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

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

For the quarterly period ended March 31, 1996

Commission file number: 1-10466

St. Joe Paper Company
(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)

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of March 31, 1996 there were 30,498,650 shares of common stock, no par value, outstanding.

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

	March 31 1996 (Unaudited)	December 31 1995
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 108,157	$ 16,802
Short-term investments	87,046	96,923
Accounts receivable	52,050	44,390
Income taxes refundable	0	4,314
Inventories	24,832	20,592
Other assets	14,450	18,162
Net assets of discontinued operations	275,906	296,001
Total Current Assets	$ 562,441	$ 497,184
Investment and Other Assets:		
Marketable securities	241,821	189,865
Other assets	30,587	38,971
Total Investments and Other Assets	$ 272,408	$ 228,836
Property, Plant, and Equipment, Net	816,020	804,974
Total Assets	$1,650,869	$1,530,994
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 24,450	$ 26,024
Accrued liabilities	19,538	18,445

Income taxes payable	11,744	0
Total Current Liabilities	55,732	44,469
Accrued casualty reserves and other liabilities	11,598	11,681
Deferred income taxes and income tax credits	225,865	192,036
Minority interest in consolidated subsidiaries	269,627	266,741
Stockholders' Equity:		
Common stock, no par value; 60,000,000 shares authorized; 30,498,650 shares issued and outstanding	8,714	8,714
Retained earnings	1,022,282	955,239
Net unrealized gains on debt and marketable equity securities	57,052	52,114
Total Stockholders' Equity	1,088,048	1,016,067
Total Liabilities and Stockholders' Equity	$1,650,869	$1,530,994

(See accompanying notes)

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

	Three Months Ended March 31 1996	1995
Net sales	$ 125,519	$ 33,202
Operating revenues	45,443	43,176
Net sales and operating revenues	170,962	76,378
Cost of sales	34,276	26,337
Operating expenses	34,652	31,666
Selling, general and administrative expenses	8,636	7,547
Operating profit	93,398	10,828
Other income (expense):		
Dividends	706	565
Interest income	4,060	3,015
Interest expense	(67)	(807)
Gain on sales and other dispositions of property	2,811	815
Other, net	1,397	443
	8,907	4,031
Income before income taxes and minority interest	102,305	14,859
Provision for income taxes	39,197	5,692
Income before minority interest	65,108	9,167
Income applicable to minority interest in consolidated subsidiaries	3,429	2,515
Income from continuing operations	59,679	6,652
Earnings from discontinued operations (net of income taxes of $4,975 and $8,376, respectively)	8,889	14,862
Net Income	$ 68,568	$ 21,514
Retained earnings at beginning of period	955,239	887,520
Dividends	1,525	1,525
Retained earnings at end of period	$1,022,282	$ 907,509
Per share data:		
Dividends	$ 0.05	$ 0.05
Income from continuing operations	$ 1.96	$ 0.22
Earnings of discontinued operations	0.29	0.49
Net Income	$ 2.25	$ 0.71

(See accompanying notes)

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

	Three Months Ended March 31 1996	1995
Cash flows from operating activities:		
Net Income	$ 68,568	$ 21,514
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and depletion	6,826	6,691
Minority interest in income	3,429	2,515
Gain on sale of property	(2,811)	(815)
Increase in deferred income taxes	29,893	2,361
Changes in operating assets and liabilities:		
Accounts receivable	(7,660)	270
Inventories	(4,240)	(10,729)
Other assets	12,096	6,161
Accounts payable, accrued liabilities, and casualty reserves	(564)	5,879
Income taxes payable	16,058	(2,635)
Discontinued operations - non-cash charges and working capital changes	22,543	(630)
Cash provided by operating activities	144,138	30,582
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(19,902)	(28,146)
Investing activities of discontinued operations	(2,448)	(5,375)
Purchases of investments:		
Available-for-sale	(106,682)	(8,873)
Held-to-maturity	0	(61,575)
Proceeds from dispositions of assets	4,841	4,854
Maturity and redemption of investments:		
Available-for-sale	63,149	8,502
Held-to-maturity	10,200	29,552
Cash used in investing activities	(50,842)	(61,061)
Cash flows from financing activities:		
Net change in short-term borrowings	0	4,661
Dividends paid to stockholders	(1,525)	(1,525)
Dividends paid to minority interest	(416)	(410)
Cash used in financing activities	(1,941)	(2,726)
Net decrease in cash and cash equivalents	91,355	(27,753)
Cash and cash equivalents at beginning of period	16,802	46,389
Cash and cash equivalents at end of period	$ 108,157	$ 18,636
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 476	$ 572
Income taxes	$ 0	$ 5,803

(See accompanying notes)

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

1. In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1996, and December 31, 1995, and the results of operations and cash flows for the three-month periods ended March 31, 1996, and 1995. The 1995 statements have been restated to reflect the reclassification of the Communications segment and linerboard mill and container plants as discontinued operations.

2. The results of operations for the three-month periods ended March 31, 1996, and 1995 are not necessarily indicative of the results that may be expected for the full year.

3. On September 1, 1995, St. Joe Industries, Inc., a wholly-owned subsidiary of the Company, agreed to sell the stock of St. Joe Communications, Inc. (SJCI) to TPG Communications, Inc., for approximately $115 million subject to purchase price adjustments. The sale is subject to customary conditions, including regulatory approvals. SJCI has sold its interest in three cellular partnerships and has a contract to sell the remaining one for an aggregate of approximately $27 million. These sales represent the Company's entire Communications segment and are all expected to close in the second quarter of 1996.

   On November 2, 1995, the Company announced that it had entered into an agreement to sell its linerboard mill and container plants for approximately $390 million subject to purchase price adjustments and contingent on, among other things, the buyer's receipt of financing. The Company retains its timberlands and will continue to operate in this segment. This sale is expected to close in the second quarter of 1996.

   Operating revenues for the three-month periods ended March 31, 1996, and 1995 for the Communications segment were $8,435 and $7,799, respectively, and net sales for the linerboard mill and container plants were $93,306 and $103,807, respectively. These amounts are not included in operating revenues in the accompanying statements of income and retained earnings.

   Net operating results of the Communications segment and for the linerboard mill and container plants for the three-month periods ended March 31, 1996, and 1995 are shown separately as earnings from discontinued operations in the accompanying statements of income and retained earnings.

   Net assets to be disposed of have been separately classified in the accompanying balance sheets at March 31, 1996, and December 31, 1995. Assets and liabilities of the Communications segment and linerboard mill and container plants consisted of:

	March 31 1996	December 31 1995
Cash and cash equivalents	$ 12,916	$ 11,357
Accounts receivable	44,771	43,419
Inventories	44,546	49,414
Other assets	4,338	19,748
Marketable securities	2,607	2,582
Property, plant, and equipment	254,782	261,674
Total assets	363,960	388,194
Accounts payable	9,605	14,460
Accrued liabilities	8,699	7,671
Long-term debt	17,849	18,093
Accrued casualty reserves and other liabilities	4,332	4,332
Deferred income taxes	47,569	47,637
Net assets of discontinued operations	$275,906	$296,001

4. Inventories at March 31, 1996, and December 31, 1995:

	March 31 1996	December 31 1995
Materials and supplies	$ 13,550	$ 12,875
Sugar	11,282	7,717
	$ 24,832	$ 20,592

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

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

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

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

It is not possible to quantify future environmental costs because many issues relate to actions by third parties or changes in environmental regulation. However, based on information presently available, management believes that the ultimate disposition of currently known matters will not have a material effect on the financial position or results of operations of the Company. As of March 31, 1996, and December 31, 1995, the aggregate environmentally related accruals were $6.2 million. Environmental liabilities are paid over an extended period and the timing of such payments cannot be predicted with any confidence.

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

OVERVIEW

On September 1, 1995, St. Joe Industries, Inc., a wholly-owned subsidiary of the Company, agreed to sell the stock of St. Joe Communications, Inc. (SJCI) to TPG Communications, Inc., for approximately $115 million subject to purchase price adjustments. The sale closed on April 11, 1996. The Company has sold its interest in three cellular partnerships due in 1995 and two in the first quarter of 1996 and has a contract to sell the remaining one for an aggregate of approximately $27 million. The final sale is expected to close in the second quarter of 1996. These sales represent the Company's entire Communications segment. Operating revenues for the three-month periods ended March 31, 1996, and 1995 for the Communications segment were $8.4 million and $7.8 million, respectively. These amounts are not included in operating revenues in the accompanying statements of income and retained earnings. Net earnings of the Communications segment for the three-month periods ended March 31, 1996, and 1995 were $6.7 million and $1.6 million, respectively, and are shown separately as earnings from discontinued operations in the accompanying statements of income and retained earnings.

On November 2, 1995, the Company announced that it had entered into an agreement to sell its linerboard mill and container plants for approximately $390 million subject to purchase price adjustments and contingent on, among other things, the buyer's receipt of financing. The sale is expected to close in the second quarter of 1996. The Company will retain its timberlands and will enter into a fifteen-year fiber supply agreement with the buyer with two five-year extensions. Annual wood fiber tonnage to be supplied from the Company's lands will not exceed that currently provided and will be at negotiated market prices adjusted on a quarterly basis. The Company plans in the future to shift its remaining fiber production from the Company's lands to higher margin timber products. Net sales for the linerboard mill and container plants were $93.3 million and $103.8 million for the three months ended March 31, 1996, and 1995, respectively. Net earnings for the three months ended March 31, 1996, and 1995 were $2.2 million and $13.3 million, respectively, and are shown separately as earnings from discontinued operations in the accompanying statements of income and retained earnings.

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

Quarter ended March 31, 1996

Net sales and operating revenues for the quarter were $171.0 million, a $94.5 million increase over the same period in 1995 and $81.2 million over the fourth quarter of 1995. A land sale to the State of Florida for $84 million accounted for the increase. Cost of sales and operating expenses were $68.9 million, up from $58.0 million in 1995 and $68.8 million in the fourth quarter of 1995. These costs were 40.3% of net sales and operating revenues in 1996 compared to 75.9% in 1995 and 76.6% in the fourth quarter 1995. Selling, general and administrative expenses were $8.6 million in the first quarter of 1996 compared to $7.5 million in the first quarter of 1995 and $9.1 million in the fourth quarter 1995. As a result of these changes, operating profit was $93.4 million compared to $10.8 million in the same quarter of 1995 and $11.9 million in the fourth quarter of 1995.

An analysis of operating results by segment follows:

Forestry
Quarter ended March 31, 1996

	1996	1995	% Increase (Decrease)
Net Sales	14.1	14.9	(5.4)
Cost of Sales	14.2	13.5	5.0
Selling, General & Administrative Expenses	1.3	1.2	11.9
Operating Profit (Loss)	(1.4)	0.2	(808.8)

Reduced production at the Company's linerboard mill resulted in sales to the mill decreasing 68,000 tons. An increase of $2.95 per ton in the delivered price offset some of the volume decrease. Outside sales increased by 3,580 tons but the product mix caused the price per ton to drop $5.71. A $6.22 per ton increase in the cost of wood purchased for resale was the largest factor in the overall cost increase.

Transportation
Quarter Ended March 31, 1996

	1996	1995	% Increase (Decrease)
Operating Revenue	45.4	43.2	5.1
Operating Expenses	34.7	31.7	9.5
Selling, General & Administrative Expenses	5.2	4.3	21.0

Operating Profit	5.6	7.2	(22.2)

Operating revenues, operating expenses, and selling, general and administrative expenses all increased due to the inclusion in 1996 of an FECI subsidiary acquired in the second quarter 1995. The lower operating profit is primarily attributable to a decline in rail traffic of 7.2% on FEC and 8.1% on ANRR combined with the FEC haulage agreement.

Sugar
Quarter Ended March 31, 1996

	1996	1995	% Increase (Decrease)
Net Sales	18.7	12.3	52.0
Cost of Sales	13.1	8.3	57.8
Selling, General & Administrative Expenses	1.1	1.5	(26.7)
Operating Profit	4.5	2.5	80.0

The sugar segment experienced a 52% volume increase in the first quarter of 1996 compared to 1995. The selling price fell slightly. Production fell 23%, but costs per ton rose only 1%. Selling, general and administrative expenses fell due mainly to lower worker's compensation payments in 1996.

Real Estate
Quarter Ended March 31, 1996

	1996	1995	% Increase (Decrease)
Net Sales	92.7	6.0	1,445.0
Cost of Sales	7.0	4.5	55.7
Selling, General & Administrative Expenses	0.9	0.6	50.0
Operating Profit	84.8	0.9	9,322.3

In 1996, a single realty property sale of $84.0 million was made to the State of Florida which did not occur in 1995. Rent and other income increased by $2 million in the first quarter of 1996 compared to the same period in 1995. Cost of sales increased due to cost associated with the sale of the property to the State of Florida. Selling, general and administrative expenses increased by $0.3 million.

Other Income increased $4.9 million in the first quarter of 1996 compared to 1995. Interest income increased by $1.4 million reflecting increased investment and higher rates. Gain on sales and other dispositions of property, plant, and equipment increased $2.0 million primarily due to the first of three installments involving the sale of fiber optic conduit for a total of $8.7 million. Other income, net, rose by $0.9 million primarily due to increased earnings on FECI's investment portfolio held for realty development.

Income from Continuing Operations increased $53.0 million (797%) during the first quarter of 1996 from the same period in 1995. Earnings from discontinued operations (net of income taxes) representing the Company's former Communications segment and linerboard mill and container plants, were $6.0 million less than the first quarter of 1995. Net income for the quarter was 219% above the same period in 1995. Net income per share increased $1.54 to $2.25. Income from continuing operations was $1.96 per share.

Financial Position

The Company's financial position remains strong. Current assets rose to $562.4 million, a $65.2 million increase from year-end. Current liabilities increased by $11.3 million causing the current ratio to drop from 11.2 to 1 at year-end to 10.1 to 1 at the end of the first quarter.

The Company increased its investment in marketable securities by $42.1 million over year-end. Net property, plant, and equipment increased by $11.0 million, largely in FECI. Deferred income taxes grew by $33.8 million, due primarily to deferred taxes on the proceeds of the condemnation sale to the State of Florida.

Stockholders' equity at March 31, 1996, was $35.68 per share, an increase of $2.36 from December 31, 1995.

Recent Events

As reported in the 1995 Annual Report to Shareholders, the Company has indicated a willingness to consider exchanging shares of FECI stock it owns for all of the shares of Gran Central Corporation (GCC) held by FECI and, in that regard, has proposed acquiring all the issued and outstanding shares of GCC in a tax-free exchange of its shares in FECI in return for 100% ownership of GCC stock. The Company and FECI have each hired appraisal firms to assit in evaluating the property of GCC and the Company and FECI intend to see if they can negotiate terms of an exchange that will be acceptable to both parties.

To date, no purchase price discussions have been held nor will any discussions be held until the completion of the appraisals. Accordingly, there can be no assurance when, if, or on what terms the Company might acquire GCC from FECI.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On April 19, 1996, Florida East Coast Industries, Inc. (FECI), a wholly-owned subsidiary of the Company, was served with a complaint filed by Alan Russell Kahn. The complaint is filed in the Circuit Court of Duval County, Florida. Mr. Kahn alleges that he is a shareholder of FECI. In addition to FECI, the following entities and persons are named as defendants: the Company, St. Joe Industries, and the Board of Directors of FECI, as individuals.

In his prayer for relief, Mr. Kahn requests the following:

(1) an order certifying the action as a class action;

(2) an injunction preventing the sale of Gran Central to the Company;

(3) an order requiring the Directors of FECI to place Gran Central for sale by means of an auction or to accept competitive bids from third paries in some other fashion;

(4) an order requiring the Company to account to Mr. Kahn and the class for any profits; and

(5) an order granting Mr. Kahn attorney's fees and costs.

Item 5. Other Information

On March 1, 1996, the United States Securities and Exchange Commission (SEC) sent letters to FECI and the Company notifying them that the SEC was conducting an informal inquiry into the trading of the securities of FECI. The letters requested certain information regarding the circumstances and events surrounding the proposed acquisition of Gran Central Corporation by the Company. The requested information was timely provided to the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

St. Joe Paper Company
(Registrant)

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

/s/ D.M. Groos
Comptroller

May 15, 1996
(Date)

3-MOS	YEAR
DEC-31-1996	DEC-31-1995
MAR-31-1996	DEC-31-1995
108,156,879	16,802,144
87,046,579	96,923,514
52,050,043	44,389,879
0	0
24,831,487	20,591,717
562,440,465	497,184,935
1,121,883,213	1,105,455,333
305,863,139	300,480,854
1,650,868,804	1,530,995,011
55,732,424	44,469,522
0	0
8,713,900	8,713,900
0	0
0	0
1,079,333,927	1,007,352,932
1,650,868,804	1,530,995,011
125,518,878	148,072,825
170,962,134	334,924,340
34,275,586	116,014,000
77,563,643	287,606,464
0	0
0	0
67,399	2,234,854
102,304,844	66,087,305
39,197,000	24,535,000
59,678,680	29,358,040
13,864,530	70,576,624
0	0
0	0
68,568,109	73,818,564
2.25	2.42
2.25	2.42