

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

(Mark One)

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

For the quarterly period ended September 30, 1994

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

For the transition period from to

Commission file number 0-12001

St. Joe Paper Company
(Exact name of registrant as specified in its charter)

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

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

ST. JOE PAPER COMPANY

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September 30, 1994 and December 31, 1993

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

ASSETS	September 30 1994 (Unaudited)	December 31 1993
Current Assets:		
Cash and cash equivalents	\$ 40,921	\$ 48,304
Short-term investments	81,117	66,307
Accounts receivable	80,240	74,127
Inventories	49,731	69,398
Other assets	31,672	25,720
Total Current Assets	283,681	283,856
Investment and Other Assets:		
Marketable securities	179,410	159,523
Other assets	45,829	40,170
Total Investments and Other Assets	225,239	199,693
Property, Plant and Equipment, Net	1,020,715	1,007,722
Total Assets	\$ 1,529,635	\$ 1,491,271
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 39,754	\$ 41,515
Accrued liabilities	37,546	27,838
Income taxes payable	4,767	2,737
Long-term debt due within one year	15,865	21,309
Total Current Liabilities	97,932	93,399
Accrued Casualty Reserves and Other Liabilities	12,808	11,063
Long-Term Debt due After One Year	37,971	38,947
Deferred Income Taxes and Income Tax Credits	210,451	205,531
Minority Interest in Consolidated Subsidiaries	247,963	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	870,243	851,511
Net unrealized gains on debt and marketable equity securities	43,553	43,228
Total Stockholders' Equity	922,510	903,453
Total Liabilities and Stockholders' Equity	\$ 1,529,635	\$ 1,491,271

See accompanying notes.

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ST. JOE PAPER COMPANY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
(Unaudited)

(Dollars in thousands except per share amounts)

	Three Months		Nine Months	
	ended September 30		ended September 30	
	1994	1993	1994	1993
Net Sales	\$ 122,546	\$ 98,065	\$ 367,918	\$ 308,862
Operating Revenues	43,711	43,117	131,592	129,566
Net Sales and Operating revenues	166,257	141,182	499,510	438,428
Cost of Sales	109,748	92,126	317,541	286,858
Operating Expenses	33,796	28,815	98,176	94,920
Cost of Sales and Operating Expenses	143,544	120,941	415,717	381,778
Gross Profit	22,713	20,241	83,793	56,650
Selling, General and Administrative Expenses	14,826	13,368	42,915	42,400
Operating Profit	7,887	6,873	40,878	14,250
Other Income (Expense):				
Dividends	555	535	1,620	1,590
Interest income	3,159	2,472	7,993	7,252
Interest expense	(1,035)	(82)	(3,002)	(3,480)
Gain on sales and other dispositions of property, plant and equipment	4,295	63	5,054	954
Other, net	1,087	726	2,877	3,195
	8,061	3,714	14,542	9,511
Income before Income Taxes, Minority Interest and Cumulative Effect of Change in Accounting Principle	15,948	10,587	55,420	23,761
Provision for Income Taxes	5,372	9,413	20,187	13,974
Income before Minority Interest and Cumulative Effect of Change in Accounting Principle	10,576	1,174	35,233	9,787
Income Applicable to Minority Interest in Consolidated Subsidiaries	3,056	2,049	11,926	6,447
Income before Cumulative Effect of Change in Accounting Principle	7,520	(875)	23,307	3,340
Cumulative Effect of Change in Accounting Principle for Income Taxes	---	---	---	20,518
Net Income	\$ 7,520	\$ (875)	\$ 23,307	\$ 23,858
Retained Earnings at Beginning of Period	864,248	846,651	851,511	824,968
Dividends	1,525	1,525	4,575	4,575
Retained Earnings at End of Period	\$ 870,243	\$ 844,251	\$ 870,243	\$ 844,251
Per Share Data:				
Dividends	\$ 0.05	\$ 0.05	\$ 0.15	\$ 0.15
Income before Cumulative Effect of Change in Accounting Principle	\$ 0.25	\$ (0.03)	\$ 0.76	\$ 0.10
Cumulative Effect of Change in Accounting Principle	---	---	---	0.68
Net Income	\$ 0.25	\$ (0.03)	\$ 0.76	\$ 0.78
Number of Common Shares Outstanding	30,498,650	30,498,650	30,498,650	30,498,650

See accompanying notes.

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

	Nine Months ended September 30	
	1994	1993
Cash Flows from Operating Activities:		
Net Income \$ 23,307 \$ 23,858		
Adjustments to reconcile net income to cash provided by operating activities:		
Cumulative effect of a change in accounting principle	\$ ---	\$ (20,518)
Depreciation and depletion	46,707	48,899
Minority interest in income	11,926	6,447
Gain on sale of property	(5,054)	(954)
Increase in deferred income taxes	4,920	15,513
Changes in operating assets and liabilities:		
Accounts receivable	(6,113)	8,529
Inventories	19,667	10,169
Other assets	(11,611)	(19,823)
Accounts payable, accrued liabilities and casualty reserves	9,692	9,216
Increase in income taxes payable	2,030	1,207
Cash Provided by Operating Activities	95,471	82,543
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment	(64,015)	(75,759)
Purchases of investments	(111,465)	(88,461)
Proceeds from sales of property	9,369	11,033
Proceeds from sales of investments	75,521	75,928
Cash Used in Investing Activities	(90,590)	(77,259)
Cash Flows from Financing Activities:		
Net change in short-term borrowings	(5,437)	(5,100)
Dividends paid to stockholders	(4,575)	(4,575)
Repayment of long-term debt	(983)	(1,313)
Dividends paid to minority interest	(1,269)	(1,267)
Cash Used in Financing Activities	(12,264)	(12,255)
Net (Decrease in Cash and Cash Equivalents	(7,383)	(6,971)
Cash and Cash Equivalents at Beginning of Period	48,304	42,137
Cash and Cash Equivalents at End of Period	\$ 40,921	\$ 35,166

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for certain expense items is:

Interest \$ 2,815 \$ 2,704
Income taxes \$ 23,661 \$ 1,573

See accompanying notes

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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 September 30, 1994 and December 31, 1993 and the results of operations and cash flows for the three and nine month periods ended September 30, 1994 and 1993.

2. The results of operations for the three and nine month periods ended September 30, 1994 and 1993 are not necessarily indicative of the results that

may be expected for the full year.

3. Inventories at September 30, 1994 and December 31, 1993:

	September 30 1994	December 31 1993
Manufactured paper products and associated raw materials	\$ 26,402	\$ 30,782
Materials and supplies	22,836	27,407
Sugar	493	11,209
	\$ 50,772	\$ 69,398

4. 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 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.

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

The Company is subject to substantial costs arising out of environmental laws and regulations, including obligations to remove or limit the effects on the environment of the disposal or release of certain 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 consolidated financial position or liquidity of the Company, but could be material to the results of operations in any one period. The aggregate accruals relating to environmental costs were \$6.7 million as of September 30, 1994 and December 31, 1993. Environmental liabilities are paid over an extended period and the timing of such payments cannot be predicted with any confidence.

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MANAGEMENTS DISCUSSION AND ANALYSIS OF CONSOLIDATED
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Sales and Operating Revenues for the quarter ended September 30, 1994 increased \$25.1 million (17.8%) compared to the same 1993 period. Net sales and operating revenues for the nine months ended September 30, 1994 increased \$61.1 million (13.9%) compared to the same 1993 period.

Cost of Sales and Operating Expenses increased \$22.6 million (18.7%) for the quarter ended September 30, 1994 compared to the September 30, 1993 quarter which were 86.3% of net sales and

operating revenue for the 1994 quarter and 85.7% for the 1993 quarter. The cost of sales and operating expenses for the nine months ended September 30, 1994 were up \$33.9 million (8.9%) compared to the same 1993 period and were 83.2% of net sales and operating revenues in 1994 and 87.1% in 1993.

Selling, General and Administrative Expenses for the third quarter of 1994 were up \$1.5 million (10.9%) compared to the corresponding 1993 quarter. These expenses for the year to date were up \$0.5 million (1.2%) compared to 1993.

Operating Profit for the quarter ended September 30, 1994 compared to the same 1993 period for the Company was higher by \$1.0 million (14.7%) and for the nine month period by \$26.6 million (186.9%).

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

FOREST PRODUCTS

	Quarter Ended September 30, 1994		
	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$101.4	\$ 75.9	33.6
Cost of Sales and Operating Expenses	94.6	78.0	21.3
Selling, General and Administrative Expenses	8.9	7.3	22.4
Operating Profit (Loss)	(2.2)	(9.4)	77.1

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	Nine Months Ended September 30, 1994		
	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$278.9	\$232.9	19.8
Cost of Sales and Operating Expenses	262.4	235.0	11.7
Selling, General and Administrative Expense	23.6	23.2	1.9
Operating Profit (Loss)	(7.2)	(25.3)	71.7

Net sales and operating revenue on sales to outside customers in the Company's paper mill for the quarter ended September 30, 1994 and nine month period 1994 compared to the same 1993 periods, were up 39.7% and up 23.1% respectively, reflecting an increase in tons sold of 32.2% for the quarter and 23.9% year to date and an increase in selling price of 26.1%, for the quarter and year to date of 8.2%. Revenue from sales of crest white for the quarter and nine month period was up 46.7% and up 24.0% respectively, while kraft liner sales for the same periods were up 3.6% and 3.4%, respectively. Revenue by the Company's container operations were up 16.2% this nine month period with tons sold up 12.5% and selling price per ton up 3.3%. Timber revenue on sales to outside customers for the nine month period, by our land company was up 8.5% in 1994 over 1993 on increased tons sold of 9.9% but offset in part by a decrease of 1.3% in the per ton selling price.

The cost of sales and operating expenses for the nine month period at the mill increased 7.8% and consisted of the higher cost for water and energy costs, baled waste and chemicals, workman's compensation insurance and repair material expenses.

In October, the selling price of kraft linerboard was increased \$40 per ton by virtually all companies in the industry, including this Company. This is the fourth increase in the last

thirteen months and will have a positive affect on the operating results of this segment of the Company for the fourth quarter of 1994.

TRANSPORTATION

Quarter Ended September 30, 1994			
	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$ 43.7	\$ 43.1	1.4
Cost of Sales and Operating Expenses	33.8	28.8	17.2
Selling, General and Administrative Expenses	3.7	3.8	(2.7)
Operating Profit	6.2	10.5	(40.9)

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Nine Months Ended September 30, 1994			
	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$131.7	\$129.6	1.6
Cost of Sales and Operating Expenses	98.2	95.0	3.4
Selling, General and Administrative Expenses	12.2	12.2	---
Operating Profit	21.3	22.4	(5.2)

Operating revenue for the third quarter, 1994 and nine month period compared to like 1993 periods increased 1.7% and 1.8%, respectively, at Florida East Coast Railway Company (FEC). This revenue increase for the nine month period of 1994 over 1993 is in the rail traffic volumes of carload rock being up 8.9%, and other carloads up 2.0%. The rail traffic volumes of intermodal units and carload automobiles had a slight decrease of 1.3% and 1.2% respectively. Apalachicola Northern Railroad Company (ANRR) net revenue for the year to date period increased 1.0% mainly on increase in woodchips, pulpwood and recyclable cars handled.

Operating expenses for the FEC increased 3.2% for the nine month period and selling, general and administrative expenses increased 1.1%. These expense increases were in the area of depreciation, property taxes, casualty and personal injury insurance. ANRR operating expenses for the 1994 nine months period over 1993 were up 5.9% and selling, general and administrative expenses were down 24.0%. The primary areas of increase in operating expenses were costs connected with train derailment, track laying and locomotive maintenance.

SUGAR

Quarter Ended September 30, 1994			
	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$ 8.7	\$ 9.2	(5.3)
Cost of Sales and Operating Expenses	6.9	5.4	28.8
Selling, General and Administrative Expenses	0.8	0.7	1.5
Operating Profit	1.0	3.1	(67.1)

Nine Months Ended September 30, 1994

	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$ 36.7	\$34.1	7.7
Cost of Sales and Operating Expenses	29.3	26.8	9.3
Selling, General and Administrative Expenses	2.6	2.5	2.9
Operating Profit	4.8	4.8	1.3

Net sales and operating revenue in the Sugar segment were up for the nine month period due to an increase in tons sold of 6.9% and a 0.9% increase in sales price.

Cost of sales and operating expenses were up for the nine months period due to increase in dead season expenses, that caused these expenses to increase by 3.7% per ton. In addition, sales of molasses were up 54.3% per ton of sugar. Selling, general and administration expenses increased mainly in the area of pollution control.

COMMUNICATIONS

Quarter Ended September 30, 1994

	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$ 7.6	\$ 7.0	7.5
Cost of Sales and Operating Expenses	4.6	5.1	(9.4)
Selling, General and Administrative Expenses	1.0	1.0	(4.7)
Operating Profit	2.0	0.9	115.7

Nine Months Ended September 30, 1994

Net Sales and Operating Revenue	\$22.6	\$22.0	2.7
Cost of Sales and Operating Expenses	13.9	14.9	(6.4)
Selling, General and Administrative Expenses	3.1	3.1	1.4
Operating Profit	5.6	4.1	37.0

Net sales and operating revenue for the Communications segment were up for the nine month period. The major item included in this increase was reduced payments to other telephone companies for call termination services but also there was a general increase in all services including local service, long distance and access charges.

Cost of sales and operating expenses were lower for the 1994 nine month period on the reduction in the extensive outside plant maintenance program at one of the operating companies. The small increase in selling, general and administrative expenses for the nine month period was attributable to general inflationary influences.

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REAL ESTATE

Quarter Ended September 30, 1994

	1994	1993	%Increase (Decrease)
Net Sales and Operating Revenue	\$ 5.6	\$ 6.6	(16.1)
Cost of Sales and Operating Expenses	4.3	4.3	(1.5)
Selling, General and Administrative Expenses	0.4	0.5	(7.4)
Operating Profit	0.9	1.9	(52.3)

Nine Months Ended September 30, 1994

Net Sales and Operating Revenue	\$ 31.3	\$ 21.7	43.8
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Cost of Sales and Operating Expenses	13.4	11.9	12.3
Selling, General and Administrative Expenses	1.5	1.5	(2.9)
Operating Profit	16.4	8.3	97.7

In the Real Estate segment of the Company, Gran Central, Florida East Coast Industries, Inc.'s real estate subsidiary, had a 111.4% increase (\$15.1 million) in net sales and operating revenue for the nine month period in 1994 over the same 1993 period. Of this increase, sales of real estate were up 739.9% and rental and other income was up 24.2%. Southwood Properties, the Company's real estate division, had a decrease in net sales and operating revenue of 68.9%. This decrease was primarily caused by property sales being down by 72.2% and timber sales being down by 52.4%.

Expenses at Gran Central increased 25.7% for the nine month period of 1994 over 1993 and are attributable mainly to increased depreciation, property tax, commissions, utilities, insurance, uncollectible revenue and maintenance expense. Southwood's expenses were down 45.4% on lower salaries, depreciation and for the cost of property sold which is attributable to the decrease in realty sales for the first nine months of 1994 over 1993.

OTHER INCOME for the quarter ended September 30, 1994 was up \$4.3 million (117.1%) as compared to the same 1993 period. For the nine months ended September 30, 1994, other income was up \$5.0 million (52.9%) compared to the same 1993 period. The major reason for this increase for the nine months 1994 period over the like 1993 period was in net interest income (interest income less interest expense) being up \$1.2 million (32.3%) and gain on sale and other dispositions of property, plant and equipment having increased \$4.1 million (429.8%).

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TAXES for the third quarter were down \$4.0 million (42.9%) and up \$6.2 million (44.5%) for the nine month period. The effective tax rate for the third quarter 1994 was 33.7% compared to 88.9% for the third quarter 1993. The effective tax rate for the nine month period is 36.4% for 1994 and 58.8% for 1993. The high effective tax rate for both the quarter and nine month period in 1993 reflected the retroactive increase in the corporate federal income tax rate from 34% to 35%, effective January 1, 1993 which resulted in additional income tax expense for the 1993 third quarter. This amount in 1993 was further increased by an increase in deferred income taxes resulting from the federal income tax rate increase as required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE for the third quarter of 1994 of \$7.5 million was \$8.4 million more than the same 1993 period or up 959.4%. The nine month period ended September 30, 1994 shows an increase of \$20.0 million or up 597.8%. The earnings per share for the nine month period ended September 30th of \$0.76 is \$0.66 more than the like 1993 period.

FINANCIAL POSITION

The Company continues to have a strong current asset position. Current assets were \$283.7 million, down \$0.2 million or 0.1% from December 31, 1993. The Company's working capital ratio at September 30, 1994 was 2.9 to 1, a decrease from December 31, 1993 when it was 3.0 to 1.

The Company had a net increase in property, plant and equipment at September 30, 1994 of \$13.0 million over the December 31, 1993 balance. The Company's net investment in marketable securities has increased \$19.9 million compared to December 31, 1993. This was primarily attributable to the investment of proceeds received from Gran Central's sales of real estate as

reported in prior reports. The Company has a minimum amount of long-term debt. The non-current long-term debt at September 30, 1994 of \$38.0 million was \$1.0 million less than at December 31, 1993. There were no other significant changes in the Balance Sheet at September 30, 1994 over December 31, 1993.

Stockholder's equity at September 30, 1994 was \$922.5 million or \$30.25 per share, an increase of \$19.1 million or \$0.63 per share over \$903.5 million or \$29.62 per share at December 31, 1993.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 5. Other Information

The Company is not aware of any other matters of significance to be reported hereunder.

SIGNATURES

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

St. Joe Paper Company
(Registrant)

S. D. Fraser
Vice President and Director

D. M. Groos
Comptroller

November 11, 1994
Date

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