest in consolidated subsidiaries	251,457	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	887,520	851,511
Net unrealized gain on debt and marketable equity securities	40,747	43,228
Total stockholders' equity	936,981	903,453
Total Liabilities and Stockholders' Equity	$ 1,552,330	$ 1,491,271

See notes to consolidated financial statements.

Management Discussion and Analysis of Balance Sheet

The Consolidated Balance Sheet gives the financial position or status of accounts on the date shown and, taken as a whole, provides a picture of the entire enterprise on that date. A series of balance sheets will show the progress or movement of the enterprise from one period to the next. The balance sheet should be viewed as a unit with the income statement to obtain a sufficiently clear picture of the status and progress of a business.

In 1994, the Company continued to have a strong balance sheet. Management's long standing policy of retaining funds to internally finance capital additions was continued in 1994. Cash, short-term investments and marketable securities totaled $307 million at December 31, 1994, a $32.9 million increase over the 1993 year end amount. The Forest Products segment generated $20.7 million of this increase as a result of improved operating results. Florida East Coast Industries, Inc. (FECI) received over $11 million from a condemnation sale of realty properties to the State of Florida which was invested and will be used to finance realty improvements in 1995. A reduction in unrealized gains on debt and marketable equity securities decreased the carrying value of investments by $4 million.

Accounts receivable increased $14.5 million in 1994 with $12.6 million being in Forest Products. This increase reflects the strong pricing increases experienced during the year. Inventories fell by $11.7 million. A shortage of containerboard led to a $4.9 million decrease in Forest Products' inventory. The Sugar segment's inventory decreased by $6.4 million due to harvesting delays caused by rain. Other assets increased by $6.2 million, primarily due to a $2.9 million increase in the Communications segment's equity in four cellular partnerships and a $1.4 million increase in prepaid pension plan costs.

Property, plant and equipment additions were $86.5 million in 1994. Depreciation expense was $62.4 million. All segments showed a net increase in fixed assets with the largest increase in FECI.

Stockholders' equity at December 31, 1994 was $30.72, an increase of $1.10 or 4%. Over the last five years, stockholders' equity has increased 17%.

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.

The Company is subject to substantial 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.

It is not possible to quantify future environmental costs because many issues relate to actions by third parties or changes in environmental regulation. 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 operations of the Company in any one period. As of December 31, 1994 and 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.

The Company's financial position continues to strengthen. Net working capital (current assets less current liabilities) increased 7% at December 31, 1994 over 1993 to $204.2 million. The current ratio (current assets divided by current liabilities) grew to 3.1 from 3.0 in 1993.

CONSOLIDATED STATEMENT OF INCOME
(Dollars in thousands except per share amounts)

	Years ended December 31,		
	1994	1993	1992
Net sales	$ 479,050	$ 387,720	$ 395,074
Operating revenues	206,712	204,248	196,838
	685,762	591,968	591,912
Cost of sales	412,577	360,679	366,342
Operating expenses	150,901	147,270	146,837
Selling, general and administrative expenses	57,806	51,917	54,677
	621,284	559,866	567,856
Operating profit	64,478	32,102	24,056
Other income (expense):			
Dividends	2,187	2,144	2,312
Interest income	11,085	9,575	13,581
Interest expense	(4,080)	(3,711)	(3,884)
Gain on dispositions of property, plant and equipment	14,450	1,085	2,511
Other, net	3,753	3,380	2,938
	27,395	12,473	17,458
Income before income taxes, minority			

interest, and cumulative effect of change in accounting principle	91,873	44,575	41,514
Provision for income taxes:			
Current	21,905	13,294	14,259
Deferred	12,032	8,915	591
Total provision for income taxes	33,937	22,209	14,850
Income before minority interest and cumulative effect of change in accounting principle	57,936	22,366	26,664
Less income applicable to minority interest in consolidated subsidiaries	15,827	10,241	11,074
Income before cumulative effect of change in accounting principle	42,109	12,125	15,590
Cumulative effect of change in accounting principle for income taxes	---	20,518	---
Net income	$ 42,109	$ 32,643	$ 15,590
Per Share Data:			
Income before cumulative effect of change in accounting principle	$ 1.38	$ 0.39	$ 0.51
Cumulative effect of change in accounting principle for income taxes	---	0.68	---
Net income per share	$ 1.38	$ 1.07	$ 0.51

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in thousands except per share amounts)

	Years ended December 31,		
	1994	1993	1992
COMMON STOCK			
Balance, at end of year (1994, 1993 and 1992 - 30,498,650 shares)	$ 8,714	$ 8,714	$ 8,714
RETAINED EARNINGS			
Balance, at beginning of year	$ 851,511	$ 824,968	$ 815,478
Net income	42,109	32,643	15,590
Dividends: Cash ($0.20 per share - 1994, 1993 and 1992)	(6,100)	(6,100)	(6,100)
Balance, at end of year	$ 887,520	$ 851,511	$ 824,968
NET UNREALIZED GAIN ON DEBT AND MARKETABLE EQUITY SECURITIES			
Balance, at beginning of year	$ 43,228	$ ---	$ ---
Decrease in net unrealized gain, net of tax effect	(2,481)	---	---
Cumulative effect of change in accounting principle for investments	---	43,228	---
Balance, at end of year	$ 40,747	$ 43,228	$ ---

See notes to consolidated financial statements.

Management Discussion and Analysis of Statement of Income

The Consolidated Statement of Income compares in summary form the results of operations for the three year period 1992, 1993 and 1994. This discussion is to provide help in understanding the significant events which caused the changes between the years.

Net sales and operating revenues increased 16% in 1994 over 1993 due principally to a $74.1 million increase in the Forest Products segment. All segments reported increased revenues in 1994. In 1993, net sales and operating revenues were flat with increases in the Transportation, Communications and Real Estate segments and declines in Forest Products and Sugar.

Cost of sales in 1994 increased 14% over 1993 due mainly to a $46.9 million increase in Forest Products. In 1993, cost of sales decreased 2% from 1992. Operating expenses increased 3% in 1994 compared to 1993, which held steady from 1992. Selling, general and administrative expenses were 11% ($5.9 million) higher in 1994 than 1993. The 1993 expenses were $2.8 million lower than 1992.

Operating profit in 1994 was slightly more than double the 1993 amount which was a third higher than 1992. Forest Products increased 109%, Real Estate 82%, Communications 32%, Sugar 25% and Transportation decreased 3% in 1994.

In 1993, Forest Products, Transportation and Real Estate had increased operating profits while Sugar and Communications decreased.

Other income increased in 1994 by $14.9 million due primarily to land sales of $3.5 million more by FECI and $8.7 million more by Forest Products. 1993 other income was down by $4.9 million from 1992 due to decreases in interest income and sales of property.

The provision for income taxes increased $11.7 million in 1994 and $7.4 million in 1993. The 1994 increase is due to the higher income while 1993 also reflects the deferred tax effect of the change in the federal income tax rate. The Company files a consolidated federal income tax return for the parent and all 80% or greater owned subsidiaries. The effective income tax rate was 36.9%, 49.8% and 35.8% for 1994, 1993, and 1992 respectively. In 1993, the Company adopted Statement of Financial Accounting Standards No. 109 which resulted in the recognition of $20.5 million in additional income in the first quarter of 1993 for the cumulative effect of the change in accounting for income taxes.

Net income before the cumulative effect of a change in accounting principle for income taxes rose $30 million in 1994 after a decline of $3.5 million in 1993. Net income per share before the cumulative effect of change in accounting principle for income taxes rose to $1.38 in 1994 compared to $0.39 in 1993 and $0.51 in 1992. Increased profitability in the Forest Products segment, a condemnation sale to the State of Florida and the other land sales mentioned above were the primary cause of the improvement in 1994. The decline in 1993 was largely due to the effect of the enacted income tax rate increase.

Forest Products

The operating results for the Forest products segment were dramatically affected by the rapid tightening of the containerboard market during the latter half of 1994. Domestic prices for kraft linerboard rose from $320 per ton in January 1994 to $340 per ton in June to $430 per ton in December. The average sales price of the Company's kraft linerboard rose by $40 per ton and boxes by $49 per ton. Volumes also contributed to the $74.1 million increase in Forest Products sales in 1994. Mill sales to outside customer increased 22% and container sales increased by 10%. The mill also changed its product mix as Crest White revenues rose to 60% of total mill sales compared to 55% in 1993. Sales by the forestry operation remained constant in 1994.

In 1994, Forest Products revenue was 56% of the Company's total compared with 53% in 1993 and 54% in 1992. In 1993, mill sales to outside customers and our plants declined $14.1 million due to a decline in the average sales price. The container operations sales in 1993 were lower than 1992 due to a decrease in selling price and reduced volume while the forestry operation's revenues were flat.

Cost of sales for the Forest Products segment rose 15% in 1994 over 1993. The container plants accounted for most of the increase largely due to the higher linerboard prices referenced above. The mill cost rose 10% on a volume increase of 9%. The forestry operation had a slightly lower cost of sales in 1994 than in 1993.

In 1993, the mill and forestry units had increased cost of sales while container costs were lower than 1992 due to lower linerboard prices. The mill experienced higher natural gas and fuel oil costs in 1993 than in 1992 and spent more on repair materials.

Selling, general and administrative expenses were 22% higher for the Forest Products segment in 1994 than in 1993. The mill operation decreased its expenses by 8%, forestry increased by 2% and the container plants increased by 8%. In 1993, the mill's expenses were about the same as 1992 while forestry increase 1% and containers decreased 2%.

Transportation

In 1994, the Transportation segment accounted for 26% of the Company's total revenue, compared to 30% in 1993 and 28% in 1992. The Florida East Coast

Railway Company (FEC) experienced an $0.8 million increase in revenue in 1994 over 1993. Adverse weather conditions in the fourth quarter slowed the gain in rock shipments which increased 6% in 1994 after growing by 14% in 1993. Intermodal shipments were slightly down in both 1994 and 1993 for FEC while automotive and other traffic increased by a small percentage in 1994 after a decline in 1993. In 1995, FEC is enlarging its scope of operations to include Macon, Georgia where it will operate an intermodal facility. The Apalachicola Northern Railroad Company's (ANRR) revenue increased by 2% in 1994 and 1993 principally due to increases in coal and pulpboard shipments.

Operating expenses for the Transportation segment increased by 2% in 1994 caused principally by increased property taxes at FEC. In 1993, operating expenses dropped 2% at FEC (primarily due to decreased property taxes) and increased 10% at ANRR (due to increased depreciation and locomotive repairs).

Sugar

Net sales for the sugar segment increased $5.8 million on a 12,233 ton increase in volume and a slight price increase. The increased volume reduced per ton costs and led to increased profitability. In 1993, sales decreased 10% due to a reduction in volume. Cost of sales decreased 9% in 1993, again due principally to the lost volume. As a result of the Everglades Forever Act, the Company was required to pay approximately $1.3 million new taxes in 1994

Communications

In 1994, Communication operating revenues grew 5% due mainly to increased interstate long distance pooling settlements. Operating expenses in 1994 were flat while selling, general and administrative expenses decreased 2% because of outsourcing of certain customer billing functions.

1993 revenues were up by 6% due mainly to the reversal of excess earning accruals made in 1992. Outside plant maintenance and increased depreciation were the main factors in the 10% growth in operating expenses compared to 1992. Selling, general and administrative expenses remained stable form 1992 to 1993.

Real Estate

Real Estate segment revenues increased by $11.4 million in 1994. A condemnation sale to the State of Florida in the amount of $11.3 million offset declines in other property sales. Rental income continued to increase and grew by $3.9 million in 1994. Cost of sales and operating expenses increased by $2.6 million while selling, general and administrative expenses were the same as 1993.

1993 revenues were 39% higher than 1992 due mainly to land sales. Cost of sales and operating expenses increased by $3.6 million while selling, general and administrative expenses were the same as 1992.

The Company continues to add rental buildings. .6 million square feet were added in 1994 bringing the total available to 3.8 million square feet with an additional .4 million square feet of leasable space under construction at year end.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	Years ended December 31, 1994	1993	1992
Cash flows from operating activities:			
Net Income	$ 42,109	$ 32,643	$ 15,590
Adjustments to reconcile net income to cash provided by operating activities:			
Cumulative effect of a change in accounting principle	---	(20,518)	---
Depreciation and depletion	62,392	62,872	59,757
Minority interest in income	15,827	10,241	11,074
Gain on sale of property	(14,450)	(1,085)	(2,511)
Increase in deferred income taxes	12,032	8,915	3,279
Changes in operating assets and			

liabilities:			
Accounts receivable	(14,479)	(2,772)	3,925
Inventories	11,725	(9,378)	(1,255)
Other assets	(6,213)	(2,865)	(7,569)
Accounts payable, accrued liabilities and casualty reserves	4,261	(362)	(1,720)
Income taxes payable	4,275	2,737	(5,674)
Cash provided by operating activities	117,479	80,428	74,896
Cash flows from investing activities:			
Purchases of property, plant and equipment	(86,450)	(93,045)	(120,736)
Proceeds from sales of property	18,594	6,960	7,246
Purchases of investments	---	(77,964)	(162,031)
Available for sale (1)	(18,851)	---	---
Held-to-maturity (1)	(115,210)	---	---
Proceeds from maturities of investments	---	95,941	189,542
Available for sale (1)	12,779	---	---
Held-to-maturity (1)	106,388	---	---
Cash used in investing activities	(82,750)	(68,108)	(85,979)
Cash flows from financing activities:			
Net change in short-term borrowings	(1,658)	3,400	(4,803)
Proceeds from long-term debt	---	---	7,633
Dividends paid to stockholders	(6,100)	(6,100)	(6,100)
Repayment of long-term debt	(1,706)	(1,735)	(2,242)
Dividends paid to minority interest	(1,679)	(1,718)	(1,698)
Cash used in financing activities	(11,143)	(6,153)	(7,210)
Net increase (decrease) in cash and cash equivalents	23,586	6,167	(18,293)
Cash and cash equivalents at beginning of period	48,304	42,137	60,430
Cash and cash equivalents at end of period	$ 71,890	$ 48,304	$ 42,137
Supplemental disclosure of cash flow information:			
Cash paid during the year for certain expense items:			
Interest	$ 3,973	$ 3,340	$ 4,117
Income taxes	$ 20,494	$ 12,476	$ 21,693
Mortgage assumed in purchase of property, plant and equipment	$ ---	$ ---	$ 2,200

(1) Disclosure is not applicable for the years ended December 31, 1993 and 1992. See note 2.

See notes to consolidated financial statements.

Management Discussion and Analysis of Statement of Cash Flows

The Statement of Cash Flows details information concerning the Company's sources and uses of cash in its operating, investing and financing activities.

In 1994, the Company experienced a net increase in cash and cash equivalents of $23.6 million compared to a $6.2 million increase in 1993 and a decrease of $18.3 in 1992. The improvement in 1994 was due to the increase in cash provided by operations while 1993 resulted from an increase in cash provided by operations together with reductions in cash used by investing and financing activities.

Cash flows from operations increased by $37.1 million in 1994 and $5.5 million in 1993. The 1994 increase is due to the improved operations of the Forest Products segment and the condemnation sale mentioned previously.

The Company purchased property, plant and equipment of $86.5 million in 1994, down from $93 million in 1993 and $120.7 million in 1992. The Real Estate segment spent $9.3 million less in 1994 than 1993 while Transportation spent $2.3 million more and the other segments remained relatively constant. In 1993, Forest Products reduced expenditures by $22.5 million, Sugar by $4.5 and Communications by $2.4 while Real Estate remained constant and

Transportation increased by $1.5 million.

In 1992 and 1993, the Company used $27.5 million and $18 million respectively, of its investments to fund its capital projects. The improved operating results enabled the Company to fully fund its capital needs in 1994 and increase its investments by $14.9 million.

Long term debt of $1.7 million was repaid in 1994, the same amount as 1993. In addition, short term borrowing were reduced by $1.7 million as compared with an increase of $3.4 million in 1993. No new long term debt was incurred in 1994.

The Company maintained its policy of paying a $0.20 per share dividend to its stockholders in 1994, as it had in 1993 and 1992. St. Joe Paper Company continues to have adequate internally generated cash flow to meet its foreseeable operating and capital needs.

Notes to Consolidated Financial Statements
December 31, 1994, 1993, and 1992
(Dollars in thousands except per share amounts)

1. Majority Stockholder

The Alfred I. duPont Testamentary Trust (the "Trust") owns approximately 68% of the common stock of St. Joe Paper Company, (the "Company"). The Company and its subsidiaries had no significant transactions with the Trust during the period.

2. Summary of Significant Accounting Policies

Principles of consolidation -- The consolidated financial statements include the accounts of St. Joe Paper Company and all of its majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents -- For purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, bank demand accounts, money market accounts, remarketed certificates of participation and repurchase agreements having original maturities of three months or less.

Inventories -- Inventories are stated at the lower of cost or market. Cost for manufactured paper products and associated raw materials are determined under the last-in, first-out (LIFO) method. Costs for substantially all other inventories are determined under the first in, first out (FIFO) or the average cost method.

Property, plant and equipment -- Depreciation is computed using both straight-line and accelerated methods over the useful lives of various assets.

Depletion of timber is determined by the units of production method.

Railroad and communications properties are depreciated and amortized using the straight-line method at rates established by regulatory agencies. Gains and losses on normal retirements of these items are credited or charged to accumulated depreciation.

Deferred cane crop costs -- Sugar cane plantings generally yield two annual harvests, depending on weather conditions and soil quality, before replanting is necessary. New planting costs are amortized on a straight-line basis over two years.

Income tax credits -- The Company uses the flow-through method of accounting for income tax credits except for credits relating to communications property and equipment which are accounted for using the deferral method with amortization over the service lives of the related assets as required by regulatory agencies.

Reclassification -- The 1993 and 1992 consolidated financial statements have been reclassified to the current year formats. These reclassifications were not material to the consolidated financial statements.

Earnings per common share -- Earnings per common share are based on the weighted average number of common shares outstanding during the year.

Fair value of financial instruments -- The carrying amount of the following financial instruments approximated fair value because of their short maturity: cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities. The fair value of investments differs from the carrying value as disclosed in Note 6. The fair value of long term debt, as determined using current rates, approximates carrying value.

2. Summary of Significant Accounting Policies (continued)

Income Taxes -- The Company follows the asset and liability method of accounting for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes." Under SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to affect taxable income. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. SFAS 109 also requires the recognition of a deferred tax liability on the undistributed earnings of subsidiaries applied on a prospective basis.

Effective January 1, 1993, the Company adopted SFAS 109 and has reported the cumulative effect of that change in the method of accounting for income taxes in the 1993 consolidated statement of income.

Investments -- Investments consist principally of certificates of deposit, remarketed certificates of participation, mortgage backed securities, municipal bonds, common stocks, redeemable preferred stocks, and U.S. Government obligations. The Company adopted the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" at December 31, 1993. Under SFAS 115, the Company classifies its debt and marketable equity securities in one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities for which the Company has the ability and intent to hold the security until maturity. All other securities not included in trading or held-to-maturity are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related income tax effect and minority interest in consolidated subsidiaries, on available-for-sale securities are excluded from earnings and are reported as a separate component of stockholders' equity until realized.

A decline in the market of any available-for-sale or held-to-maturity security below cost that is deemed other than temporary is charged to earnings resulting in the establishment of a new cost basis for the security.

Realized gains and losses for securities classified as available-for-sale and held-to-maturity are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

3. Inventories

(Dollars in thousands except per share amounts)

Inventories as of December 31 consist of:

	1994	1993
Manufactured paper products and associated raw materials	$ 27,023	$ 30,782
Materials and supplies	25,640	27,407
Sugar	5,010	11,209
	$ 57,673	$ 69,398

The replacement cost of manufactured paper products and associated raw material inventories was in excess of LIFO stated cost by approximately $21,101 as of December 31, 1994 ($12,781 in 1993).

4. Accrued Liabilities

Accrued liabilities as of December 31 consist of:

	1994	1993
Payroll and benefits	$ 4,234	$ 5,034
Payroll taxes	666	103
Property and other taxes	3,794	5,561
Accrued casualty reserves	22,136	22,911
Other accrued liabilities	9,043	5,292
	39,873	38,901
Less: noncurrent accrued casualty reserves and other liabilities	14,534	11,063
	$ 25,339	$ 27,838

5. Property, Plant and Equipment

Property, plant and equipment, at cost, as of December 31 consist of:

	1994	1993	Estimated Useful Life
Land and timber	$ 131,876	$ 125,675	---
Land improvements	24,919	24,628	20
Buildings	47,255	47,174	45
Machinery and equipment	1,141,013	1,102,450	10 - 30
Office equipment	5,893	6,357	6 - 10
Autos and trucks	7,888	7,205	3 - 6
Construction in progress	12,409	18,161	---
Investment property	274,328	250,013	various
	1,645,581	1,581,663	
Accumulated depreciation	618,706	573,941	
	$1,026,875	$1,007,722	

Real estate properties having net book value of $142.2 million at December 31, 1994 are leased under non-cancelable operating leases with expected aggregate rentals of $74.3 million of which $20.9, $18.6, $15.9, $11.4 and $7.5 million is due in the years 1995 through 1999, respectively.

6. Investments

Investments at December 31, 1994, consist of :

	Amortized Cost	Carrying Value	Fair Value	Unrealized Holding Gain	Unrealized Holding Loss
Short term investments (maturing within one year)					
Held to maturity:					
U. S. Government securities	$ 43,041	$ 43,463	$ 43,875	$ 482	$ 70
Tax exempt municipals	3,157	3,157	3,091	---	66
Mortgage backed securities	2,990	3,009	2,985	---	24
Other corporate debt					

	Amortized Cost	Carrying Value	Fair Value	Unrealized Holding Gain	Unrealized Holding Loss
securities	3,473	3,499	3,499	---	---
Remarketed certificates of participation	4,986	5,061	5,061	---	---
Certificates of deposit	2,963	2,967	2,967	---	---
	$ 60,610	$ 61,156	$ 61,478	$ 482	$ 160
Marketable securities					
Available for sale:					
U. S. Government securities					
Maturing in one to five years	$ 3,003	$ 2,948	$ 2,948	$ ---	$ 55
Tax exempt municipals					
Maturing in one to five years	4,457	4,236	4,236	---	221
Maturing in five to ten years	22,148	21,278	21,278	---	870
Maturing in more than ten years	3,364	3,272	3,272	---	92
Equity securities	11,601	78,725	78,725	67,347	223
Mortgage backed securities					
Maturing in more than ten years	1,669	1,529	1,529	---	140
Other corporate debt securities					
Maturing in more than ten years	2,250	2,176	2,176	---	74
	48,492	114,164	114,164	67,347	1,675
Held to maturity:					
U. S. Government securities					
Maturing within one year	40,080	40,080	41,136	1,056	---
Maturing in one to five years	17,249	17,226	17,350	543	419
Tax exempt municipals					
Maturing in one to five years	1,416	443	1,288	845	---
Other corporate debt securities					
Maturing in five to ten years	885	2,114	2,293	387	208
	59,630	59,863	62,067	2,831	627
	$108,122	$174,027	$176,231	$ 70,178	$ 2,302

6. Investments (continued)

Investments at December 31, 1993, consist of :

	Amortized Cost	Carrying Value	Fair Value	Unrealized Holding Gain	Unrealized Holding Loss
Short term investments (maturing within one year)					
Held to maturity:					
U. S. Government securities	$ 27,658	$ 27,695	$ 28,214	$ 523	$ 4
Tax exempt municipals	2,401	2,401	2,376	---	25
Remarketed certificates of participation	5,000	5,028	5,028	---	---
Certificates of deposit	31,063	31,183	31,183	---	---
	$ 66,122	$ 66,307	$ 66,801	$ 523	$ 29
Marketable securities					
Available for sale:					
U. S. Government securities					
Maturing in one to five years	$ 393	$ 379	$ 379	$ ---	$ 14
Tax exempt municipals					
Maturing in five to ten years	29,961	31,387	31,387	1,426	---
Equity securities	12,059	79,746	79,746	67,687	---
Mortgage backed securities					
Maturing in more than					

(Dollars in thousands except per share amounts)

ten years	3,567	3,559	3,559	---	8
Other corporate debt securities					
Maturing in five to					
ten years	1,684	1,699	1,699	15	---
	47,664	116,770	116,770	69,128	22
Held to maturity:					
U. S. Government securities					
Maturing within one					
year	23,731	23,731	24,500	769	---
Maturing in one to					
five years	11,104	11,267	11,462	197	2
Tax exempt municipals					
Maturing in one to					
five years	1,612	1,645	2,601	956	---
Mortgage backed securities					
Maturing in one to					
five years	2,990	3,003	3,007	4	---
Maturing in five to					
ten years	916	916	1,491	575	---
Maturing in more than					
ten years	91	91	103	12	---
Other corporate debt securities					
Maturing in five to					
ten years	812	2,100	2,045	---	55
	41,256	42,753	45,209	2,513	57
	$ 88,920	$159,523	$161,979	$ 71,641	$ 79

Marketable securities, including certain investments which mature within one year, are held as a developmental fund created to accumulate capital expected to be required for future improvement of the Company's real estate properties.

7. Long-Term Debt

Long-term debt as of December 31 consists of:

	1994	1993
Notes payable to banks under lines of credit aggregating $70,000, due March 1995 through May 1996 with interest rates of 5.94% to 7.9%	$ 32,671	$ 35,038
Rural Telephone Bank (RTB) 6.50 % to 10.25% mortgage notes with principal and interest due quarterly through 2016	15,443	15,917
Industrial Revenue Bonds payable in semiannual installments of $425 with interest payable at 67% of the prime rate	2,046	2,896
Rural Electrification Administration (REA) 2% mortgage notes with principal and interest due quarterly through 2008	3,019	3,394
Federal Financing Bank (FFB) notes at varying rates (weighted average: 1994 - 14.52%; 1993 - 14.50%) guaranteed by the REA	564	640
Mortgage loans payable to various institutions and individuals with interest rates of 4.5% to 9.75%, payable in variable installments	2,992	2,184
Other secured notes at variable interest rates and maturities	157	187
	56,892	60,256
Long-term debt due within one year	19,672	21,309
Long-term debt due after one year	$ 37,220	$ 38,947

The REA and RTB notes, the Industrial Revenue Bonds and the notes and mortgage loans payable are secured by company assets with a book value of approximately $47,780, $7,419 and $44,931, respectively.

The aggregate amount of principal payments due in each of the years subsequent to December 31, 1994 is:

Year ending

(Dollars in thousands except per share amounts)

December 31	Amount
1995	$ 19,672
1996	18,797
1997	1,570
1998	1,273
1999	1,213
2000 and later	14,367
	$ 56,892

8. Income Taxes

Total income tax expense for the years ended December 31, was allocated as follows:

	1994	1993	1992
Income from continuing operations	$ 33,937	$ 22,209	$ 14,850
Shareholders' equity, for recognition of unrealized gain (loss) on debt and marketable equity securities	(2,377)	25,472	---
	$ 31,560	$ 47,681	$ 14,850

Income tax expense attributable to income from continuing operations differed from the amount computed by applying the statutory federal income tax rate to pre-tax income as a result of the following:

	1994	1993	1992
Tax at the statutory federal rate	$ 32,156	$ 15,601	$ 14,115
Dividends received deduction and tax free interest	(1,075)	(937)	(745)
State income taxes (net of federal benefit)	2,640	1,452	1,411
Adjustment to deferred tax assets and liabilities for enacted changes in tax laws and rates	---	4,324	---
Undistributed earnings of FECI	1,245	775	---
Other, net	(1,029)	994	69
	$ 33,937	$ 22,209	$ 14,850

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities as of December 31, consist of:

	1994	1993
Deferred tax assets:		
Accrued casualty and other reserves	$ 10,348	$ 10,616
Alternative minimum tax credit carryforward	14,315	12,219
State net operating loss carryforward	6,371	6,183
Other	3,304	1,914
Total gross deferred tax assets	34,338	30,932
Valuation allowance	6,371	6,183
Net deferred tax assets	27,967	24,749

8. Income Taxes (continued)

	1994	1993
Deferred tax liabilities:		
Tax in excess of financial depreciation	159,531	154,817
Deferred gain on land sales	6,904	5,520

(Dollars in thousands except per share amounts)

Deferred gain on subsidiary's defeased bonds	2,322	2,502
Unrealized gain on debt and marketable equity securities	23,123	25,472
Deferred gain on involuntary conversion of land	29,227	24,937
Prepaid pension asset recognized for financial reporting	7,804	7,285
Other	7,880	3,385
Total gross deferred tax liabilities	236,791	223,918
Net deferred tax liability	$208,824	$199,169

Based on the timing of reversal of future taxable amounts and the Company's history of reporting taxable income, the Company believes that the deferred tax assets will be realized and a valuation allowance is not considered necessary except for those resulting from the net operating loss carryforward available for state income taxes. Because of the Company's history of reporting tax losses in certain states, the Company believes that substantially all carryforwards will not be realized and, accordingly, has recorded a valuation allowance equal to the entire amount. This valuation allowance was $6,371 and $6,183 at December 31, 1994 and 1993, respectively, which increased $188 and $547 in 1994 and 1993, respectively. The current deferred tax asset of $6,487 and $6,362 is recorded in other current assets as of December 31, 1994 and 1993, respectively.

The Company has not recognized a deferred tax liability of approximately $17,862 for the undistributed earnings of FECI that arose in 1992 and prior years because the Company does not currently expect those unremitted earnings to reverse and become taxable to the Company in the foreseeable future. A deferred tax liability will be recognized when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investment. As of December 31, 1994, the undistributed earnings of the subsidiary for which no deferred tax liability was provided were approximately $48,454.

For the year ended December 31, 1992, deferred income tax expense of $591 resulted from differences in the recognition of income and expense for income tax and financial reporting purposes. The sources and tax effects of those differences are: accelerated depreciation for tax purposes of $4,366; alternative minimum tax credit carryforward of ($3,025); prepaid pension cost of $1,200; accrued casualty reserves of ($468); and, other, net of ($1,482).

9. Pension and Retirement Plans

The company sponsors defined benefit pension plans covering approximately 70% of its employees. The benefits are based on the employees' years of service or years of service and compensation during the last five or ten years of employment. The Company's funding policy is to contribute annually the maximum contribution required by ERISA.

A summary of the net periodic pension credit follows:

	1994	1993
Service cost	$ 3,486	$ 2,761
Interest cost	7,418	6,147
Actual return on assets	1,365	(13,460)
Net amortization and deferral	(13,673)	1,272
Total pension income	$ (1,404)	$ (3,280)

9. Pension and retirement plans (continued)

A summary of the plans' funded status as of December 31 was:

	1994	1993
Accumulated benefit obligation, including vested benefits of $86,807 and $73,780 in 1994 and 1993, respectively	$ 94,485	$ 80,438
Projected benefit obligation for service rendered to date	116,101	96,177

(Dollars in thousands except per share amounts)

Plan assets at fair value, primarily listed stocks and U.S. bonds	141,090	144,713
Plan assets in excess of projected benefit obligation	24,989	48,536
Unrecognized net (gain) loss	2,615	(13,618)
Unrecognized prior service cost	11,545	5,393
Unrecognized transition asset	(17,961)	(20,527)
Prepaid pension cost	$ 21,188	$ 19,784

The weighted-average discount rate for the plans was 7% in 1994 and 1993. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation for salaried employees was 6% in 1994 and 1993. The expected long-term rates of return on assets were 8% in 1994 and 7% in 1993.

The Company has an Employee Stock Ownership Plan (ESOP) for the purpose of purchasing stock of the Company for the benefit of qualified employees. Contributions to the ESOP are limited to .5% of compensation of employees covered under the salaried pension plan. The Company also has other defined contribution plans which, in conjunction with the salaried pension plan, cover substantially all its salaried employees. Contributions are at the employees' discretion and are matched by the Company up to certain limits. Expense for these defined contribution plans was $1,213, $1,387, and $1,253 in 1994, 1993 and 1992, respectively.

10. Quarterly Financial Data (Unaudited)

	Quarters Ended			
1994	December 31	September 30	June 30	March 31
Net sales and operating revenues	186,251	166,257	165,886	167,886
Operating profit	23,599	7,887	13,972	19,020
Net income	18,802	7,520	7,627	8,160
Net income per share	.61	.25	.25	.27

1993	December 31	September 30	June 30	March 31
Net sales and operating revenues	153,540	141,182	150,548	146,698
Operating profit	17,852	6,873	2,239	5,138
Net income	8,785	(875)	753	23,980
Net income per share	.29	(.03)	.02	.79

11. Segment Information

The Company is engaged in five principal lines of business. These lines of business are:

Forest Products - the integrated production of corrugated containers, including the cultivation and harvesting of pulpwood and the manufacture of linerboard;

Transportation - the operation of two railroads within the state of Florida;

Sugar - the cultivation, harvesting and processing of sugar cane;

Communications - the provision of telephone services and telecommunications equipment; and

Real Estate - the ownership, management and development of real estate.

Total net sales and operating revenues represent sales to unaffiliated customers, as reported in the Company's consolidated income statement and intersegment sales which occur principally between the Forest Products and Transportation segments.

Operating profit is net sales and operating revenues less directly traceable costs and expenses. In computing operating profit, the following items have not been considered: other income (expense) and provision for income taxes.

(Dollars in thousands except per share amounts)

Identifiable assets by lines of business are those assets that are used in the Company's operations in each segment. Corporate assets are composed of cash, marketable securities and miscellaneous nonsegment assets.

Information by lines of business segment follows:

	1994	1993	1992
Net sales and operating revenues:			
Forest Products	$ 386,978	$ 312,875	$ 322,096
Transportation	176,074	175,095	169,439
Sugar	54,900	49,138	54,866
Communications	30,638	29,153	27,399
Real Estate	39,774	28,405	20,493
Intersegment	(2,602)	(2,698)	(2,381)
Consolidated	$ 685,762	$ 591,968	$ 591,912
Operating profit:			
Forest Products	$ 1,832	$ (19,684)	$ (20,509)
Transportation	29,680	30,648	26,380
Sugar	6,329	5,058	6,313
Communications	6,753	5,130	5,240
Real Estate	19,884	10,950	6,632
Consolidated	$ 64,478	$ 32,102	$ 24,056

11. Segment information (continued)

	1994	1993	1992
Assets:			
Forest Products	$ 371,353	$ 373,551	$ 378,461
Transportation	424,241	390,332	387,778
Sugar	93,685	96,925	90,724
Communications	70,658	65,674	63,594
Real Estate	229,449	230,343	198,236
Corporate	362,944	334,446	269,507
Consolidated	$1,552,330	$1,491,271	$1,388,300
Capital expenditures:			
Forest Products	$ 24,270	$ 24,454	$ 46,950
Transportation	25,060	22,682	21,173
Sugar	3,381	2,944	7,441
Communications	5,385	5,271	7,612
Real Estate	28,354	37,694	37,560
Consolidated	$ 86,450	$ 93,045	$ 120,736
Depreciation and depletion:			
Forest Products	$ 31,352	$ 33,015	$ 32,646
Transportation	18,706	18,147	17,112
Sugar	1,605	1,769	1,634
Communications	5,612	5,848	5,051
Real Estate	5,117	4,093	3,314
Consolidated	$ 62,392	$ 62,872	$ 59,757

12. Contingencies

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. Certain self-insurance risks with respect to losses for third party liability, property damage and group health insurance provided to employees have been retained by the Company. In the opinion of management, none of these items are expected to have a material adverse effect on the Company's consolidated financial position or results of operations.

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.

The Company is subject to substantial 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.

It is not possible to quantify future environmental costs because many issues relate to actions by third parties or changes in environmental regulation. 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 December 31, 1994 and 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.

Management's Statement

The management of St. Joe Paper Company is responsible for the integrity and objectivity of the financial statements presented in this Annual Report. These statements have been prepared in conformity with generally accepted accounting principles and fairly represent the transactions and financial position of your company.

Your company maintains a system of internal management controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly recorded and executed in accordance with management's authorization, and that records are updated periodically to reflect assets actually on hand. These controls are supplemented by internal audits of various units of your company. Those audits are made on a random basis and are unannounced.

Independent Auditors' Report

The Board of Directors and Stockholders
St. Joe Paper Company:

We have audited the accompanying consolidated balance sheets of St. Joe Paper Company and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1994. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentations. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Joe Paper Company and subsidiaries as of December 31, 1994, and 1993, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1994, in conformity with generally accepted accounting principles.

As disclosed in notes 2 and 6 to the consolidated financial statements, the Company changed its method of accounting for investments to adopt the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities" at December 31, 1993. As disclosed in notes 2 and 8, the Company changed its method of accounting for income taxes effective January 1, 1993 to adopt the provisions of the Financial Accounting Standards Board's SFAS No. 109, "Accounting for Income Taxes".

KPMG PEAT MARWICK LLP

Certified Public Accountants

Jacksonville, Florida
February 28, 1995

EXHIBIT 21

ST. JOE PAPER COMPANY

SUBSIDIARIES AT DECEMBER 31, 1994

St. Joe Industries, Inc.
- Florida East Coast Industries, Inc.
- General Die & Mfg. Corp.
- Jacksonville Properties, Inc.

Forest Products

- St. Joe Forest Products Company
  - St. Joe Container Company
  - St. Joseph Land and Development Company

Railroad

- Apalachicola Northern Railroad Company
  - St. Joe Terminal Company
- Florida East Coast Railway Company
  - Florida East Coast Deliveries, Inc.
  - Florida East Coast Highway Dispatch Company
  - Florida East Coast Inspections, Inc.
  - Florida Express Carrier, Inc.
  - Operations Unlimited, Inc.
  - Railroad Concrete Crosstie Corporation
  - Railroad Track Construction Company

Sugar

- Talisman Sugar Corporation

Communications

- St. Joe Communications, Inc.
  - Gulf Telephone Company
  - St. Joseph Telephone & Telegraph Company
  - The Florala Telephone Company, Incorporated

Real Estate

- St. Joe Utilities Company
- Gran Central Corporation
  - Dade County Land Holding Company, Inc.

All companies are incorporated in the State of Florida, except for The Florala Telephone Company, Incorporated, which is incorporated in the State of Alabama.

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENT, that each of the undersigned Directors of St. Joe Paper Company, a Florida corporation ("Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D. C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the fiscal year ended December 31, 1994, hereby constitutes and appoints Winfred L. Thornton and Edward C. Brownlie, as his true and lawful attorneys-in-fact and agent, and each of them with full power to act, without the other in his stead, in any and all capacities, to sign the 1994 Annual Report of St. Joe Paper Company on Form 10-K and to file on behalf of the Corporation such Annual Report and amendments with all exhibits thereto, and any and all other information and documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agent, and each of them, full power and authority to do and perform any and all acts and things requisite and ratifying and confirming all that each said attorneys-in-fact and agent or any one of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on the date indicated below.

Winfred L. Thornton Chairman of the Board and Chief Executive Officer	E. Thomas Ford Vice President and Director
Robert E. Nedley President, Chief Operating Officer and Director	Stanley D. Fraser Vice President and Director
Jacob C. Belin Director	Russell B. Newton, Jr. Director
Howard L. Brainin Vice President and Director	Walter L. Revell Director
Edward C. Brownlie Vice President and Director	John D. Uible Director
Richard H. Dent Director	

DATED: February 28, 1995

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENT, that I, Richard H. Dent, a Director of St. Joe Paper Company, a Florida corporation ("Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D. C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the fiscal year ended December 31, 1994, hereby constitutes and appoints Winfred L. Thornton and Edward C. Brownlie, as his true and lawful attorneys-in-fact and agent, and each of them with full power to act, without the other in his stead, in any and all capacities, to sign the 1994 Annual Report of St. Joe Paper Company on Form 10-K and to file on behalf of the Corporation such Annual Report and amendments with all exhibits thereto, and any and all other information and documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agent, and each of them, full power and authority to do and perform any and all acts and things requisite and ratifying and confirming all that each said attorneys-in-fact and agent or any one of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand on the date indicated below.

Richard H. Dent
Director

DATED: March 23, 1995

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