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

FORM 10-Q

[x] Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the Period Ended September 30, 1995

OR

[ ] 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 1-652

UNIVERSAL CORPORATION
(Exact name of Registrant as specified in its charter)

VIRGINIA	54-0414210
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1501 North Hamilton Street, Richmond, Virginia	23230
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code - (804) 359-9311

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

Common Stock, No par value - 35,031,714 shares outstanding as of November 9, 1995

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Universal Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
Three Months Ended September 30, 1995 and 1994

	1995	1994
Sales and other operating revenues	$842,454	$661,415
Costs and expenses		
Cost of goods sold	738,825	567,036
Selling, general and administrative	71,127	70,468
Interest	17,225	17,244
	827,177	654,748

Income before income taxes and other items	15,277	6,667
Income taxes	5,806	3,299
Minority interests	181	59
Income from consolidated operations	9,290	3,309
Equity in net income of unconsolidated affiliates	899	670
Net income	$10,189	$3,979
Earnings per common share	$ .29	$ .11
Retained earnings - Beginning of period	$323,595	$332,626
Net income	10,189	3,979
Cash dividends declared ($.25-1995; $.24-1994)	(8,758)	(8,401)
Retained earnings - End of period	$325,026	$328,204
Average common shares outstanding	35,030,314	35,003,055

Universal Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	September 30, 1995	June 30, 1995
ASSETS		
Current		
Cash and cash equivalents	$80,121	$158,093
Accounts and notes receivable	444,259	392,797
Accounts receivable - unconsolidated affiliates	7,606	13,230
Inventories - at lower of cost or market:		
Tobacco	635,543	458,964
Lumber and building products	118,247	122,613
Agri-products	69,166	72,908
Other	14,644	11,988
Prepaid income taxes	11,154	8,371
Deferred income taxes	6,433	5,625
Other current assets	19,293	17,764
Total current assets	1,406,466	1,262,353
Real estate, plant and equipment - at cost		
Land	35,355	35,631
Buildings	213,940	211,146
Machinery and equipment	414,467	405,029
	663,762	651,806
Less accumulated depreciation	326,955	317,365
	336,807	334,441
Other assets		
Goodwill	126,418	127,501
Other intangibles	20,914	21,759
Investments in unconsolidated affiliates	23,295	23,433
Deferred income taxes	10,617	7,832
Other noncurrent assets	30,600	30,646
	211,844	211,171
	$1,955,117	$1,807,965

Universal Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	September 30, 1995	June 30, 1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Notes payable and overdrafts	$670,808	$651,140
Accounts payable	226,280	221,574
Accounts payable - unconsolidated affiliates	7,970	6,976
Customer advances and deposits	190,673	46,443
Accrued compensation	13,227	18,286
Income taxes payable	19,204	21,745
Current portion long-term obligations	33,663	31,476
Total current liabilities	1,161,825	997,640
Long - term obligations	260,677	284,948
Postretirement benefits other than pensions	47,633	48,007
Other long - term liabilities	51,364	52,962
Deferred income taxes	15,946	17,211
Minority interests	27,183	17,238
Shareholders' equity		
Preferred stock $100 par, 8% cumulative, authorized 75,000 shares, issued and outstanding 4 shares		
Additional preferred stock, no par value, authorized 5,000,000 shares, none issued or outstanding		
Common stock, no par value, authorized 50,000,000 shares, issued and outstanding 35,030,314 shares (35,030,314 at June 30, 1995)	75,749	75,749
Retained earnings	325,026	323,595
Foreign currency translation adjustments	(10,286)	(9,385)
Total shareholders' equity	390,489	389,959
	$1,955,117	$1,807,965

Universal Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended September 30, 1995 and 1994

	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$10,189	$3,979
Adjustments to reconcile net income to net cash provided by operating activities	4,700	8,600
Changes in operating assets and liabilities net of effects from purchase of businesses	(82,861)	(172,516)
Net cash used in operating activities	(67,972)	(159,937)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(9,500)	(7,700)
Other	700	1,800
Net cash used in investing activities	(8,800)	(5,900)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of short-term debt - net	12,600	73,900
Issuance (repayment) of long-term debt	(15,000)	5,600
Proceeds from minority investment in a subsidiary	10,000	
Dividends paid	(8,800)	(8,400)
Net cash provided by (used in) financing activities	(1,200)	71,100
Net decrease in cash and cash equivalents	(77,972)	(94,737)
Cash and cash equivalents at beginning of period	158,093	166,820
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$80,121	$72,083

Universal Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 1995

All figures contained herein are unaudited and stated in thousands of dollars

1) The Company's operating segments of domestic and foreign tobacco, lumber and building products and agri-products are seasonal by nature. Therefore, the results of operations for the three-month period ended September 30, 1995 are not necessarily indicative of results to be expected for the year ending June 30, 1996. All adjustments necessary to fairly state the results for such period have been included and were of a normal recurring nature.

2) The Company provides guarantees for seasonal pre-export crop financing for some of its subsidiaries and unconsolidated affiliates. In addition, certain subsidiaries provide guarantees that ensure that Common Market subsidies and value-added taxes will be repaid if the crops are not exported or if the subsidies are not properly distributed to Common Market farmers. At September 30, 1995, total exposure under guarantees issued for banking facilities of unconsolidated affiliates was $3 million. Other contingent liabilities approximate $55 million and relate principally to Common Market guarantees. The Company considers the possibility of loss on any of these guarantees to be remote.

3) Last year's effective tax rate in the quarter was significantly greater than the Federal statutory tax rate due to the lack of tax benefits on certain foreign subsidiaries' losses.

4) Effective in fiscal year 1995, the Company consolidated the results of African operations previously accounted for under the equity or cost methods of accounting. Financial data for the prior year's quarter has been restated to reflect the consolidation. Before the effects of the consolidation, reported consolidated net income for the quarter ended September 30, 1994 was $5.9 million or $.17 per share.

5) The Company recognized in June 1995 a pre-tax restructuring charge of $15.6 million related to the consolidation of certain tobacco operations and a reduction in the number of employees. The charge included $7.2 million for the expected costs of severance payments related to approximately 200 employees throughout the Company. The non-severance portion of the charge was for the write-down of fixed assets in operations consolidated ($3.7 million), and other nonoperating restructuring costs ($1.7 million). As of September 30, 1995, cash payments of $5 million had been made, approximately half of which was for the termination of leases and the balance to cover severance costs of 50 employees.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Working capital at September 30, 1995, was $245 million compared to $265 million at June 30, 1995. The 7.5% decline in working capital was accounted for by increases in current assets of $144 million offset by an increase in current liabilities of $164 million. The most significant increases were accounted for by tobacco inventory (up $177 million) and customer advances (up $144 million). These increases primarily relate to the Company's domestic tobacco operations. Within the U.S., tobacco working capital needs are normally at their lowest point at June 30. In mid to late July the U.S. flue-cured tobacco markets open and the Company's working capital needs increase. As tobacco is purchased and shipped to factories for processing, inventories generally rise. This increase in inventories is offset by increases in notes payable and/or customer advances. The mix of notes payable and customer advances is dependent on both the Company's and its customers' borrowing capabilities, interest rates and exchange rates. The Company does not purchase tobacco in the

United States on a speculative basis; thus the increase in inventory represents tobacco that has been committed to customers.

Generally the Company's international tobacco operations conduct business in U.S. dollars, thereby limiting foreign exchange risk to local production and overhead costs. Agri-product and lumber operations enter into foreign exchange contracts to hedge firm purchase and sales commitments for terms of less than six months. Interest rate risk is limited because customers in the tobacco business usually pre-finance purchases or pay market rates of interest for inventory purchased for their accounts.

The liquidity and capital resources of the Company at September 30, 1995 remain adequate. Over the past two years the Company has announced restructuring plans related to the consolidation of certain tobacco operations and a reduction in the number of employees. These efforts will lead to increased efficiency and streamlined operations. Through the quarter ended September 30, 1995, approximately $2.2 million of severance payments related to the fiscal year 1995 restructuring had been paid.

Results of Operations

'Sales and Other Operating Revenues' increased $181 million or 27% in the quarter. Tobacco operations accounted for $159 million of the increases primarily due to increased domestic flue-cured and dark tobacco orders. The balance of the increase was attributable to the inclusion of Heuvelmann, which was acquired in the second quarter last year, in lumber and building product operations.

Gross profits in the quarter increased almost 10% to $104 million due to the acquisition of Heuvelmann plus improvements realized in domestic and dark tobacco operations. In the quarter the total volume of domestic tobacco purchased and processed was up over 40% primarily due to larger flue-cured marketings and increased orders from domestic and export customers; however, as expected, processing volumes for the Flue-cured Stabilization Cooperative were down in the quarter, as crop surpluses have been reduced in the past year. Foreign tobacco profits improved in the quarter principally due to improved contributions from Central American and European operations. African tobacco results were lower due to old crop shipments carried over into the first quarter of last year. Similarly, Brazilian results were down in the quarter due to shipments delayed to subsequent quarters in the current fiscal year. Profits in dark air-cured tobacco rose on strong sales to the U.S. cigar industry, as worldwide consumption of cigars, and resulting demand for leaf, continues to increase. Lumber and building product results benefited from the inclusion of Heuvelmann, while some erosion of margins and volumes in regional outlets was more than offset by increased sales to the wholesale and professional markets. Agri-product results in fiscal year 1996 benefited from improved market conditions for both tea and confectionery sunflower seeds.

'Selling and General and Administrative Expenses' in the quarter increased by 1% compared to last year, reflecting the realization of benefits from restructuring efforts of the past two years. Interest expense was flat year-to-year as increased borrowing requirements related to higher volumes were offset by reductions in inventory carried over from the prior fiscal year. The higher effective tax rate in the prior fiscal year's first quarter was due to the lack of tax benefits on certain foreign subsidiaries' losses.

The improved tobacco world supply and demand relationship is expected to lead to better results for the current fiscal year. Although there are factors beyond management's control, such as fiscal policies in Brazil, the Company's balance and strength in the major tobacco origins provides a firm base for growth. Lumber and agri-products activities continue to perform well and have good potential for the future. As reported in the 1995 annual report to shareholders, the Company adopted a restructuring plan for its tobacco operations. As of the date of this report there have been no material changes to the plan or its underlying assumptions.

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.

Date: November 9, 1995

UNIVERSAL CORPORATION
(Registrant)

/ s / Hartwell H. Roper

Hartwell H. Roper, Vice President and Chief Financial Officer

/ s / William J. Coronado

William J. Coronado, Controller (Principal Accounting Officer)

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