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

FORM 10-K/A

[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.

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:

D. Michael Groos
Comptroller

ST. JOE PAPER COMPANY
HISTORICAL SUMMARY
(Dollar amounts in thousands except per share amounts)

FINANCIAL CONDITION	1994	1993	1992	1991	1990
Total Assets	$1,552,330	$1,491,271	$1,388,300	$1,372,961	$1,342,818
Current Assets	$ 301,002	$ 283,856	$ 233,349	$ 265,581	$ 308,381
Less: Current Liabilities	96,827	93,399	86,707	88,358	80,115
Working Capital	204,175	190,457	146,642	177,223	228,266
Current Ratio (to 1)	3.1	3.0	2.7	3.0	3.8
Investments and Other Assets	224,453	199,693	171,527	180,200	148,790
Properties, at Cost	1,645,581	1,581,663	1,506,309	1,401,533	1,319,839
Less: Accumulated Depreciation	618,706	573,941	522,885	474,353	434,192
Long-Term Debt	37,220	38,947	40,959	42,858	45,007
Reserves and Other Liabilities	14,534	11,063	11,703	14,959	10,207
Deferred Income Taxes	215,311	205,531	185,300	182,021	183,789
Minority Interests	251,457	238,878	229,949	220,573	220,996
Net Assets Applicable to Common Stock	$ 936,981	$ 903,453	$ 833,682	$ 824,192	$ 802,704

FINANCIAL RESULTS	1994	1993	1992	1991	1990
Net Sales and Operating Revenues	$ 685,762	$ 591,968	$ 591,912	$ 582,180	$ 610,200
Operating Profit	64,478	32,102	24,056	24,476	49,572
Other Income	27,395	12,473	17,458	37,201	35,307
Less: Taxes on Income	33,937	22,209	14,850	20,722	28,877
Income Applicable to Minority Interest	15,827	10,241	11,074	13,367	14,712
Cummulative Effect of Change Accounting Principle	-	20,518	-	-	-
Net Income	$ 42,109	$ 32,643	$ 15,590	$ 27,588	$ 41,290
Depreciation and Depletion Expense	$ 62,392	$ 62,872	$ 59,757	$ 55,241	$ 53,657

PER COMMON SHARE	1994	1993	1992	1991	1990
Book Value - End of Year	$ 30.72	$ 29.62	$ 27.34	$ 27.02	$ 26.32
Income before Cumulative Effect of Change in Accounting Principle	$ 1.38	$ 0.39	$ 0.51	$ 0.90	$ 1.35
Cumulative Effect of Change in Accounting Principle	$ -	$ .68	$ -	$ -	$ -
Net Income	$ 1.38	$ 1.07	$ 0.51	$ 0.90	$ 1.35
Net Income as % of Book Value	4.5	3.6	1.9	3.3	5.1
Dividends Paid	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.19

MARKET FOR COMMON STOCK AND RELATED STOCKHOLDERS MATTERS

	1994				1993			
Quarter ended	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
High	61 7/8	62 5/8	57	57 7/8	54	55	41 5/8	44 1/2
Low	54 1/4	49 1/4	49 1/8	50 1/4	45 3/4	39 1/4	38 1/2	37 1/2
Dividends	.05	.05	.05	.05	.05	.05	.05	.05

a. Principal market on which St. Joe Paper Company common stock is traded: New York Stock Exchange
b. The table above presents the high and low market prices and dividend information for St. Joe Paper Company common shares.
c. The total number of holders of record of St. Joe Paper Company common stock as of March 7, 1995 was 882.
(Total dividends per common share: 1994 = $0.20; 1993 = $0.20)

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	December 31	
ASSETS	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%.

Management Discussion and Analysis of Statement of Income

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.

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.

(Dollars in thousands except per share amounts)

3. Inventories

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.

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

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 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

(Dollars in thousands except per share amounts)

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 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.

(Dollars in thousands except per share amounts)

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 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

(Dollars in thousands except per share amounts)

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

(Dollars in thousands except per share amounts)

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
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)

(Dollars in thousands except per share amounts)

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
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

(Dollars in thousands except per share amounts)

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.

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

(Dollars in thousands except per share amounts)

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