SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934 [Fee Required]

For the fiscal year ended June 30, 1996

OR

[ ] Transition 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 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

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

Title of each class	Name of each exchange on which registered	Outstanding Shares at September 17, 1996
Common Stock, no par value	New York	35,056,357

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by "X" 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__

Indicate by "X" mark if 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 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. Yes____ No X

The aggregate market value of Registrant's voting stock held by non-affiliates was $952,000,000 at September 17, 1996.

INFORMATION INCORPORATED BY REFERENCE

Certain information in the September 18, 1996 Proxy Statement for the Annual Meeting of Shareholders of Registrant is incorporated by reference into Part III hereof.

PART I

ITEM 1. BUSINESS

A. The Company

Universal Corporation (which together with its subsidiaries is referred to herein as "Universal" or the "Company") is the world's largest independent leaf tobacco merchant and has additional operations in agri-products and the distribution of lumber and building products. Universal's tobacco operations have been the principal focus of the Company since its founding in 1918, and for the fiscal year ended June 30, 1996, such operations accounted for 71% of revenues and 83% of operating profits. Its agri-products and lumber and building products operations accounted for 13% and 16% of revenues and 6% and 11% of operating profits, respectively, during the same period. See Note 4 to Consolidated Financial Statements for additional business segment and geographical information.

B. Description of Tobacco Business

General

Universal's tobacco business involves selecting, buying, shipping, processing, packing, storing and financing leaf tobacco in the United States and other tobacco growing countries for the account of, or for resale to, manufacturers of tobacco products throughout the world. Universal does not manufacture cigarettes or other consumer tobacco products. Most of its tobacco revenues are derived from sales of processed tobacco and from fees and commissions for specific services for its customers.

The Company's sales are predominantly flue-cured and burley tobaccos that, along with oriental tobaccos, are the major ingredients in American blend cigarettes. American blend cigarettes are mild in taste in comparison to the harsher and stronger cigarettes smoked in most of the world outside of the United States and contain less tar and nicotine. Over the last decade, American-blend cigarettes have gained market share in many foreign markets, including those in Asia, Europe, and the Middle East, and the demand for flue-cured and burley tobaccos has risen accordingly.

Timely and efficient processing of leaf tobacco is a service of continuing importance to the Company's customers, the tobacco product manufacturers, as the quality of the Company's finished product substantially affects the cost and quality of the manufacturer's production. The Company's processing includes grading in the factories, blending, separation of leaf lamina from the stems and packing to precise moisture targets for proper aging. To accomplish these tasks according to exacting customer specifications requires considerable skill and investment in plants and machinery.

Universal estimates that in fiscal 1996 it purchased or processed nearly 40% of the flue-cured and burley tobacco produced in the aggregate in the United States, Brazil, Zimbabwe and Malawi. In addition, Universal maintains a presence, and in certain cases a leading presence, in virtually all other tobacco growing regions in the world. Management believes that its leading position in the leaf tobacco industry is based on its broad market presence, its development of processing equipment and technologies, its financial position and its ability to meet customer demand through internal growth and selected acquisitions.

Universal has a leading position in worldwide dark tobacco markets. Its operations are located in the major producing countries (i.e., the United States, the Dominican Republic, Indonesia and northern Brazil) and other markets. These types of tobacco are typically used for cigars and smokeless tobacco products. After decades of sales volume declines, the cigar industry has experienced recent growth particularly in the premium segment of the market.

Although consumption of cigarettes in the United States increased 1% in 1995, the consumption of cigarettes generally has decreased in the U.S. and certain industrialized countries in recent years and may continue to do so in the future. However, consumption in many developing countries has increased and as a result of the elimination of trade barriers in Far Eastern markets and the opening of markets in Eastern and Central Europe, a significant number of the world's tobacco markets are more open to trade as compared to ten years ago.

Reports and speculation with respect to the alleged harmful physical effects of cigarette smoking, restrictions on the use of tobacco products in public places and in advertising, and increases in sales and excise taxes have all had some adverse effect upon cigarette sales in the U.S. and in certain foreign countries. The U. S. Environmental Protection Agency has classified environmental tobacco smoke as a "Group A" ("known human") carcinogen, which action has been challenged in court by the Company and others. The U.S. Occupational Safety and Health Administration has proposed a standard on indoor air quality, which if adopted, would substantially limit smoking in the workplace. Legislation has been proposed at the Federal level and in a number of states to increase the excise tax on cigarettes. The U.S. Food and Drug Administration ("FDA") is proposing to regulate nicotine as a drug and to sharply restrict cigarette advertising and promotion in an effort to deter smoking by minors. The FDA efforts have been challenged in the courts. Numerous other legislative and regulatory anti-smoking measures have also been proposed at the federal, state and local levels. It is not possible to predict what, if any, governmental legislation or regulations will be adopted related to tobacco or smoking. However, if any or all of the foregoing were to be implemented, the Company's operating revenues and operating income could be adversely impacted in amounts that cannot be determined.

Litigation seeking damages for health problems and nicotine addiction alleged to have resulted from the use of tobacco is pending against the leading United States manufacturers of consumer tobacco products. Several U.S. states have filed lawsuits against the cigarette manufacturers seeking reimbursement of Medicaid and other expenditures claimed to have been made by such states to treat diseases allegedly caused by cigarette smoking. It is not possible to predict the outcome of such litigation or what effect adverse determinations against the manufacturers might have on the business of the Company.

Domestic Tobacco Business

Universal is represented by its buyers on all significant tobacco markets in the United States, including flue-cured tobacco markets in Virginia, North Carolina, South Carolina, Georgia and Florida; light air-cured (burley and Maryland) tobacco markets in Kentucky, Tennessee, Virginia, North Carolina and Maryland; air-cured tobacco markets in Kentucky and Virginia; dark fired and dark air-cured markets in Virginia, Tennessee and Kentucky; and cigar/chewing tobacco markets in Connecticut, Pennsylvania and Wisconsin.

In the United States, flue-cured and burley tobacco is generally sold at public auction to the highest bidder. In addition, the price of such tobacco is supported under an industry-funded federal program that also restricts tobacco production through a quota system. The price support system has caused U.S. grown tobacco to be more expensive than most non-U.S. tobacco, resulting in a declining trend in exports. Industry leaders continue to explore options including program changes to improve the competitive position of U.S. leaf. Other factors affecting the competitive position of U.S. tobacco include improved methods of production and quality in the U.S. and in foreign countries. In 1994 and 1995, imports of foreign leaf declined in response to legislation enacted in 1993 which required that cigarettes manufactured in the U.S. contain at least 75% U.S. grown tobacco. In September 1995 this legislation was replaced with a somewhat less restrictive tariff rate quota system. To prevent a significant reduction in domestic production quotas, in December 1994 the domestic cigarette manufacturers agreed to purchase 700 million pounds of surplus flue-cured and burley tobacco from the stabilization cooperatives.

From time to time, the Company processes and stores tobacco acquired by the flue-cured and burley stabilization cooperatives under the federal price support program. The Company derives fees for such services, particularly in years when a substantial portion of the domestic tobacco crop is acquired by such cooperatives under the program. While the volume of such business fluctuates from year to year, revenues from this business in each of the past five years were not greater than 1% of consolidated tobacco revenues.

Foreign Tobacco Business

Universal's business of selecting, buying, shipping, processing, packing, storing, financing, and selling tobacco is, in addition to its domestic operations, conducted in varying degrees in Argentina, Belgium, Brazil, Canada, Colombia, the Dominican Republic, Ecuador, France, Germany, Greece, Guatemala, Hong Kong, Hungary, India, Indonesia, Italy, Malawi, Mexico, Mozambique, the Netherlands, Paraguay, the People's Republic of China, the Philippines, Poland, the Republics of the former Soviet Union, Spain, Switzerland, Tanzania, Thailand, Turkey, Uganda, the United Kingdom, Zambia and Zimbabwe.

In a number of countries, including Brazil, Hungary, Italy and Mexico, Universal contracts directly with tobacco farmers, in some cases before harvest, and thereby takes the risk that the delivered quality and quantity will meet market requirements. The price may be set by negotiation with farmers' groups or with agencies of the local government. In some countries Universal also provides agronomy services and advances for seed, fertilizer and other supplies. Tobacco in Zimbabwe, Malawi and Canada, and to a certain extent in India, is purchased under an auction system.

The Company has made substantial capital investments in Brazil and in Africa and the profitability of these operations can materially affect the Company's tobacco operating profits. The Company has installed a state-of-the-art blending facility in one of its processing facilities in Italy as part of an ongoing strategy to offer additional services to cigarette manufacturers. See "Properties."

Sales to foreign customers are made by Universal's sales force and through the use of commissioned agents. Most foreign customers are long-established firms or government monopolies.

Universal's foreign operations are subject to the usual international business risks, including unsettled political conditions, expropriation, import and export restrictions, exchange controls and currency fluctuations. During the tobacco season in many of the countries enumerated above, Universal has advanced substantial sums, has guaranteed local loans or has guaranteed lines of credit in substantial amounts for the purchase of tobacco. Most tobacco sales are denominated in U.S. dollars, thus to an extent, limiting the Company's currency risk.

Recent Developments and Trends

For recent developments and trends in the Company's tobacco business, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Seasonality

The purchasing and processing aspects of Universal's tobacco business are seasonal in nature. The United States flue-cured tobacco markets usually open the third week of July and last for approximately four months. The United States burley tobacco markets open in late November and last for approximately two and one-half months. Tobacco in Brazil is usually purchased from January through May. Other markets around the world last for similar periods, although at different times of the year, and this has resulted in less overall seasonality in the Company's business.

Universal normally operates its processing plants for approximately seven to nine months of the year. It purchases most of the tobacco which it redries and packs in the U.S. in the eight-month period, July through February. During this period, inventories of green tobacco, inventories of redried tobacco, and trade accounts receivable normally reach peak levels in succession. Current liabilities, particularly short-term notes payable to banks, commercial paper and customer advances are a means of financing this expansion of current assets and normally reach their peaks in this period. At the end of the Company's fiscal year (June 30), these seasonal expansions in the United States are normally not reflected in the components of working capital. Seasonal expansions are reflected at that time, however, for Universal's operations in South America, Africa, Italy and Mexico.

Customers

A material part of the Company's tobacco business is dependent upon a few customers, the loss of any one of whom would have an adverse effect on the Company. The Company has long-term contracts (which under certain circumstances may be amended or terminated) with a few of these customers, and, while there are no formal continuing contracts with the others, the Company has done business with each of its major customers for over 40 years. For the year ended June 30, 1996, tobacco sales to Philip Morris Companies, Inc. accounted for greater than 10% of consolidated revenues. See Note 12 to Consolidated Financial Statements. Five other customers accounted for approximately 14%.

Universal had orders from customers in excess of approximately $400 million for its tobacco inventories at June 30, 1996. Based upon historical experience, it is expected that at least 90% of such orders will be delivered during the fiscal year ending June 30, 1997. Typically, delays in the delivery of orders result from changing customer requirements. Orders from customers at June 30, 1995, were in excess of approximately $350 million, of which over 90% was delivered in the following fiscal year. The level of purchase commitments for tobacco fluctuates from period to period and is significant only to the extent that it reflects short-term changes in demand for redried tobacco.

Competition

The leaf tobacco industry is highly competitive. Competition among leaf tobacco merchants is based on the price charged for products and services as well as the firm's ability to meet customer specifications in the buying, processing, and financing of tobacco. Universal has many processing plants equipped with the latest technology and a world-wide buying organization of tobacco specialists which, management believes, give it a competitive edge. See "Properties." Competition varies depending on the market or country involved. Normally, there are from five to seven buyers on each of the United States flue-cured and burley markets. The number of competitors in foreign markets varies from country to country, but there is competition in all areas to buy the available tobacco. The principal competitors in the industry that do not manufacture consumer tobacco products and that compete with the Company on the United States markets and on foreign markets are as follows: DiMon Incorporated, Export Leaf Tobacco Company, Standard Commercial Corporation and Intabex Holding Worldwide S.A.. Of the significant competitors in the United States that are not also manufacturers, Universal believes that it ranks first in total U.S. market share and also first in worldwide market share.

C. Description of Agri-Products Business

The Company's agri-products business involves the selecting, buying, shipping, processing, storing, financing, distribution, importing and exporting of a number of products including tea, rubber, sunflower seeds, nuts, dried fruit, canned meats, spices and seasonings. During the fiscal year, the Company formed a joint venture with COSUN (a Dutch sugar cooperative) in which the companies merged their spices activities. This joint venture is the market leader in the industrial spice market in the Benelux.

The emphasis of the Company's agri-products business is on value-adding activities and/or trading of physical products in markets where a service can be performed in the supply system from the countries of origin to the consuming industries. In a number of countries, long-standing sourcing arrangements for certain products or value-adding activities through modern processing facilities (tea, spices and sunflower seeds) contribute to the stability and profitability of the business. Traders are subject to strict trading limits to minimize risks and allow effective management control. Seasonal effects on trading are limited.

The Company provides various products to numerous large and small customers in the food and food packaging industry and in the rubber and tire manufacturing industry. Generally, there are no formal continuing contracts with these customers, although business relationships may be long standing. No single customer accounts for 10% or more of the Company's consolidated agri-products revenues.

Competition among suppliers in the agricultural products in which Universal deals is based on price as well as the ability to meet customer requirements in product quality, buying, processing, financing and delivery. The number of competitors in each market varies from country to country but there is competition for all products and markets in which the Company operates. Some of the main competitors are: Agway, Akbar Brothers, Andrew Weir Commodities, Burns

Philip, Ennar, Cargill, Dahlgren, Global, EP Lambert Co., Finlay, Fuchs, Metallgeschellschaft/SAFIC Alcan, Stassens, Symington, Universal Tea, UTT (Unilever) and Verstegen.

For recent developments and trends in the Company's agri-products business, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

D. Description of Lumber and Building Products Business

The Company is engaged in the lumber and building products distribution business in the Netherlands and Belgium. The majority of lumber products are sourced outside the Netherlands, principally in North America, Scandinavia, Eastern and Western Europe, and the Far East.

The lumber and building products business is seasonal to the extent that winter weather may temporarily interrupt the operations of its customers in the building industry. The business is also subject to exchange risks and other normal market and operational risks associated with lumber operations centered in Europe including general economic conditions in the countries where the Company is located and related trends in the building and construction industries.

The Company's sales activities in this segment are conducted through three business units: regional sales, wholesale/do-it-yourself (DIY) sales and industrial sales. The regional sales unit distributes and sells lumber and related building products through a network of regional outlets, mainly to the building and construction market. The wholesale/DIY business unit supplies timber merchants and DIY chains with a wide range of timber related products including panel products and doors. The industrial sales unit consists mainly of Heuvelman, a premier softwood distributor of value-added products to the construction industry.

The Company carries inventories to meet customers' demands for prompt delivery. The level of inventories is based on a balance between providing service and continuity of supply to customers and achieving the highest possible turnover. It is traditional business practice in this industry to insure accounts and notes receivable against uncollectibility. The Company generally does not provide extended payment terms to its customers. No single customer accounts for 10% or more of the Company's consolidated lumber and building products revenues.

The Company's lumber and building products sales accounted for approximately 20% of the total market volume for the Netherlands, which is slightly above the market share of its largest competitor, Pont-Meyer N.V. Ten additional competitors account for approximately 20% to 30% of the market share and the balance is held by approximately 200 smaller competitors. The primary factors of competition are quality and price, product range, and speed and reliability of logistic systems. The Company believes that its full geographical market coverage, its automated inventory control and billing system, and its efficient logistics give it a competitive advantage in the Netherlands. The Company's share of the highly fragmented Belgium lumber and building products market is approximately 3%.

For recent developments and trends in the Company's lumber and building products business, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

E. Employees

The Company employed approximately 30,000 employees throughout the world during the fiscal year ended June 30, 1996. This figure is estimated because many of the non-salaried personnel are seasonal employees.

Universal believes that in the United States approximately 1,300 of the non-salaried employees of its consolidated tobacco subsidiaries are represented by unions. Most of these are seasonal employees. The Company's labor relations have been good.

F. Research and Development

No material amounts were expended for research and development during the fiscal years ended June 30, 1996, 1995, and 1994.

G. Patents, etc.

The Company holds no material patents, licenses, franchises or concessions.

H. Environmental Matters

Compliance with Federal, state and local provisions regarding the discharge of materials into the environment, or otherwise relating to the protection of the environment, has not had, and is not anticipated to have, any material effect upon the capital expenditures, earnings or competitive position of the Company.

ITEM 2. PROPERTIES

Universal owns the land and building located at Hamilton and Broad Streets in Richmond, Virginia, where it is headquartered. The building contains approximately 83,000 square feet of floor space. The Company also owns a smaller office building nearby which contains approximately 11,300 square feet of floor space.

In its domestic tobacco processing operations, Universal owns six large, modern, high volume plants which have the capacity to thresh, separate, grade and redry tobacco. Four of these plants are located in North Carolina (Wilson, Henderson, Rocky Mount and Smithfield), one plant is in Danville, Virginia, and one plant is in Lexington, Kentucky. The Henderson plant has a production capacity of over 140 million pounds of green tobacco and 500,000 square feet of floor space. The Wilson plant has approximately 500,000 square feet of floor space and a production capacity of over 130 million pounds of green tobacco. The remaining four plants each have a floor space of 300,000 to 400,000 square feet and an average annual production capacity of over 100 million pounds of green tobacco. Universal also owns a processing facility in Dinwiddie County, Virginia with 250,000 square feet of floor space.

Processing plants in the following foreign locations are used in the Company's tobacco operations: a large processing plant in Canada; one large processing plant and one smaller plant in Malawi; three large processing plants in Italy; three plants in Zimbabwe; and plants in Hungary, Turkey and the Netherlands. In Brazil, Universal owns three large plants one of which is used for storage.

The facilities described above are engaged primarily in processing tobacco used by manufacturers in the production of cigarettes. In addition, Universal operates plants that process cigar/chewing tobaccos in Lancaster, Pennsylvania; Kenbridge, Virginia; the Dominican Republic; Colombia; Germany; Indonesia; and Brazil.

Universal owns or leases extruder plants (baling operations), packaging stations and warehouse space in the tobacco-growing states and abroad. Large extruder plants are owned in Lumberton and Rocky Mount, North Carolina; Danville, Virginia; Greeneville, Tennessee; and Lexington and Bowling Green, Kentucky.

The processing and extruder plants are operated seasonally. The large processing plants usually are in operation from seven to nine months out of the year.

A portion of Universal's tobacco inventory is stored in public storages. The following domestic tobacco storages are owned:

(a) Wilson, North Carolina - 12 storages covering 460,000 square feet;
(b) Smithfield, North Carolina - 7 storages covering 240,000 square feet;
(c) Henderson, North Carolina - 6 storages covering 178,500 square feet;
(d) Rocky Mount, North Carolina - 6 storages covering 353,000 square feet;
(e) Danville, Virginia - 4 storages covering 153,000 square feet;
(f) Lexington, Kentucky - 5 storages covering 127,000 square feet; and
(g) Kenbridge, Virginia - 7 storages covering 243,000 square feet.

Additional storage space is leased in Danville, Virginia; Lexington, Kentucky; and Smithfield, Henderson and Rocky Mount, North Carolina. Lancaster Leaf Tobacco Company of Pennsylvania, Inc. owns storage space with a capacity of 19,300 tons of tobacco and leases additional storage space. In other U.S. tobacco areas, Universal owns or leases storages on a smaller scale. In foreign areas storage space is owned or leased on a comparable scale.

The Company believes that the above-listed properties are maintained in good operating condition and are suitable and adequate for their purposes at current sales levels. Facilities owned are not subject to indebtedness except for the facility in Dinwiddie County which is financed in part through a governmental industrial development authority.

The Company's agri-products subsidiaries own and operate a tea blending plant in the Netherlands, a tea warehouse and office in Sri Lanka, spice blending facilities (indirectly owned through a joint venture) in the Netherlands, a bean processing plant in Park Rapids, Minnesota, small grain processing facilities in Delamere, North Dakota and Zevenbergen, the Netherlands, and sunflower seed processing plants in Lubbock, Texas; Fargo, North Dakota; and Colby, Kansas. This latter facility is financed in part through a governmental industrial development authority. The Company has leased agri-products trading offices around the world, including locations in New York, London, Warsaw, Rotterdam, Dubai, Belgium, Indonesia, Kenya and Malawi.

The lumber and building products business owns or leases 36 sales outlets in the Netherlands and six sales outlets in Belgium. It also has five storage and distribution warehouses, a softwood facility for large scale sawing, planing and fingerjointing, and a building components manufacturing facility, all in the Netherlands. Most of these locations are owned.

ITEM 3. LEGAL PROCEEDINGS

Not Applicable.

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

During the quarter ended June 30, 1996, there were no matters submitted to a vote of security holders.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Dividend and market price information is as follows:

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1996					
Cash dividends declared		$ .25	$ .255	$ .255	$ .255
Market price range:	High	23	24 5/8	28 3/8	28 1/2
	Low	21 1/8	20 1/4	22 1/4	23 3/4
1995					
Cash dividends declared		.24	.25	.25	.25
Market price range:	High	24 3/4	24 1/4	22 1/4	24
	Low	$18 3/4	$19 3/4	$18 7/8	$20 3/4

The Company expects the past trend of dividend payments to continue, subject, however, to its future earnings and financial condition. At June 30, 1996 there were 3,420 holders of record of the registrant's common stock which is traded on the New York Stock Exchange.

ITEM 6. SELECTED FINANCIAL DATA

Five-Year Comparison of Selected Financial Data For Years Ended June 30

(In thousands except per share data, ratios, and number of common shareholders)	1996	1995	1994	1993	1992
Summary of Operations					
Gross revenues	$3,570,228	$3,280,880	$3,048,515	$3,077,597	$3,156,304
Income before extraordinary item and cumulative effect of change in accounting principle	71,350	25,639	42,579	80,066	73,722
Net income	$72,246	$25,639	$13,173	$80,066	$73,722
Return on beginning common shareholders' equity	18.5%	6.7%	3.1%	26.1%	18.6%
Per common share					
Income before extraordinary item and cumulative effect of change in accounting principle	$2.04	$ .73	$1.20	$2.38	$2.25
Net income	$2.06	$ .73	$ .37	$2.38	$2.25
Financial Position at Year End					
Current ratio	1.29	1.27	1.35	1.34	1.38
Total assets	$1,889,513	$1,807,965	$1,735,866	$1,698,937	$1,345,347
Long-term obligations	309,543	284,948	304,149	287,796	194,566
Working capital	299,778	264,713	318,583	309,370	284,870
Shareholders' equity	417,305	389,959	384,598	421,022	306,754
General					
Number of common shareholders	3,420	3,741	4,022	4,132	4,210
Weighted average common shares outstanding (used as basis for computation of E.P.S.)	35,038	35,014	35,502	33,599	32,822
Dividends per common share	$ 1.015	$ .99	$ .94	$ .86	$ .79
Book value per common share	$ 11.90	$ 11.13	$ 10.99	$ 11.82	$ 9.33

Fiscal year 1995 includes a $15.6 million ($10.7 million net of tax) restructuring charge.

Fiscal year 1994 reflects the cumulative effect of the change in accounting principle ($29.4 million) resulting from the adoption of SFAS 106 "Employer's Accounting for Postretirement Benefits Other Than Pensions" as well as a $17.5 million ($11.8 million net of tax) restructuring charge.

Fiscal 1994 and prior years have been restated to reflect the consolidation of certain foreign susidiaries that had been accounted for under the cost or equity method of accounting.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity & Capital Resources

Working capital increased by approximately $35 million to $300 million. This increase related primarily to the reduction of short-term financing with the proceeds of long-term debt issued in February, 1996. The Company issued $100 million of 10-year notes bearing interest of 6.5%. The proceeds of the note issuance were used initially to reduce short-term debt, but are ultimately intended to retire long-term issues as they mature in fiscal year 1997. The increase in cash and cash equivalents reflects crop prefinancing invested temporarily in Brazil on March 31, 1996, the date of consolidation of the Company's Brazilian subsidiaries. For fiscal year 1996, earnings from such investment vehicles was less than 8% of consolidated pretax earnings. As of June 30, 1996, all Brazilian investments had been used for crop purchases. Although tobacco inventories increased slightly compared to last year, as of July 1, 1996 the company estimates that its uncommitted flue cured and burley tobacco inventories were approximately 8,600 tons, down from 25,700 tons a year ago.

In the first quarter of fiscal year 1996, the Company made some minor structural changes in its U.S. tobacco operations. The $10 million of "Proceeds from minority investment in a subsidiary" in the Statement of Cash Flows represents cash proceeds from the issuance of stock in a newly formed subsidiary. The Company treated the issuance of these shares as an equity transaction and no gain or loss was recognized.

The Company's capital needs are predominantly short term in nature and relate to working capital required for financing each operating segment's purchases. The working capital needs of the Company are seasonal within each geographical region. Generally, the peak need of domestic tobacco operations occurs in the second quarter of the fiscal year. Foreign tobacco operations tend to have higher requirements in the remainder of the year. The geographical dispersion and the timing of working capital needs permit the Company to predict its general level of cash requirements during the year. Each geographic area follows the cycle of buying, processing, and shipping of the tobacco crop. The timing of individual customer shipping requirements may change the level or the duration of crop financing. The working capital needs of individual agri-products operations fluctuate during the year, depending on the product, the country of origin, and the Company's inventory position; however, the total working capital requirements of the agri-products segment during the year remain relatively stable due to offsetting seasonal patterns. Working capital needs of the lumber and building products segment follow a pattern similar to that of the construction industry in which the third quarter of the fiscal year is typically sluggish. The Company finances its working capital needs with short-term lines of credit, exchange contracts for export prefinance, customer advances, and trade payables.

The international tobacco trade generally is conducted in U.S. dollars thereby limiting foreign exchange risk to that which is related to production costs and overhead in the country in which the tobacco is sourced. Because there are no forward foreign currency exchange markets in many of the Company's major countries of tobacco origin, the Company manages its risk by matching funding for inventory purchases with the currency of sale and by minimizing its net investment in these countries. In addition, it is a generally accepted practice in the tobacco

processing industry that customers pay a market rate of interest for inventory purchased to their order; thus changes in interest rates do not have a major impact on the Company's income and are not considered a source of significant risk.

The agri-products and lumber and building products businesses, which are based in the United States and in the Netherlands, do business in a number of foreign countries. These operations enter into forward exchange contracts to hedge firm purchase and sales commitments in foreign currencies (principally Dutch guilders, U.S. dollars, German marks, Swedish kronas, and pounds sterling). The term of currency hedges is generally from one to six months.

Acquisitions and investments are reflected in "Net cash used for investing activities." Over the last three years, total investment needs of $104 million were provided by cash flow from operating activities. Investments of $19 million in fiscal year 1996 included the acquisition of the leaf processing business of RJR-Macdonald, Inc. in Canada. That acquisition included a long-term contract for the processing and supply of leaf tobacco to R.J. Reynolds Tobacco International, Inc. The Company also entered into a joint venture processing agreement in Guatemala and acquired an interest in a leaf processing company in Tanzania. The Company enhanced its spice business by consummating a joint venture in the Benelux area during the year. These investments were funded with operating cash flow.

The Company's capital expenditures are generally limited to those that add value to the customer, replace obsolete equipment, increase efficiency, or position the Company for future growth. During fiscal year 1996, Universal completed the installation of a processing facility in China and upgraded a number of U.S. plants. During fiscal 1997, the Company plans to improve its Canadian facility as well as upgrade one of its African facilities. Management believes that these operations represent significant opportunities for growth over the long term and the expenditures will be funded from operating cash flow. At June 30, 1996, the Company had no material commitments for capital expenditures.

The Company believes that its financial resources are adequate to support its capital needs. The Company and its subsidiaries currently have $1.7 billion in uncommitted lines of credit of which $1.2 billion was available at June 30, 1996, to support future seasonal working capital needs in the United States and several foreign countries. In addition, the Company has $100 million in an unused committed facility under a revolving credit agreement. This facility is also available to support the issuance of commercial paper. The Company's debt ratings are investment grade, and its ratio of long-term debt to total capitalization (including deferred taxes) is approximately 42%. Any excess cash flow from operations after dividends, capital expenditures, and long-term debt payments will be available to reduce short-term debt, or fund expansion.

Results of Operations

Fiscal Year 1996 Compared to 1995

Consolidated revenues in fiscal year 1996 increased $289 million or 8.8% over last year. Tobacco revenues accounted for well over 75% of the increase, or $228 million, principally due to improved market conditions. Increased demand from manufacturers led to increases in prices and volumes sold. The balance of the increase is attributed to lumber and building

product operations for which revenues were up $62 million. The lumber and building products revenue increase was due to a stronger Dutch guilder vis-a-vis the U.S. dollar, and the inclusion of Heuvelman, a softwood distributor acquired last year, for the entire year versus seven months reported in fiscal year 1995. Total agri-product revenues were comparable year to year as increases in tea revenues were offset by reductions in canned meat and other product offerings.

Tobacco operating profits in fiscal year 1996 were $168 million, an increase of $66 million over the prior year. The majority of the improvement was due to handling larger leaf volumes, and improved operating margins. Fiscal year 1995's tobacco operating profits were reduced by a $15.6 million restructuring charge and $10.7 million of inventory write-downs. In fiscal year 1996 the Company benefited from reduced operating expenses that resulted from its restructuring efforts over the two previous years. In the United States results improved on higher volumes of tobacco bought and processed, and shipments of prior years' crops. Overall foreign tobacco operating profits were up due to the aforementioned improved market conditions and lower costs. Profit improvements were realized in South/Central America, Europe and Africa, while results from the Far East and Turkey were down due to reduced volumes and higher costs related to exchange differences, respectively. Included in the increased tobacco operating profits are improved results from dark tobacco operations reflecting continued strong demand for cigar leaf, particularly in the U.S. Fiscal year 1996 lumber and building product operating profits were up 8%, benefiting from growth in the wholesale and do-it-yourself area, and the inclusion of Heuvelman for the full year. This improvement was partially offset as regional sales outlets suffered from historically low softwood prices and severe winter weather that resulted in the virtual shut down of the construction industry for a number of weeks late in the fiscal year. Agri-product operating profits increased 7% to $13 million in fiscal year 1996 principally due to improved results in all areas except nuts and dried fruits.

`Selling, General and Administrative Expenses' were up $12 million or less than 4% compared to last year. The majority of the increase is due to the inclusion of Heuvelman. The increase was mitigated by approximately $5.5 million of provisions recorded in fiscal year 1995 related to customer obligations in Eastern Europe. Interest expense was down slightly in fiscal year 1996 due to lower average borrowing rates.

Fiscal year 1996's income tax rate was 40% compared to 44.6% last year. Fiscal year 1995's tax rate did not include full statutory benefits on the restructuring charge or on inventory write-downs and provisions related to Eastern Europe. The Company's consolidated income tax rate in both years was affected by a number of factors, including but not limited to: the mix of domestic and foreign earnings, subsidiary local tax rates, the Company's policy regarding repatriation of foreign earnings, and its ability to utilize foreign tax credits. At the end of fiscal year 1995, the Company implemented a number of tax planning strategies to minimize the increase in its tax rate above the statutory rate, and began realizing benefits in fiscal year 1996.

During fiscal year 1996, the Company's 1995 restructuring plan was implemented. The fiscal year 1995 charge included $7.2 million for the expected costs of severance and deferred payments related to approximately 200 employees throughout the Company. The non-severance portion of the charge was for the write-down of assets in operations consolidated ($3.7 million), other nonoperating restructuring costs ($1.7 million) and cash

payments to terminate occupancy of leased facilities ($3 million). As of June 30, 1996 total cash payments of approximately $4 million had been made to cover severance costs of 195 employees. Any remaining actions related to the 1995 plan will be implemented in fiscal year 1997 and are not significant to the Company's operations.

Fiscal Year 1995 Compared to 1994

In fiscal year 1995, the Company began reporting its African operations on a consolidated basis. Previously, these operations were reported either on the cost or equity method. The change in reporting did not materially affect the results of operations, and all prior years have been restated to reflect this change. The most significant factor that resulted in an increase in previously reported fiscal year 1994 results was the inclusion of earnings, rather than only dividends received, from those companies previously accounted for under the cost method.

Consolidated revenues were up $232 million or 7.6% in fiscal year 1995 compared to 1994. Gross revenues in all three operating segments were up over the prior year, with lumber and building products accounting for over 60% of the consolidated increase. The improvement in lumber was due to a combination of increased sales, the inclusion of full year results of 1994 acquisitions and results of acquisitions in fiscal year 1995, and exchange rate differences. The total increase in revenues related to these acquisitions was almost $70 million. Domestic tobacco revenues were up $137 million because of an increase in sales and purchasing volume of about 16%. This improvement was due to the improved quality of the domestic crops as the Company purchased more tobacco for customers.

Tobacco operating profits were down 15.8% or $19 million compared to fiscal year 1994's results. Tobacco operating profits in fiscal year 1995 included $15.6 million of restructuring charges compared to $17.5 million in 1994. The lower results in fiscal year 1995 reflect the continued pressure on margins from an unbalanced supply and demand situation. Fiscal year 1995 included $10.7 million of tobacco inventory write-downs, almost $7 million of which was related to Indonesian tobacco and Eastern Europe. Write-downs in 1994 were $27 million. Domestic tobacco's operating profits improved on increased volumes. Lumber and building products operating income for fiscal year 1995 was up 12.8% or $2.4 million largely due to the acquisition of Heuvelman and a strong performance by the wholesale companies during the year. Operating profits as a percentage of sales decreased from 5.1% in fiscal year 1994 to 4.1% in 1995 due to the adverse effects of a strike in the Dutch building industry, higher labor costs, and low prices for tropical plywood and hardwoods; however, improved volumes and acquired operations more than offset those factors. Agri-products operating income increased $2.7 to $11.9 million in fiscal year 1995. The majority of this increase was due to the discontinuation of coffee trading near the end of fiscal year 1994; that operation had recorded losses during the year. Trading activity in rubber showed improved results on the strength of higher prices. Tea results improved despite a flat market from continuing worldwide oversupply. In addition, improved earnings were reported in confectionery sunflower seeds.

Selling, general and administrative expenses increased $18 million or 5.9% compared to 1994. Of the increase, $10 million was due to the acquisition of the Heuvelman lumber operation in fiscal year 1995, and approximately $5.5 million of the increase related to the aforementioned provisions for customer obligations in Eastern Europe and other areas. Interest expense in fiscal year 1995 dropped almost $6 million compared to last year due to a combination of less crop financing in local currencies and reduced levels of inventory financing during the year.

Fiscal year 1995's income tax rate increased to 44.6%. As reported under `Results of Operations: Fiscal Year 1996 Compared to 1995,' the 1995 effective tax rate was up due to of lower tax benefits on certain charges recorded and various factors related to the taxation of foreign source earnings.

Other Information Regarding Trends and Management's Actions

The write-downs in fiscal years 1995 and 1994 were a direct result of the widely discussed worldwide oversupply of tobacco inventories. Expectations of increased demand for tobacco products by manufacturers for newly opened markets in Asia, Eastern Europe and the former Soviet Union, led to increased leaf production. As Eastern Europe and the former Soviet Union attempted to implement economic reforms, problems were encountered related to taxes, exchange controls, inflation and trade policies. This unstable environment led to reduced demand as tobacco production was increasing. The threat of a significant increase in U.S. excise taxes on tobacco products further reduced manufacturers' expectations and demand, and in addition, the ill-fated U.S. domestic content legislation, which sharply restricted imports into the U.S., de-stabilized world markets for leaf tobacco. In some non-auction market regions where the Company operates, uncommitted inventories were exposed to valuation adjustments.

The tobacco dealer industry and growing regions took steps to reduce the volume of tobacco produced and available for sale, and this led to improved markets. The outlook for fiscal year 1997 appears favorable assuming normal crop conditions. Worldwide supply and demand during fiscal year 1996 moved closer to being in balance. However, as market prices increased, production volumes have grown, which could lead to imbalance in the future if demand is not sustained. The current Brazilian crop has been selling well despite a difficult operating environment. The African markets are experiencing good demand, and larger volumes are expected. Although wet weather, including a hurricane, in the United States has adversely affected the current crop, total production and marketings are expected to be higher than those of last year. The improvement in worldwide market conditions and the increased operating efficiencies achieved should continue to benefit the Company. Although a number of factors remain beyond management's control, such as effects of weather on various crops and economic and fiscal policies in Brazil and other countries, the Company's balance and strength in all of the major tobacco origins provide a firm base for growth.

During fiscal year 1995 the Brazilian government reduced inflation rates to 20-year lows through fiscal policies included in its Plano Real economic plan, which entails financial control of items such as interest rates and exchange rates. In addition, the Brazilian government exercises control over taxation, trade policies, foreign investment and banking. Although there have been benefits realized from enacting the Plano Real, the long-term viability of the government's plan is dependent on various factors, including whether the current administration can continue to hold office, the level of foreign currency reserves, and the confidence of the Brazilian business sector. Recently there have been no significant changes in the Brazilian federal government's economic policies, and none have been announced that would lead the Company to believe there would be a significant impact on earnings for the Company's fiscal year ending June 30, 1997.

Efforts to restrict or limit tobacco consumption, particularly in the United States, continued in fiscal year 1996 and will continue in the foreseeable future including civil product liability suits or actions taken by states in an attempt to hold the manufacturers responsible for medical costs. These efforts include tax increases and regulations affecting access to cigarettes and public smoking. The tobacco product manufacturers also face a number of lawsuits. Due to the nature, number, durations and varying degree of complexity of litigation and legislative initiatives, the outcomes or effect on consumption of tobacco products can not be predicted.

Despite the unfavorable treatment of tobacco products in the media and the aforementioned restrictive actions in the United States, worldwide cigarette and cigar consumption continues to grow. Cigarette consumption has been growing at a 1% annual rate worldwide, and a number of new or changing markets offer sourcing or sales opportunities for the Company, especially in Eastern Europe, China, the Republics of the former Soviet Union, and developing countries in the Pacific Rim. China, where Universal is active, offers potential as the largest consumer of tobacco products in the world and as a source of low-priced filler style tobaccos for the export market. The Republics of the former Soviet Union offer potentially large leaf markets as internal production has declined and demand has been artificially constrained by economic dislocation and lack of foreign exchange. In addition, management believes that worldwide consumption of American blend cigarettes has recently been increasing by 3 - 4 percent a year. The American blend cigarette has a milder flavor and higher percentage of flue-cured and burley tobacco than competing products in many developing areas of the world, where darker, stronger tobacco has historically been the norm. The Company, through its presence in all of the major tobacco origins in the world, is positioned to take advantage of these opportunities.

A key trend in the tobacco industry has been consolidation among manufacturers and among merchants. This concentration should increase the need for better quality tobacco and improved processing which provides a good opportunity for the Company to demonstrate its strengths. However, it may also make demand for particular growths of tobacco less predictable.

The Company has a large presence in the U.S. market where leaf has not been price competitive with the world market. If not corrected through program reforms and reduced support prices, this could eventually result in a decline in U.S. production and marketings. Management believes that the risk of a significant decline in the U.S. crop in the next year is small. The Company's operations are well placed to supply leaf from many sources in world markets, and the business is not capital intensive.

In its lumber and building products area, the Company has been leading a trend toward consolidation of a fragmented industry in Holland and has proved itself an attractive business partner in that environment.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Universal Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
Years Ended June 30, 1996, 1995 and 1994

(In thousands of dollars except per share data)	1996	1995	1994
Sales and other operating revenues	$3,570,228	$3,280,880	$3,048,515
Costs and expenses			
Cost of goods sold	3,044,373	2,818,431	2,588,060
Selling, general and administrative expenses	333,380	321,499	303,459
Restructuring charges		15,597	17,500
Interest	68,754	69,585	75,438
	3,446,507	3,225,112	2,984,457
Income before income taxes and other items	123,721	55,768	64,058
Income taxes	49,474	24,866	19,390
Minority interests	6,696	6,633	4,618
Income from consolidated operations	67,551	24,269	40,050
Equity in net income of unconsolidated affiliates	3,799	1,370	2,529
Income before extraordinary item and cumulative effect of change in accounting principle	71,350	25,639	42,579
Extraordinary item	896		
Cumulative effect of change in accounting principle			(29,406)
Net income	72,246	25,639	13,173
Per common share			
Income before extraordinary item and cumulative effect of change in accounting principle	2.04	.73	1.20
Extraordinary item	.02		
Cumulative effect of change in accounting principle			(.83)
Net income	$ 2.06	$ .73	$ .37

See accompanying notes.

Universal Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

June 30, 1996 and 1995

(In thousands of dollars)	1996	1995
ASSETS		
Current		
Cash and cash equivalents	$214,782	$158,093
Accounts and notes receivable	384,278	392,797
Accounts receivable - unconsolidated affiliates	17,843	13,230
Inventories - at lower of cost or market:		
Tobacco	490,557	458,964
Lumber and building products	106,916	122,613
Agri-products	71,145	72,908
Other	15,373	11,988
Prepaid income taxes	5,867	8,371
Deferred income taxes	5,984	5,625
Other current assets	16,215	17,764
Total current assets	1,328,960	1,262,353
Real estate, plant and equipment - at cost		
Land	33,786	35,631
Buildings	218,012	211,146
Machinery and equipment	414,141	405,029
	665,939	651,806
Less accumulated depreciation	345,549	317,365
	320,390	334,441
Other assets		
Goodwill	122,579	127,501
Other intangibles	26,726	21,759
Investments in unconsolidated affiliates	27,191	23,433
Deferred income taxes	13,029	7,832
Other noncurrent assets	50,638	30,646
	240,163	211,171
	1,889,513	1,807,965

See accompanying notes.

Universal Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
June 30, 1996 and 1995

(In thousands of dollars)	1996	1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Notes payable and overdrafts	$551,667	$651,140
Accounts payable	222,154	221,574
Accounts payable - unconsolidated affiliates	6,813	6,976
Customer advances and deposits	122,894	46,443
Accrued compensation	18,245	18,286

Income taxes payable	24,061	21,745
Current portion of long-term obligations	83,348	31,476
Total current liabilities	1,029,182	997,640
Long-term obligations	309,543	284,948
Postretirement benefits other than pensions	46,268	48,007
Other long-term liabilities	44,920	52,962
Deferred income taxes	13,846	17,211
Minority interests	28,449	17,238
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock, $100 par, 8% cumulative, authorized 75,000 shares, none issued or outstanding (4 shares at June 30, 1995)		
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 35,056,357 shares (35,030,314 at June 30, 1995)	76,053	75,749
Retained earnings	360,273	323,595
Foreign currency translation adjustments	(19,021)	(9,385)
Total shareholders' equity	417,305	389,959
	$1,889,513	$1,807,965

Universal Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 1996, 1995 and 1994

(In thousands of dollars)	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$72,246	$25,639	$13,173
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of change in accounting principle			29,406
Restructuring charges (net of cash payments)		10,597	15,500
Depreciation	43,201	39,828	40,184
Amortization	9,311	8,796	8,136
Translation loss - net	3,545	2,563	6,726
Deferred taxes	(3,786)	(16,068)	693
Minority interests	6,696	6,633	4,618
Other	(1,297)	1,537	(3,318)
	129,916	79,525	115,118
Changes in operating assets and liabilities net of effects from purchase of businesses:			
Accounts and notes receivable	(33,917)	29,640	(10,685)
Inventories and other current assets	(26,001)	16,576	49,516
Income taxes	5,175	7,466	(9,436)
Accounts payable and other accrued liabilities	72,336	(70,515)	(43,231)
Net cash provided by operating activities	147,509	62,692	101,282
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(35,259)	(39,024)	(38,917)
Purchase of businesses (net of cash acquired)	(19,200)	(62,702)	(21,861)
Sales of property, plant and equipment	2,135	4,839	7,804
Other	1,900	(4,244)	507
Net cash used in investing activities	(50,424)	(101,131)	(52,467)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance (repayment) of short-term debt - net	(86,318)	69,701	47,236
Repayment of long-term debt	(42,258)	(10,798)	(124,278)
Issuance of long-term debt	118,726	6,550	120,168
Proceeds from minority investment in a subsidiary	10,000		
Dividends paid to minority shareholders	(4,550)	(2,147)	(3,521)
Issuance (purchase) of common stock	174	248	(11,437)
Dividends paid on common stock	(35,387)	(34,313)	(32,775)
Net cash provided by (used in) financing activities	(39,613)	29,241	(4,607)
Effect of exchange rate changes on cash	(783)	471	(362)
Net increase (decrease) in cash and cash equivalents	56,689	(8,727)	43,846
Cash and cash equivalents at beginning of year	158,093	166,820	122,974
CASH AND CASH EQUIVALENTS AT END OF YEAR	$214,782	$158,093	166,820
Supplemental cash flow information: Cash paid during the year for:			
Interest	$64,253	$67,755	$70,812
Income taxes - net of refunds	$48,771	$30,542	$26,559

See accompanying notes.

Universal Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years Ended June 30, 1996, 1995 and 1994

(In thousands of dollars)	1996	1995	1994
COMMON STOCK:			
Balance at beginning of year	$75,749	$75,287	$86,672
Issuance of common stock	30	214	52
Exercise of stock options	274	248	
Common shares repurchased			(11,437)
Balance at end of year	76,053	75,749	75,287
RETAINED EARNINGS:			
Balance at beginning of year	323,595	332,626	352,790
Net Income	72,246	25,639	13,173
Cash dividends declared ($1.015 per share in 1996; $.99 in 1995; $.94 in 1994)	(35,568)	(34,670)	(33,337)
Balance at end of year	360,273	323,595	332,626
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS:			
Balance at beginning of year	(9,385)	(23,315)	(18,440)
Translation adjustments for the year	(14,893)	21,240	(7,552)
Allocated income taxes	5,257	(7,310)	2,677
Balance at end of year	(19,021)	(9,385)	(23,315)
SHAREHOLDERS' EQUITY AT END OF YEAR	$417,305	$389,959	$384,598

See accompanying notes.

Universal Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts are in thousands, except as otherwise noted)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements include the accounts of all controlled domestic and foreign subsidiaries. All material intercompany items and transactions have been eliminated. The fiscal years of foreign subsidiaries generally end March 31 or April 30 to facilitate timely reporting. The Company uses the equity method of accounting for its investments in affiliates which generally are owned less than 50%.

Effective fiscal year 1995, the Company consolidated the results of affiliates located in Malawi and Zimbabwe into its financial statements. After changes in local governmental policies, the Company can now exercise greater control over operations, including the remittance of dividends. Prior to fiscal 1995, affiliates located in Malawi were accounted for under the equity method and affiliates in Zimbabwe under the cost method. Financial data for all prior periods presented has been restated to reflect the consolidation. Before the effects of consolidation, consolidated net income for the year ended June 30, 1994 was $9,158 or $.26 per share.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Inventories

Inventories of tobacco and agri-products are valued at the lower of specific cost or market. In determining lower of cost or market for agri-products, an entire position, i.e., tea, including forward purchase and sales contracts, is considered. Net unrealized losses by position are charged to income. However, no recognition is given to net unrealized gains. All other inventories are valued principally at lower of average cost or market.

Real Estate, Plant and Equipment

Depreciation of plant and equipment is based upon historical cost and the estimated useful lives of the assets. Depreciation of properties used in tobacco operations is calculated using both the straight line and declining balance methods, while lumber and building products, and agri-products utilize the straight line method. Buildings include tobacco and agri-product processing and blending facilities, lumber outlets, offices and warehouses. Machinery and equipment represent processing and packing machinery, transportation, office and computer equipment. Estimated useful lives range as follows: buildings 15 - 40 years, processing and packing machinery 3 - 11 years, transportation equipment 3 - - 10 years, office and computer equipment 3 - 10 years.

Goodwill and Other Intangibles

Goodwill and other intangibles include the excess of the purchase price of acquired companies over the net assets, covenants not to compete, and pension intangibles. Goodwill and other intangibles are generally amortized using the straight-line method over periods not exceeding 40 years. Goodwill and other intangible assets are periodically reviewed for impairment, including a determination of whether events or circumstances have changed which may indicate that an impairment of value exists, based on an assessment of future operations. Accumulated amortization at June 30, 1996 and 1995 was $21.4 and $19.6 million, respectively.

Income Taxes

The Company provides deferred income taxes on temporary differences arising from employee benefit accruals, depreciation, deferred compensation, and undistributed earnings of consolidated subsidiaries and unconsolidated affiliates not permanently reinvested. At June 30, 1996, the cumulative amount of undistributed earnings of consolidated subsidiaries on which no provision for U.S. income taxes had been made was $61.7 million.

Fair Values of Financial Instruments

The fair values of the Company's long-term obligations have been estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amount of all other current assets and liabilities as reported in the balance sheet at June 30, 1996 and 1995, which qualify as financial instruments, approximates fair value.

Derivative Financial Instruments

Derivative financial instruments are used by the Company in the management of its foreign currency exposures. Realized and unrealized gains and losses on the Company's foreign currency contracts that are designated and effective as hedges are recognized in income in the same period that the foreign exchange gains and losses on the underlying transactions are recorded. The carrying amounts, including realized and unrealized gains and losses, of foreign currency derivatives are reflected under the same balance sheet captions as the hedged transactions. The Company does not enter into contracts for derivative financial instruments for trading purposes.

Postretirement Benefits Other Than Pensions

On July 1, 1993, the Company adopted SFAS 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." The initial effect of adopting the statement was recorded in fiscal 1994 as a cumulative effect of a change in accounting principle. See Note 9.

Translation of Foreign Currencies

The financial statements of foreign subsidiaries, where the local currency is the functional currency, are translated into U.S. dollars using exchange rates in effect at period end for assets and liabilities and average exchange rates during each reporting period for results of operations. Adjustments resulting from translation of financial statements are reflected as a separate component of shareholders' equity.

The financial statements of foreign subsidiaries where the U.S. dollar is the functional currency and which have certain transactions denominated in a local currency are remeasured as if the functional currency were the U.S. dollar. The remeasurement of local currencies into U.S. dollars creates translation adjustments which are included in net income. Exchange losses in 1996, 1995 and 1994 resulting from foreign currency transactions were $3.6, $4.7 and $3.7 million, respectively (including $3.5, $2.6 and $6.7 million resulting from foreign currency translation losses) and are included in the respective statements of income.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accounting Pronouncements

In 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121). SFAS 121 standardizes the accounting practices for the recognition and measurement of impairment losses on certain long-lived assets. The Company will adopt the new standard July 1, 1996. It is not expected to have a material impact on its results of operations or financial position.

Also in 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). Under the provisions of SFAS 123, companies can elect to account for stock-based compensation plans using a fair-value-based method or continue measuring compensation expense for those plans using the intrinsic value method prescribed in APB 25. SFAS 123 requires that companies electing to continue using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair-value-based method of accounting had been applied. The Company intends to continue to account for stock-based compensation using the intrinsic value method and will provide disclosures in accordance with SFAS 123 when the standard is adopted in 1997.

Reclassifications

Amounts in prior years' statements have been reclassified to be reported on a consistent basis with the current year's presentation.

Note 2 - RESTRUCTURING

In the fourth quarter of fiscal years 1995 and 1994, plans were developed to reduce the Company's worldwide cost structure, including the consolidation of certain tobacco operations and a reduction in the number of employees. The Company's consolidated statements of income included pretax restructuring charges of $15.6 and $17.5 million in 1995 and 1994, respectively. During fiscal 1995, the 1994 plan was implemented. The fiscal 1995 charge included $7.2 million for the expected costs of severance and deferred payments related to approximately 200 employees throughout the Company. The non-severance portion of the charge was for the write-down of assets in operations consolidated ($3.7 million), other nonoperating restructuring costs ($1.7 million) and cash payments to terminate occupancy of leased facilities ($3 million). As of June 30, 1996, total cash payments of approximately $4 million had been made to cover severance costs of 195 employees. The balance of the restructuring plan will be implemented in fiscal 1997 and is not significant to the Company's operations.

Note 3 - EXTRAORDINARY ITEM

During the year, the Company recovered $1.4 million related to receivables from the Iraqi State Tobacco Monopoly written off in fiscal year 1991. The Company had recorded, as an extraordinary item, a provision for the uncollectability of outstanding receivables of $6.2 million pretax as a result of the war in the Persian Gulf.

Note 4 - BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates principally in three business segments:

Tobacco

Selecting, buying, shipping, processing, packing, storing and financing leaf tobacco in the United States and other tobacco growing countries for the account of, or for resale to, manufacturers of tobacco products throughout the world.

Lumber and Building Products

Distribution of lumber and building products to the building and construction market in Europe, primarily in Holland.

Agri-Products

Trading and processing tea and sunflower seeds and trading other products from the countries of origin to various customers in the consuming industries throughout the world.

Generally, sales between geographic areas are priced to generate a reasonable profit margin. Sales between business segments are insignificant.

Operating profit is total revenue less operating expenses. In computing operating profit, none of the following items have been added or deducted: general corporate expenses, interest expense, income taxes and equity in net income of unconsolidated affiliates.

Identifiable assets are those of the Company that are identified with the operations in each industry group. Corporate assets are principally the fixed assets of the Company's administrative offices.

U.S. Export Sales by Geographic Area

	1996	1995	1994
Europe	$304,008	$266,682	$182,140
Asia	189,904	179,737	203,197
Other Areas	45,751	51,962	27,321
	$539,663	$498,381	$412,658

Business Segments	Tobacco	Lumber and Building Products	Agri-products	Consolidated
1996				
Gross revenues	$ 2,541,956	$ 574,171	$ 454,101	$ 3,570,228
Operating profit	168,196	22,874	12,797	203,867
General corporate expenses				(11,392)
Interest expense				(68,754)
Income before income taxes and other items				123,721
Identifiable assets	1,433,489	289,749	137,094	1,860,332
Investments in unconsolidated affiliates				27,191
Corporate assets				1,990
Total assets				1,889,513
Depreciation and amortization	41,357	9,485	1,670	52,512
Capital expenditures	26,756	6,589	1,914	35,259
1995				
Gross revenues	2,313,768	512,375	454,737	328,088
Operating profit (net of restructuring charge	102,542	21,162	11,942	135,646
General corporate expenses				(10,293)
Interest expense				(69,585)
Income before income taxes and other items				55,768
Identifiable assets	1,305,967	333,379	143,366	1,782,712
Investments in unconsolidated affiliates				23,433
Corporate assets				1,820
Total assets				1,807,965
Depreciation and amortization	39,809	7,051	1,764	48,624

Capital expenditures	28,590	8,537	1,897	39,024
1994				
Gross revenues	2,249,109	368,463	430,943	3,048,515
Operating profit (net of restructuring charge)	121,783	18,768	9,224	149,775
General corporate expenses				(10,279)
Interest expense				(75,438)
Income before income taxes and other items				64,058
Identifiable assets	1,385,218	212,247	124,891	1,722,356
Investments in unconsolidated affiliates				11,752
Corporate assets				1,758
Total assets				1,735,866
Depreciation and amortization	42,387	4,376	1,557	48,320
Capital expenditures	$33,829	$4,265	$823	$38,917

Consolidated Operations by Geographic Area	United States	South/Central America	Europe	Other Areas	Eliminations	Consolidated
1996						
Revenues from unaffiliated customers	$1,800,204	$222,223	$1,370,767	$177,034		$3,570,228
Transfers between geographic areas	962	138,607	38,431	339,862	$(517,862)	
Gross revenues	1,801,166	360,830	1,409,198	516,896	(517,862)	3,570,228
Operating profit	64,388	49,079	50,967	40,643	(1,210)	203,867
General corporate expenses						(11,392)
Interest expense						(68,754)
Income before income taxes and other items						123,721
Identifiable assets	867,229	558,045	884,021	194,768	(643,731)	1,860,332
Investments in unconsolidated affiliates						27,191
Corporate assets						1,990
Total assets						1,889,513
1995						
Revenues from unaffiliated customers	1,650,868	236,496	1,218,525	174,991		3,280,880
Transfers between geographic areas	1,073	93,781	42,316	289,362	(426,532)	
Gross revenues	1,651,941	330,277	1,260,841	464,353	(426,532)	3,280,880
Operating profit (net of restructuring charge)	47,996	15,643	32,929	41,194	(2,116)	135,646
General corporate expenses						(10,293)
Interest expense						(69,585)
Income before income taxes and other items						55,768
Identifiable assets	588,078	454,453	837,085	225,279	(322,183)	1,782,712
Investments in unconsolidated affiliates						23,433
Corporate assets						1,820
Total assets						1,807,965
1994						
Revenues from unaffiliated customers	1,530,833	217,534	1,088,693	211,455		3,048,515

Transfers between geographic areas	1,658	123,898	34,588	308,212	(468,356)	
Gross revenues	1,532,491	341,432	1,123,281	519,667	(468,356)	3,048,515
Operating profit (net of restructuring charge	44,908	20,691	49,221	34,955		149,775
General corporate expenses						(10,279)
Interest expense						(75,438)
Income before income taxes and other items						64,058
Identifiable assets	$575,425	$469,415	$754,696	$210,031	$(287,211)	1,722,356
Investments in unconsolidated affiliates						11,752
Corporate assets						1,758
Total assets						$1,735,866

Note 5 - INCOME TAXES

The components of income before income taxes and other items consist of the following:

Year Ended June 30,

	1996	1995	1994
United States	$26,420	$21,386	$12,545
Foreign	97,301	34,382	51,513
	$123,721	$55,768	$64,058

Income taxes consist of the following:

Year Ended June 30,	1996	1995	1994
Current			
United States	$6,562	$5,396	$5,089
State and local	1,828	751	1,065
Foreign	44,870	34,787	12,543
	53,260	40,934	18,697
Deferred			
United States	983	(7,322)	(5,103)
State and local	729	235	652
Foreign	(5,498)	(8,981)	5,144
	(3,786)	(16,068)	693
Total	$49,474	$24,866	$19,390

A reconciliation of the statutory U.S. federal rates is as follows:

Year Ended June 30,	1996	1995	1994
Tax at statutory rate	35.0%	35.0%	35.0%
State income taxes - net of federal benefit	1.3	1.4	1.7

Income taxed at other than the U.S. rate	5.0	7.0	(5.8)
Increase in federal statutory rate			1.7
Other - net	(1.3)	1.2	(2.3)
	40.0%	44.6%	30.3%

Significant components of deferred tax liabilities and assets as of June 30 were as follows:

	1996	1995
Liabilities		
Nonrepatriated earnings	$15,593	$17,713
Tax over book depreciation	15,640	17,072
Foreign currency translation		2,135
All other	18,231	17,930
Total deferred tax liability	49,464	54,850
Assets		
Employee benefit plans	16,243	19,482
Foreign currency translation	3,162	
Foreign tax credits	16,267	8,813
Deferred compensation	5,394	4,652
All other	13,565	18,149
Total deferred tax asset	54,631	51,096
Less current portion	(5,984)	(5,625)
Net deferred tax asset	48,647	45,471
Net deferred tax liability	$817	$9,379

Note 6 - SHORT-TERM CREDIT FACILITIES

The Company maintains lines of credit in the United States and in a number of foreign countries. Foreign borrowings are generally in the form of exchange contracts and overdraft facilities at rates competitive in the countries in which the Company operates. Generally, each foreign line is available only for borrowings related to operations of a specific country. At June 30, 1996, unused, uncommitted lines of credit were approximately $1.2 billion. In addition, the Company maintains a $100 million revolving credit facility to support short-term borrowings including the issuance of commercial paper. The weighted average interest rate on short-term borrowings outstanding as of June 30, 1996 and 1995 was approximately 6.2 % and 6.6%, respectively.

Note 7 - LONG-TERM OBLIGATIONS

	1996	1995
6.14% Senior notes payable in five annual installments from 1996 to 2000	$100,000	$100,000
9.25% Medium-term notes due February 2001	100,000	100,000
6.5% Medium-term notes due February 2006	100,000	
Medium-term notes due January 1997 at an average rate of 7.3%	50,000	50,000
Other notes due through 1999 at various interest rates ranging from 5% to 11%	36,357	44,536
4.26% Promissory note due August 1995		15,000
Revenue bonds due through 2001 at various interest rates below prime	6,534	6,888
	392,891	316,424
Less current portion	(83,348)	(31,476)
Long-term obligations	$309,543	$284,948

The fair value of the Company's long-term obligations was approximately $313 million at June 30, 1996 and $298 million at June 30, 1995. Certain notes are denominated in local currencies of foreign subsidiaries. Effective U.S. dollar interest rates vary based on exchange rate fluctuations.

In connection with the senior notes, the Company must meet certain financial covenants including maintainence of $300 million minimum shareholders' equity and restrictions on the issuance of long-term debt.

Other information:

Maturities of long-term debt for the fiscal years succeeding June 30, 1996 are as follows: 1997-$83,348; 1998-$30,002; 1999-$25,425; 2000-$24,979; 2001-$122,605; 2002 and after-$106,532.

Note 8 - PENSION PLANS

The Company and its subsidiaries have several defined benefit pension plans covering United States and foreign salaried employees and certain other employee groups. These plans provide retirement benefits based primarily on employee compensation and years of service. The Company's funding policy for domestic plans is to make contributions currently to the extent deductible under existing tax laws and regulations, subject to the full-funding limits of the Employee Retirement Income Security Act of 1974. Foreign plans are funded in accordance with local practices. Domestic and foreign plan assets consist primarily of fixed income securities and equity investments. Prior service costs are amortized equally over the average remaining service period of employees. Information regarding net pension cost and the funded status of domestic and foreign plans as follows:

Pension costs

	Domestic 1996	Domestic 1995	Domestic 1994	Foreign 1996	Foreign 1995	Foreign 1994
Service cost for benefits earned during the period	$2,657	$2,923	$2,925	$2,932	$2,803	$2,392
Interest cost on projected benefit obligation	7,312	6,626	6,489	6,383	5,784	5,210
Actual return on plan assets	(16,537)	(4,158)	(5,872)	(5,916)	(4,942)	(11,629)
Net amortization and deferral	10,583	(967)	1,258	(758)	(1,397)	5,240
Total pension cost	$4,015	$4,424	$4,800	$2,641	$2,248	$1,213

Funded status

Domestic - March 31 measurement date

	Assets Exceed Accumulated Benefits 1996	Assets Exceed Accumulated Benefits 1995	Accumulated Benefits Exceed Assets 1996	Accumulated Benefits Exceed Assets 1995
Vested benefit obligation	$80,313	$70,611	$3,179	$6,239
Accumulated benefit obligation	81,130	71,297	3,305	6,788
Projected benefit obligation	100,025	85,786	5,818	8,792
Plan assets at fair value	92,272	77,580		
Plan assets less than projected benefit obligation	(7,753)	(8,206)	(5,818)	(8,792)
Unrecognized net (asset) liability at transition	(2,573)	(3,721)	473	557
Unrecognized prior service costs	630	784	4,845	1,528
Unrecognized net loss	13,990	14,679	744	1,445
Additional minimum liability			(3,549)	(1,526)
Prepaid (accrued) pension cost	$4,294	$3,536	$(3,305)	$(6,788)

Foreign - April 30 measurement date

	Assets Exceed Accumulated Benefits 1996	Assets Exceed Accumulated Benefits 1995	Accumulated Benefits Exceed Assets 1996	Accumulated Benefits Exceed Assets 1995
Vested benefit obligation	$71,840	$77,921	$11,082	$10,674
Accumulated benefit obligation	75,227	81,934	11,968	13,033
Projected benefit obligation	82,679	88,868	12,850	14,180
Plan assets at fair value	92,065	102,925	3,234	4,219
Plan assets in excess of (less than) projected benefit obligation	9,386	14,057	(9,616)	(9,961)
Unrecognized net (asset) liability at transition	(5,981)	(6,671)	(143)	92
Unrecognized net (gain) loss	(3,218)	(5,227)	290	764
Additional minimum liability				(270)
Prepaid (accrued) pension cost	$187	$2,159	$(9,469)	$(9,375)

SFAS 87 "Employers' Accounting for Pensions," required the Company to recognize an additional minimum liability of $3.5 and $1.8 million for the unfunded accumulated benefit obligation in 1996 and 1995, respectively. An equal amount was recognized as an intangible asset in those years. Assumptions used in the computations were:

	1996	1995	1994
Discount rate:			
Domestic	7.25%	8.00%	7.25%
Foreign	7.00%	7.00%	6.00%
Rate of increase in future compensation levels:			
Domestic	5.50%	5.50%	5.50%
Foreign	5.50%	5.50%	4.50%
Expected long-term rate of return on plan assets:			
Domestic	8.75%	8.75%	8.75%
Foreign	7.00%	7.00%	7.00%

Note 9 - POSTRETIREMENT BENEFITS

The Company provides postretirement health and life insurance benefits for eligible U.S. employees attaining specific age and service requirements. The health plan is funded by the Company as the costs of the benefits are incurred and contains cost-sharing features such as deductibles and coinsurance. The Company funds the life insurance plan with deposits to a retired life reserve account held by an insurance company. The Company has made changes to the plans that have reduced benefits in the past and reserves the right to amend or discontinue the plans at any time.

Effective July 1, 1993, the Company adopted SFAS 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" which requires that the estimated costs of these benefits be expensed over the employees' active service period rather than as paid. In accordance with SFAS 106, the Company elected to recognize the obligation as a one-time charge of approximately $29 million (net of $18 million in taxes) or $.83 per share during the first quarter of fiscal year 1994.

Effective January 1, 1994, the Company amended the benefit plans for future retirees which reduced the Company's postretirement obligation by approximately $14 million (net of tax benefits). The amortization of this reduction is expected to substantially offset the net periodic postretirement benefit expense from SFAS 106 through fiscal year 2001.

Net periodic postretirement benefit expense was as follows:

	1996	1995	1994
Service cost	$875	$857	$1,268
Interest cost	2,673	2,517	3,255
Return on plan assets	(190)	(219)	(141)
Net amortization and deferral	(3,063)	(2,925)	(1,527)
Net periodic postretirement benefit expense	$295	$230	$2,855

The following table sets forth the components of the postretirement benefit obligation:

June 30 measurement date	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$32,050	$22,841
Fully eligible active plan participants	6,080	6,082
Other active plan participants	5,569	5,466
Accumulated postretirement benefit obligation	43,699	34,389
Fair value of plan assets	3,865	3,811
Accumulated postretirement benefit obligation in excess of plan assets	39,834	30,578
Unrecognized gain on plan amendment	16,000	19,060
Unrecognized net loss	(9,566)	(1,631)
Accrued postretirement benefit cost	$46,268	$48,007

The accumulated postretirement benefit obligation was determined using an assumed annual health care cost trend rate of 12% for fiscal year 1996 and 11% for fiscal year 1997, and which is assumed to decrease gradually to 6.5% by fiscal year 2006. A one percentage point increase in the assumed health care cost trend rate would increase the accumulated benefit obligation by approximately $4.3 million and the aggregate of the service and interest cost components of net periodic postretirement benefit expense for the fiscal year by approximately $400 thousand.

Assumptions used in the computations were:

	1996	1995	1994
Discount rate	7.25%	8.00%	7.25%
Rate of increase in future compensation levels	5.50%	5.50%	5.50%
Expected long-term rate of return on plan assets	4.30%	4.30%	4.30%

Note 10 - SHARE PURCHASE RIGHTS PLAN

In 1989, the Company distributed as a dividend one preferred share purchase right for each outstanding share of common stock. Each right entitles the shareholder to purchase one-half of one-hundredth of a share of Series A Junior Participating Preferred Stock ("Preferred Stock") at an exercise price of $110, subject to adjustment. The rights will become exercisable only if a person or group acquires or announces a tender offer for 20% or more of the Company's outstanding common stock. The Board of Directors may reduce this threshold percentage to 10%. If a person or group acquires the threshold percentage of common stock, each right will entitle the holder, other than the acquiring party, to buy shares of common stock or Preferred Stock having a market value of twice the exercise price. If the Company is acquired in a merger or other business combination, each right will entitle the holder, other than the acquiring person, to purchase securities of the surviving company having a market value equal to twice the exercise price of the rights. Following the acquisition by any person of more than the threshold percentage of the Company's outstanding common stock but less than 50% of such shares, the Company may exchange one share of common stock for each right (other than rights held by such person). Until the rights become exercisable, they may be redeemed by the Company at a price of one cent per right. The rights expire on February 13, 1999.

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Note 11 - EXECUTIVE STOCK PLAN

Under the Company's Executive Stock Plan (the Plan), executives, key employees, and directors may receive grants and/or awards including common stock, restricted stock, options qualifying as incentive or non-qualified stock options and "reload options." Reload options allow a participant to exercise an option and receive new options by exchanging previously acquired common stock for the shares received from the exercise. One new option may be granted for each share exchanged with an exercise price equivalent to the market price at the date of exchange. Accordingly, the issuance of reload options does not result in a greater number of shares potentially outstanding than that reflected in the grant of the original option. Up to 2.0 million shares of the Company's common stock may be issued under the Plan. Pursuant to the Plan, non-qualified and reload options have been granted to executives and key employees at an option price equal to the fair market value of a share of common stock on the date of grant. In addition, restricted stock awards of 4,200 shares and 8,550 shares were issued in 1996 and 1995, respectively.

Options granted under the Plan prior to December 5, 1991 became exercisable one year after date of grant except those granted on December 4, 1991, which became exercisable November 1, 1992. Options granted after December 4, 1991 are fully exercisable six months after the date of grant and qualify for reload options which are also fully exercisable six months after the date of the grant. All options expire ten years after date of grant.

Further information regarding options in the Plan for 1996, 1995 and 1994 is summarized as follows:

For the year ended:	1996	1995	1994	Price Range
Outstanding, beginning of year	1,295,385	656,064	644,064	$11.06 - 28.00
Granted	213,329	717,999	12,000	21.50 - 27.50
Exercised	(151,672)	(78,678)		21.50 - 23.63
Outstanding, end of year	1,357,042	1,295,385	656,064	11.06 - 28.00
Exercisable	1,287,404	1,235,886	650,064	11.06 - 28.00
Available for future grant	2,790,928	2,307,851	2,334,376	

Of those available for future grant, 2,307,231; 1,738,454; and 1,097,929 for 1996, 1995 and 1994, respectively, are reload options.

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Note 12 - COMMITMENTS AND OTHER MATTERS

A material part of the Company's tobacco business is dependent upon a few customers, the loss of any one of whom would have an adverse effect on the Company. For the years ended June 30, 1996, 1995 and 1994, one customer accounted for revenues of $1.3 billion, $1.1 billion and $900 million, respectively.

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 June 30, 1996, total exposure under guarantees issued for banking facilities of unconsolidated affiliates was $2.4 million. Other commitments and contingent liabilities were approximately $43 million and relate principally to Common Market guarantees. The Company considers the possibility of loss on any of these guarantees to be remote.

As part of its financing of purchases of the Brazilian crop, the Company advances funds to its subsidiary under pre-export finance provisions of Brazilian law. When funds are held in Brazil before purchase of the crop, they are invested in U.S. dollar-indexed instruments issued by Brazilian banks. To reduce credit risk, investment limits are established with each bank according to the Company's evaluation of its credit standing. As of March 31, 1996, the date of consolidation of the Company's Brazilian subsidiaries, approximately $138 million was invested among 20 banks and was included in cash and cash equivalents in the Company's June 30, 1996 balance sheet. The carrying value of this investment approximates fair market value. As of June 30, 1996, all such funds had been fully recovered and utilized for crop purchases.

The Company's Brazilian subsidiaries have been notified by the tax authorities of proposed adjustments to the income tax returns filed in prior years. The total adjustments, including penalties and interest, approximate $50 million. The Company believes the Brazilian tax returns filed were in compliance with the applicable tax code. The numerous proposed adjustments vary in complexity and amounts. While it is not feasible to predict the outcome or timing of each proposed adjustment, the Company believes that the ultimate disposition will not have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company's operating subsidiaries within each industry segment perform credit evaluations of customers' financial condition prior to the extension of credit. Generally, accounts and notes receivable are not secured with collateral and are due within 30 days. When collection terms are extended for longer periods, interest and carrying costs are usually recovered. Credit losses are provided for in the financial statements and such amounts have not been material except for the write-off of an account receivable from Iraq in fiscal year 1991 (See Note 3). In the lumber and building product operations in Europe, it is traditional business practice to insure accounts and notes receivable against uncollectibility. At June 30, accounts and notes receivable by operating segment were as follows (in millions of dollars):

	1996	1995
Tobacco	$242	$225
Lumber and Building Products	90	109
Agri-products	52	59
	$384	$393

Note 13 - DERIVATIVE FINANCIAL INSTRUMENTS

The Company's dominant business, tobacco, is generally conducted in U.S. dollars. In most countries the Company funds its major cost, the purchase of green tobacco, in U.S. dollars thereby limiting foreign exchange risk to that which is related to production costs and overhead in the country of tobacco origin.

The Company conducts its agri-products and lumber and building products businesses in various foreign currencies. As a result, it is subject to the transaction exposures that arise from foreign exchange rate movements between the dates that the foreign currency transactions are initiated and the date they are settled. To mitigate this risk where such derivative markets exist, the Company enters into forward exchange contracts, primarily in Dutch guilders, U.S. dollars, Swedish kronas, and pounds sterling, to hedge certain foreign currency transactions involving the purchase or sale of inventory in currencies other than the functional currency of the subsidiary. The terms of the agreements are for periods that are consistent with the terms of the underlying transactions, which are rarely longer than six months.

As of June 30, 1996, the Company, through its subsidiaries, had entered into foreign exchange contracts with a total notional value of approximately $17 million to hedge known transactions. The unrealized gains and losses from these contracts were not material to the Company at June 30, 1996. All such transactions were conducted with financial institutions of good standing, and the total credit exposure related to non-performance by those institutions is not material to the operations of the Company. At June 30, 1996, the carrying value of these derivative financial instruments approximates the fair market value.

Note 14 - UNAUDITED QUARTERLY FINANCIAL DATA

Due to the seasonal nature of the tobacco, lumber and building products, and agri-products businesses, it is always more meaningful to focus on cumulative rather than quarterly results.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1996				
Sales and other operating revenues	$842,454	$1,032,829	$942,587	$752,358
Gross profit	103,629	149,701	139,531	132,994
Income before extraordinary item	10,189	27,403	18,427	15,331
Net income	10,189	27,403	18,427	16,227
Per common share				
Income before extraordinary item	.29	.78	.53	.44
Net income	.29	.78	.53	.46
Cash dividends declared	.25	.255	.255	.255
Market price range: High	23	24 5/8	28 3/8	28 1/2
Low	21 1/8	20 1/4	22 1/4	23 3/4
1995				
Sales and other operating revenues	661,415	969,532	991,270	658,663
Gross profit	94,379	136,594	123,859	107,617
Net income (loss)	3,979	15,505	12,229	(6,074)
Per common share				
Net income (loss)	.11	.44	.35	(.17)
Cash dividends declared	.24	.25	.25	.25
Market price range: High	24 3/4	24 1/4	22 1/4	24
Low	$18 3/4	$19 3/4	$18 7/8	$20 3/4

Fiscal 1995 included pre-tax inventory write-downs and provisions related to tobacco operations as follows: second quarter - $6.4 million; third quarter - $3.9 million; fourth quarter - $4.1 million. The fourth quarter of 1995 included a pre-tax restructuring charge of $15.6 million.

REPORT OF ERNST & YOUNG LLP,
INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Universal Corporation

We have audited the accompanying consolidated balance sheets of Universal Corporation and subsidiaries as of June 30, 1996 and 1995, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended June 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 presentation. 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 consolidated financial position of Universal Corporation and subsidiaries at June 30, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 1996, in conformity with generally accepted accounting principles.

As discussed in Note 9 to the consolidated financial statements, the Company changed its method of accounting for postretirement benefits other than pensions in fiscal year 1994.

/s/ Ernst & Young LLP
Richmond, Virginia
August 1, 1996

REPORT OF MANAGEMENT

To the Shareholders of Universal Corporation

The consolidated financial statements of Universal Corporation have been prepared under the direction of management, which is responsible for their integrity and objectivity. The statements have been prepared in accordance with generally accepted accounting principles and, where appropriate, include amounts based on judgements of management.

Management is also responsible for maintaining an effective system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and properly recorded. This system is continually reviewed and is augmented by written policies and procedures, the careful selection and training of qualified personnel, and an internal audit program to monitor its effectiveness.

Ernst & Young LLP, independent auditors, are retained to audit our financial statements. Their audit provides an objective assessment on how well management discharged its responsibility for fairness in financial reporting.

The Audit Committee of the Board of Directors is composed solely of outside directors. The committee meets periodically with management, the internal auditors and the independent auditors to assure that each is properly discharging its responsibilities. Ernst & Young LLP and the internal auditors have full and free access to meet privately with the Audit Committee to discuss accounting controls, audit findings and financial reporting matters.

/s/ Hartwell H. Roper

Hartwell H. Roper
Vice President & Chief Financial Officer
August 1, 1996

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

For the three years ended June 30, 1996, there were no changes in and disagreements between the Company and its independent auditors on any matter of accounting principles, practices or financial statement disclosures.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Refer to the caption, "Election of Directors" in the September 18, 1996 Proxy Statement which information is incorporated herein by reference. The following are Executive Officers as of September 18, 1996.

Name	Position	Age
H. H. Harrell	Chairman and Chief Executive Officer	57
A. B. King	President and Chief Operating Officer	50
H. H. Roper	Vice President and Chief Financial Officer	48
W. L. Taylor	Vice President and Chief Administrative Officer	55
D.G. Cohen Tervaert	President and Chairman of the Board of Deli Universal, Inc.	43
J. M. White, III	Secretary and General Counsel	57

There are no family relationships between any of the above officers.

All of the above officers have been employed by the Company in various capacities during the last five years.

ITEM 11. EXECUTIVE COMPENSATION

Refer to the caption, "Executive Compensation," in the September 18, 1996 Proxy Statement which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Refer to the caption, "Stock Ownership," in the September 18, 1996 Proxy Statement which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Refer to the caption, "Certain Relationships," in the September 18, 1996 Proxy Statement which information is incorporated herein by reference.

PART IV

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

(a) (1) The following consolidated financial statements of Universal Corporation and Subsidiaries are included in Item 8:

Consolidated Statements of Income for the years ended June 30, 1996, 1995 and 1994

Consolidated Balance Sheets at June 30, 1996 and 1995

Consolidated Statements of Cash Flows for the years ended June 30, 1996, 1995 and 1994

Consolidated Statements of Changes in Shareholders' Equity for the years ended June 30, 1996, 1995 and 1994

Notes to Consolidated Financial Statements for the years ended June 30, 1996, 1995 and 1994

Report of Ernst & Young LLP, Independent Auditors

(2) Financial Statement Schedules: None

(3) List of Exhibits:

3.1 Restated Articles of Incorporation (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 1-652).

3.2 Bylaws (incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, File No. 1-652).

4.1 Indenture between the Registrant and Chemical Bank, as trustee (incorporated herein by reference to Registrant's Current Report on Form 8-K, dated February 25, 1991, File No. 1-652).

4.2 Form of Fixed Rate Medium-Term Note, Series A (incorporated herein by reference to the Registrant's Current Report on Form 8-K, dated February 25,1991, File No. 1-652).

4.3 Form of 9 1/4% Note due February 15, 2001 (incorporated herein by reference to the Registrant's Current Report on Form 8-K, dated February 25, 1991, File No. 1-652).

4.4 Rights Agreement, dated February 2, 1989, between the Registrant and Sovran Bank, N.A., as Rights Agent (incorporated herein by reference to the Registrant's Form 8-A Registration Statement, dated February 9, 1989, File No. 1-652).

4.5 Amendment to Rights Agreement, dated May 2, 1991, between the Registrant and Sovran Bank, N.A., as Rights Agent (incorporated herein by reference to the Registrant's Form 8 Amendment No. 1, dated May 7, 1991, to Form 8-A Registration Statement, dated February 9, 1989, File No. 1-652).

4.6 Amendment to Rights Agreement, dated July 17, 1992, between the Registrant, NationsBank, N.A., as Rights Agent, and Wachovia Bank of North Carolina, N.A., as Successor Rights Agent (incorporated herein by reference to the Registrant's Form 8 Amendment No. 2, dated July 17, 1992, to Form 8-A Registration Statement, dated February 9, 1989, File No. 1-652).

4.7 Specimen Common Stock Certificate (incorporated herein by reference to the Registrant's Form S-3, dated February 25, 1993, File No. 1-652).

4.8 Form of 6 1/2% Note due February 15, 2006 (incorporated herein by reference to the Registrant's Current Report on Form 8-K, dated February 20, 1996, File No. 1-652).

The Registrant, by signing this Report on Form 10-K, agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument which defines the rights of holders of long-term debt of the Registrant and its consolidated subsidiaries, and for any unconsolidated subsidiaries for which financial statements are required to be filed, which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis.

10.1 Universal Corporation Restricted Stock Plan for Non-Employee Directors (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1991, File No. 1-652).

10.2 Universal Leaf Tobacco Company, Incorporated Supplemental Stock Purchase Plan, as amended June 24, 1991 (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1991, File No. 1-652).

10.3 Universal Corporation Management Performance Plan (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 1-652).

10.4 Universal Leaf Tobacco Company, Incorporated Management Performance Plan (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1990, File No. 1-652).

10.5 Universal Leaf Tobacco Company, Incorporated Executive Life Insurance Agreement (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1994, File No. 1-652).

10.6 Universal Leaf Tobacco Company, Incorporated Deferred Income Plan (incorporated herein by reference to the Registrant's Report on Form 8, dated February 8, 1991, File No. 1-652).

10.7 Universal Leaf Tobacco Company, Incorporated Benefit Replacement Plan (incorporated herein by reference to the Registrant's Report on Form 8, dated February 8, 1991, File No. 1-652).

10.8 Universal Leaf Tobacco Company, Incorporated Senior Executive Severance Plan (incorporated herein by reference to the Registrant's Report on Form 8, dated February 8, 1991, File No. 1-652).

10.9 Universal Leaf Tobacco Company, Incorporated 1996 Benefit Restoration Plan.*

10.10 Universal Corporation 1989 Executive Stock Plan, as amended on December 1, 1994 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1994, File No. 1-652).

10.11 Universal Corporation 1991 Stock Option and Equity Accumulation Agreement (incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1991, File No. 1-652).

10.12 Amendment to Universal Corporation 1991 Stock Option and Equity Accumulation Agreement (incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992, File No. 1-652).

10.13 Deli Universal, Inc. Management Performance Plan (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1992, File No. 1-652).

10.14 Universal Leaf Tobacco Company, Incorporated 1994 Deferred Income Plan, as amended as of June 1, 1995 (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal years ended June 30, 1994 and June 30, 1995, File No. 1-652).

10.15 Universal Corporation Outside Directors' 1994 Deferred Income Plan (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1994, File No. 1-652).

10.16 Universal Leaf Tobacco Company, Incorporated 1994 Benefit Replacement Plan (incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1994, File No. 1-652).

10.17 Universal Corporation 1994 Stock Option and Accumulation Agreement (incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1994, File No. 1-652).

10.18 Universal Corporation 1994 Stock Option Plan for Non-Employee Directors (incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1994, File No. 1-652).

10.19 Universal Corporation Non-Employee Director Non-Qualified Stock Option Agreement (incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 1994, File No. 1-652).

12 Ratio of Earnings to Fixed Charges*

21 Subsidiaries of the Registrant.*

23 Consent of Ernst & Young LLP.*

27 Financial Data Schedule.*

* Filed herewith.

(b) Reports on Form 8-K

None filed in the quarter ended June 30, 1996.

(c) Exhibits

The exhibits listed in Item 14(a)(3) are filed as part of this annual report.

(d) Financial Statement Schedules

All schedules are omitted since the required information is not present in amounts sufficient to require submission or because the information required is included in the consolidated financial statements and notes therein.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(REGISTRANT)

September 16, 1996	By	/s/ Henry H. Harrell
		Henry H. Harrell Chairman and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Henry H. Harrell Henry H. Harrell	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	September 16, 1996
/s/ Allen B. King Allen B. King	President, Chief Operating Officer and Director	September 17, 1996
/s/ William W. Berry William W. Berry	Director	September 16, 1996
/s/ Wallace L. Chandler Wallace L. Chandler	Director	September 17, 1996
/s/ Richard G. Holder Richard G. Holder	Director	September 18, 1996
/s/ Hubert R. Stallard Hubert R. Stallard	Director	September 17, 1996
/s/ Charles H. Foster, Jr. Charles H. Foster, Jr.	Director	September 17, 1996
/s/ Hartwell H. Roper Hartwell H. Roper	Vice President and Chief Financial Officer	September 16, 1996
/s/ William J. Coronado William J. Coronado	Controller (Principal Accounting Officer)	September 16, 1996

EXHIBIT 10.9

UNIVERSAL LEAF TOBACCO COMPANY, INCORPORATED
1996 BENEFIT RESTORATION PLAN

AMENDED AND RESTATED

EFFECTIVE DATE
June 1, 1996

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INTRODUCTION

Universal Leaf Tobacco Company, Incorporated (hereinafter referred to as the "Company") desires to provide a non-qualified pension benefit plan for a select group of management and highly compensated employees who contribute materially to the success of the Company and its affiliated companies.

In order to achieve this objective, the Company has adopted the following amended, restated and renamed 1996 Benefit Restoration Plan (hereinafter referred to as the "Plan") to provide a restoration of retirement benefits for those who become Participants in the Plan. In general, benefits provided under the Plan are intended to restore benefits that are limited or denied to Participants as a result of limitations imposed on the Retirement Plan by Sections 415 or 401(a)(17) of the Code.

Effective June 1, 1996, the Plan has the terms and provisions hereinafter set forth.

ARTICLE I

DEFINITIONS

As used herein, the following words and phrases shall have the meanings indicated, unless otherwise required by the context:

1.01 Accrued Benefit means, as of any date for any Participant, the monthly retirement benefit determined in accordance with Section 3.01 with Service as of such date.

1.02 Actuarial Equivalent means a benefit of equivalent value when computed on the basis of interest and mortality tables adopted by the Company for use in the computation of actuarial equivalents under the Plan. Such Actuarial Equivalent shall be reflected hereunder by the application of the factors denoted in Appendix A to this Plan.

1.03 Beneficiary means any person designated by a Participant or otherwise entitled to receive such benefits as may become payable under the provisions of the Plan after the death of such Participant.

The designation of a Beneficiary shall be made on forms provided by the Committee, and such forms shall be maintained in files held by the Committee. A Participant may from time to time change the Beneficiary by written notice to the Committee and, upon such change, the rights of all previously designated Beneficiaries to receive any benefits under the Plan shall cease. If, at the date of death of the Participant, there is no valid and current Beneficiary designation on file with the Committee, then any death benefits which would have been payable to the Beneficiary shall be payable to the first of the following classes of successive preference Beneficiaries then surviving:

(a) spouse,
(b) descendants, per stirpes,
(c) parents in equal shares,
(d) brothers and sisters in equal shares, or
(e) executors or administrators.

1.04 Code means the Internal Revenue Code of 1986, as amended from time to time.

1.05 Committee means the Executive Committee of Universal Leaf Tobacco Company Incorporated, as provided for in Article VIII.

1.06 Company means Universal Leaf Tobacco Company, Incorporated, a Virginia corporation, or any successor thereto, as well as Universal Corporation, and any of its subsidiaries, which are Participating Employers in the Retirement Plan, as the context may require. Universal Leaf Tobacco Company, Incorporated is the sponsor and the administrator of the Plan.

1.07 Compensation means (i) "Compensation" as defined in the Retirement Plan, provided, however, that the limitations imposed as a result of Sections 415 or 401(a)(17) of the Code shall be disregarded and (ii) the amount of "Compensation" shall be increased by including any amounts deferred and decreased by any payments received by a Participant pursuant to the Universal Leaf Tobacco Company, Incorporated Deferred Income Plan or the Universal Leaf Tobacco Company, Incorporated 1994 Deferred Income Plan for any year in which such deferral or payment occurred. For purposes of calculating benefits under this Plan, Compensation shall be used to determine "Final Average Compensation."

1.08 Delayed Retirement Date means the first day of any month coinciding with or next following the actual date the Participant severs his employment with the Company after his Normal Retirement Date.

1.09 Disability Plan means the Disability Benefits Plan of Universal Leaf Tobacco Company, Incorporated and Domestic Subsidiaries.

1.10 Disability Retirement Date means the first day of any month, prior to a Participant's Normal Retirement Date, coinciding with or next following a determination by the Committee that the Participant is totally and permanently disabled under the terms of the Disability Plan.

1.11 Early Retirement Date means the first day of any month, prior to a Participant's Normal Retirement Date, as defined in the Retirement Plan.

1.12 Effective Date means June 1, 1996.

1.13 Employment Date means the date of employment as determined under the Retirement Plan.

1.14 Fiduciary means the Company, the Committee and any individual, corporation, firm or other entity which assumes in accordance with Article VIII responsibilities of the Company or the Committee respecting management of the Plan or the disposition of its benefits.

1.15 Normal Retirement Date means the first day of the month coinciding with or next following the date the Participant attains the age of sixty-five (65).

1.16 Participant means any employee who becomes a Participant as provided in Article II.

1.17 Plan means the amended, restated and renamed Universal Leaf Tobacco Company, Incorporated 1996 Benefit Restoration Plan, as contained herein or as duly amended.

1.18 Plan Year means each twelve (12) month period beginning on January 1 and ending on December 31.

1.19 Retirement Plan means the Employees' Retirement Plan of Universal Leaf Tobacco Company, Incorporated, and designated affiliated companies.

1.20 Service or Year of Service means the determination of Years of Service for purposes of vesting and benefit accrual as determined under the Retirement Plan.

1.21 Other Definitions - Unless otherwise specifically provided in this Plan, terms defined in the Retirement Plan shall apply to and have the same meaning in this Plan.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

2.01 Eligibility - Any employee of the Company or of any participating employer in the Retirement Plan who is a participant in the Retirement Plan and whose benefits are reduced by the operation of Sections 415 or 401(a)(17) of the Code after applying the definition of

Compensation set forth herein.

2.02 Participation - An eligible employee shall become a Participant and shall enter the Plan effective as of the first day of the Plan Year in which the eligible employees' benefits are reduced by the operation of Section 415 or 401(a)(17) of the Code after applying the definition of Compensation set forth herein. Each person who becomes a Participant shall remain a Participant so long as he is entitled to future benefits under the terms of the Plan.

ARTICLE III

RETIREMENT BENEFITS

3.01 Normal Retirement Benefit - Upon retirement at his Normal Retirement Date, a Participant shall receive an Actuarial Equivalent benefit calculated as a monthly retirement benefit commencing on such retirement date paid in accordance with Article IV. The amount of the calculated monthly retirement benefit shall be the excess of paragraph (a) over paragraph (b) as follows:

(a) The Normal Retirement Allowance, as calculated pursuant to Section 4.01 of the Retirement Plan, provided, however, that for purposes of this calculation (i) limits imposed by Sections 415 or 401(a)(17) of the Code shall be disregarded and (ii) "Compensation" shall be defined in accordance with this Plan.

(b) The monthly retirement benefit payable to the Participant as determined under the provisions of the Retirement Plan.

3.02 Delayed Retirement Benefit - Upon retirement at his Delayed Retirement Date, a Participant shall receive an Actuarial Equivalent benefit calculated as a monthly retirement benefit commencing on the date of such retirement paid in accordance with Article IV. The amount of the calculated monthly retirement benefit shall be the excess of paragraph (a) over paragraph (b) as follows:

(a) The Delayed Retirement Allowance, as calculated pursuant to Section 4.02 of the Retirement Plan, provided, however, that (i) for purposes of this calculation limits imposed by Sections 415 or 401(a)(17) of the Code shall be disregarded and (ii) "Compensation" shall be defined in accordance with this Plan.

(b) The monthly retirement benefit payable to the Participant as determined under the provisions of the Retirement Plan.

3.03 Early Retirement Benefit - Upon retirement at his Early Retirement Date, a Participant shall receive an Actuarial Equivalent benefit calculated as a monthly retirement benefit commencing on his Early Retirement Date paid in accordance with Article IV. The amount of the calculated monthly retirement benefit shall be the excess of paragraph (a) over paragraph (b) as follows:

(a) The Early Retirement Allowance, as calculated pursuant to Section 4.03 of the Retirement Plan, provided, however, that for purposes of this calculation (i) limits imposed by Sections 415 or 401(a)(17) of the Code shall be disregarded; (ii) "Compensation" shall be as defined in this Plan; and (iii) for a Participant retiring at or after age 55, the actuarial reductions shall be calculated by the application of the reduction factors denoted in Appendix A to this Plan.

(b) The monthly retirement benefit payable to the Participant as determined under the provisions of the Retirement Plan.

3.04 Current Retiree's Benefit - Any former employees who are receiving benefits under the predecessor to the Plan as of the

Effective Date shall be notified of the changes to the Plan and offered the opportunity to request of the Executive Compensation Committee of the Board of Directors of Universal Corporation a commuted benefit. If such a request is granted by that committee, then a lump sum payment calculated under Section 4.01 (using a discount rate of 6.22% in calculating Price) shall be paid to the former employee prior to July 1, 1996 in full and complete release of any further benefits under such plan.

ARTICLE IV

BENEFIT PAYMENT

4.01 Form of Payment - A Participant or Beneficiary shall receive a lump sum payment in cash, unless Section 5.03 applies, calculated in accordance with the following equations:

(a) Annuity Equivalent = NAT Benefit divided by [1 - (Rate times (1 minus Ratio))].

(b) Lump Sum Payment = (1 plus Expense) times (Annuity Equivalent times Price) divided by (1 - Rate).

(i) "Benefit" means twelve times the life only benefit for the Participant determined under Article III.

(ii) "Price" means the annuity cost (either immediate or deferred, as appropriate) utilizing the factors denoted in Appendix A to this Plan to provide the Benefit, calculated by using the ten-year Treasury bill rate effective as of the first date of the month in which termination of employment occurs.

(iii) "Rate" means the rate factoring the maximum marginal federal and state tax rates and FICA tax rate applicable to the Participant at the time of the payment.

(iv) "NAT Benefit" means the net after tax (NAT) benefit determined by multiplying the Benefit times (1 minus Rate).

(v) "Ratio" means Price divided by the factors denoted in Treas. Reg. Section 1.72-9, Table V.

(vi) Expense means five percent (5%) which is used as an approximation of the administrative charge that an insurance company would use in pricing annuities for public sale.

4.02 Time of Payment - The Company shall make the lump sum payment within sixty (60) days after the termination of employment in all cases hereunder except for subparagraphs (a) and (b) below.

(a) In the event that the Participant is disabled, as defined in the Disability Plan, the Company shall make the lump sum payment within sixty (60) days after the earlier of the Participant's retirement, death or his attaining his Normal Retirement Date.

(b) In the event that the Participant is a "covered employee" as defined in Treas. Reg. Section 1.162-27(c)(2) for the taxable year of the

Company during which the termination of employment occurred or for the immediately preceding year, the Company shall make the lump sum payment not earlier than ninety (90) days following the end of the Company's taxable year during which the Participant last was a "covered employee."

4.03 Triennial Revaluation and Payment - Until and upon the death of the Participant, and as of the third anniversary of the Effective Date and each subsequent triennial thereafter, the Committee shall recalculate the NAT Benefit for such Participant, based upon the actual Rates, as defined in Section 4.01 above for the period from the receipt by the Participant of the lump sum payment to the recalculation date (the "Actual Rates"). To the extent that the Actual Rates are less than the Rate used in the calculation of the lump sum benefit (the "Previous Rate") by two percentage points or more, then the Committee shall delete the Previous Rate and insert the Actual Rates in the calculation of the NAT Benefit. The Company shall then make a lump sum payment within sixty (60) days of the triennial in the cumulative amount that the Actual Rates NAT Benefit exceeds the Previous Rate NAT Benefit after taking into account any interim triennial payments.

ARTICLE V

BENEFITS ON TERMINATION OF EMPLOYMENT

5.01 Vesting of Benefits - All rights to all benefits under the Plan will cease upon a Participant's termination of employment with the Company prior to retirement except as otherwise provided herein.

If the employment of a Participant is terminated with the Company prior to retirement after he has completed at least five (5) Years of Service, he shall be entitled to receive the Actuarial Equivalent of his Accrued Benefit calculated under Section 3.03 present valued from his 55th birthday to his termination date.

5.02 Payment of Vested Benefit - A terminated Participant, who is entitled to a vested benefit in accordance with the provisions of Section 5.01, shall be entitled to receive his vested benefit calculated and paid in accordance with Article IV.

5.03 Forfeiture of Benefits - Notwithstanding anything in this article to the contrary, a Participant shall forfeit all rights in and to any benefits payable under the Plan if the Company terminates the Participant's employment as the result of the Participant's fraud, dishonesty or embezzlement where the Participant has been materially unjustly enriched by such conduct.

ARTICLE VI

BENEFITS ON DISABILITY OR DEATH

6.01 Disability After Eligibility for Vested Benefit - In the event of the disability of a vested Participant, as defined in the Disability Plan, prior to the payment of the retirement benefit, the Participant shall continue as a Participant in this Plan until he retires, dies or attains his Normal Retirement Date, whichever first occurs. Upon the occurrence of retirement or attainment of his Normal Retirement Date, the Participant shall receive the benefit calculated and paid pursuant to Article IV, as though he had terminated employment, or retired, whichever is applicable, at that time.

6.02 Death After Eligibility for Vested Benefit - In the event of the death of a vested Participant prior to the payment of the retirement benefit (including employees disabled as defined in the Disability Plan), there shall be payable to his Beneficiary a benefit calculated and paid pursuant to Article IV, as though he had terminated employment, or retired, whichever is applicable, at the date of death.

ARTICLE VII

FUNDING

7.01 General - In order to meet its contingent obligation hereunder, the Company may set aside in trust or otherwise or may earmark funds in such amounts, determined by the Committee, necessary to provide benefits accrued under the Plan. Funds set aside or earmarked to meet the Company's contingent obligation hereunder may be kept in cash, or invested and reinvested.

Title to and beneficial ownership of any assets which the Company may set aside or earmark to meet its obligation hereunder shall at all times remain in the Company; and no Participant or Beneficiary, under any circumstances, shall acquire any property interest in or rights to any specific assets of the Company.

ARTICLE VIII

FIDUCIARIES AND ADMINISTRATION OF THE PLAN

8.01 General - Each Fiduciary who is allocated specific duties or responsibilities under the Plan or any Fiduciary who assumes such a position with the Plan shall discharge his duties solely in the interest of Participants and their Beneficiaries and for the exclusive purpose of

providing such benefits as stipulated herein to such Participants and Beneficiaries, or defraying reasonable expenses of administering the Plan. Each Fiduciary in carrying out such duties and responsibilities shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in exercising such authority or duties.

A Fiduciary may serve in more than one Fiduciary capacity and may employ one or more persons to render advice with regard to his Fiduciary responsibilities. If the Fiduciary is serving as such without compensation, all expenses reasonably incurred by such Fiduciary shall be reimbursed by the Company.

A Fiduciary may delegate any of his responsibilities for the operation and administration of the Plan.

8.02 Company Responsibilities - The Company has established and maintains the Plan for the benefit of its employees and of necessity retains control of the operation and administration of the Plan. The Company in accordance with specific provisions of the Plan has, as herein indicated, delegated certain of these rights and obligations to the Committee and the Committee shall be solely responsible for these, and only these, delegated rights and obligations.

The Company shall supply such full and timely information for all matters relating to the Plan as (a) the Committee, (b) the actuary and (c) the accountant, if any, engaged on behalf of the Plan by the Company, may require for the effective discharge of their respective duties.

8.03 Committee Responsibilities - In accordance with the provisions hereof, the Committee has been delegated certain administrative functions relating to the Plan with all powers necessary to enable it properly to carry out such duties. The Committee shall have no power in any way to modify, alter, add to or subtract from, any provisions of the Plan. The Committee shall have powers to construe the Plan and to determine all questions that may arise thereunder relating to (a) the eligibility of individuals to participate in the Plan, (b) the amount of retirement benefit or other benefits to which any Participant or Beneficiary may become entitled hereunder, and (c) any situation not specifically covered by the provisions of the Plan. All disbursements from the Plan, except for the ordinary expenses of administration of the Plan or the reimbursement of reasonable expenses at the direction of the Company as provided herein, shall be made upon, and in accordance with, the written directions of the Committee. When the Committee is required in the performance of its duties hereunder to administer, construe, or to reach a determination under any of the provisions of the Plan, it shall do so in a uniform, equitable and nondiscriminatory basis.

The Committee shall establish rules and procedures to be followed by Participants and their Beneficiaries in filing applications for benefits and for furnishing and verifying proofs

necessary to establish age, years of Service, Final Average Compensation, Primary Social Security Benefit and any other matters required in order to establish their rights to benefits in accordance with the Plan.

8.04 Claims for Benefits - All claims for benefits under the Plan shall be submitted to the members of the Committee who shall have the responsibility for determining the eligibility of any Participant or Beneficiary to receive such benefits. All claims for such benefits shall be made in writing and shall set forth the facts which such Participant or Beneficiary believes to be sufficient to entitle him to the benefit claimed. The Committee may adopt forms for the submission of claims for benefits in which case all claims for benefits shall be filed on such forms. The Committee shall provide Participants and their Beneficiaries with all such forms.

Upon receipt by the Committee of a claim for benefits, it shall determine all facts which are necessary to establish the right of an applicant to benefits under the provisions of the Plan and the amount thereof as herein provided. The Committee shall investigate and approve or deny all questionable claims. Upon request, the Committee will afford any applicant the right of a hearing with respect to any finding of fact or determination related to any claim for benefits under the Plan. In the event any claim for benefits is denied, the Participant or Beneficiary shall be notified of such decision in accordance with the provisions of Section 8.05.

8.05 Claims Procedures - The applicant shall be notified in writing of any adverse decision with respect to his claim within ninety (90) days after its submission. The notice shall be written in a manner calculated to be understood by the applicant and shall include:

(a) The specific reason or reasons for the denial;

(b) Specific references to the pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the applicant to perfect the claim and an explanation why such material or information is necessary; and

(d) An explanation of the Plan's claim review procedures.

If special circumstances require an extension of time for processing the initial claim, a written notice of the extension and the reason therefor shall be furnished to the claimant before the end of the initial ninety (90) day period. In no event shall such extension exceed ninety (90) days.

In the event a claim for benefits is denied or if the applicant has had no response to such claim within ninety (90) days of its submission (in which case the claim for benefits shall be deemed to have been denied), the applicant or his duly authorized representative, at the applicant's sole expense, may appeal the denial to the Committee within sixty (60) days of the receipt of written notice of the denial or sixty (60) days from the date such claim is deemed to be denied. In pursuing such appeal, the applicant or his duly authorized representative:

(i) may request in writing that the Committee review the denial;

(ii) may review pertinent documents; and

(iii) may submit issues and comments in writing.

The decision on review shall be made within sixty (60) days of receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review. If such an extension of time is required, written notice of the extension shall be furnished to the claimant before the end of the original sixty (60) day period. The decision on review shall be made in writing, shall be written in a manner calculated to be understood by the claimant, and shall include specific references to the provisions of the Plan on which the denial is based. If the decision on review is not furnished within the time specified above, the claim shall be deemed denied on review.

8.06 Records - All acts and determinations of the Committee shall be duly recorded and all such records, together with such other documents as may be necessary in exercising its duties under the Plan shall be preserved in the custody of the Committee. Such records and documents shall at all times be open for inspection to, and for the purpose of making copies by, any person designated by the Company. The Committee shall provide such timely information, resulting from the application of its responsibilities under the Plan, as needed by the actuary and the accountant, if any, engaged on behalf of the Plan by the Company, for the effective discharge of their respective duties.

ARTICLE IX

AMENDMENT AND TERMINATION OF THE PLAN

9.01 Amendment of the Plan - The Company shall have the right at any time by action of the Executive Committee of Universal Leaf Tobacco Company, Incorporated, with the approval of the Executive Compensation Committee of the Board of Directors of Universal Corporation, to modify, alter or amend the Plan in whole or in part.

9.02 Termination of the Plan - The Company expects to continue the Plan indefinitely, but continuance is not assumed as a contractual obligation and the Company reserves the right at any time by action of its Board of Directors to terminate the Plan. If the Company terminates or partially terminates the Plan, or it is otherwise terminated or partially terminated, the Committee shall continue to administer the Plan as instructed by the Company in accordance with the provisions hereof.

9.03 No Benefit Reduction - No amendment or termination of the Plan shall reduce the Accrued Benefit or benefits payable to any Participant as of the effective date of such amendment or termination.

ARTICLE X

MISCELLANEOUS

10.01 Governing Law - The Plan shall be construed, regulated and administered according to the laws of the Commonwealth of Virginia except to the extent preempted by the laws of the United States of America.

10.02 Construction - The headings and subheadings in the Plan have been inserted for convenience of reference only and shall not affect the construction of the provisions hereof. In any necessary construction, the masculine shall include the feminine and the singular the plural, and vice versa.

10.03 No Employment Contract - This Plan shall not be deemed to constitute a contract between the Company and any Participant or to be a consideration or inducement for the employment of any Participant or employee. No Participant in the Plan shall acquire any right to be retained in the Company's employ by virtue of the Plan, nor, upon his dismissal or upon his voluntary termination of employment, shall he have any right or interest in and to the Plan other than as specifically provided herein.

10.04 Receipt Prior to Payment - The Committee, or the Company, jointly or severally, may require a written receipt as a condition precedent to any payment called for by the Plan to be made to a Participant, Beneficiary, or to their heirs, successors, executors and legal representatives.

10.05 Payments to Minors and Incompetents - Should any Participant or Beneficiary be a minor or in the judgment of the Committee, be physically or mentally incapable of personally receiving and giving a valid receipt for any payment due him under the Plan, the Committee may make such payment or any part thereof to or for the benefit of such Participant or Beneficiary, or directly to or for the benefit of any person determined by the Committee to have incurred expense or assumed responsibility for the expenses of such Participant or Beneficiary.

10.06 Non-alienability of Benefits - No benefits or other amounts payable under the Plan shall be subject in any manner to anticipation, sale, transfer, assignment, pledge, encumbrance, charge or alienation.

10.07 Source of Benefits - This Plan provides an unsecured, unfunded promise to pay benefits in the future. Participants in the Plan shall have the status of general, unsecured creditors of the Company. Amounts payable hereunder shall be paid from the general assets of the Company and, to the extent that such assets are insufficient, from the general assets of Universal Corporation. No person entitled to payment hereunder shall have any claim, right, security interest, or other interest in any fund, trust, account, insurance contract or asset of the Company or of Universal Corporation which may be looked to for such payment.

10.08 Indemnification - The Company shall indemnify and hold harmless each person or persons who may serve on the Committee from any and all claims, loss, damages, expenses (including attorneys' fees), and liability (including any amounts paid in settlement) arising from any act or omission of such person or persons, except when the same is judicially determined to be due to the gross negligence or willful misconduct of such person or persons.

10.09 Counterparts - The Plan may be executed in any number of counterparts, each of which shall constitute but one and the same instrument and may be sufficiently evidenced by any one counterpart.

ADOPTION OF THE PLAN

As evidence of its adoption of the Plan, Universal Leaf Tobacco Company, Incorporated has caused this instrument to be signed by its duly authorized officer this ______ day of _____________, 19___ but effective as of June 1, 1996.

UNIVERSAL LEAF TOBACCO
COMPANY, INCORPORATED

By:_________________________

UNIVERSAL CORPORATION

By:_________________________

APPENDIX A

I. Early Retirement Factors

Numbers of Years by which Early Retirement Date precedes Normal Retirement Date	Less than 25 Years of Service	25 or more Years of Service
1.00	0.98	1.00
2.00	0.96	1.00
3.00	0.94	1.00
4.00	0.92	1.00
5.00	0.90	1.00
6.00	0.87	0.95
7.00	0.84	0.90
8	0.81	0.85
9.00	0.78	0.80
10.00	0.75	0.75

The above factors shall be adjusted proportionately for fractions of a year.

II. For all purposes of the Plan, the following assumptions shall be used:

GA-83 Mortality Table, or its successor table
GAAP Discount Rate used for the Retirement Plan
Straight Life Normal Form

EXHIBIT 12.

Universal Corporation and Subsidiaries
RATIO OF EARNINGS TO FIXED CHARGES
Years Ended June 30, 1996, 1995 and 1994

	1996	1995	1994
Pretax income from continuing operations	$123,721	$55,768	$64,058
Pretax income of unconsolidated affiliates	4,305	2,232	3,854
Fixed charges	69,527	71,147	76,691
Earnings	$197,553	$129,147	$144,603
Interest	$68,754	$69,585	$75,438
Interest of unconsolidated affiliates	492	1,328	1,031
Debt discount amortization	281	234	222
Fixed Charges	$69,527	$71,147	$76,691
Ratio of Earnings to Fixed Charges	2.8	1.8	1.9

EXHIBIT 21. SUBSIDIARIES OF THE REGISTRANT

	ORGANIZED UNDER LAW OF
UNIVERSAL CORPORATION	Virginia
Universal Leaf Tobacco Company, Incorporated	Virginia
K. R. Edwards Leaf Tobacco Company, Incorporated	Virginia
Casa Export Limited	Virginia
Grassland Holding, Incorporated	Kentucky
Tabacos Del Pacifico Norte, S.A. De C.V.	Mexico
Tabacos Argentinos S.A.	Argentina
Lancaster Leaf Tobacco Company of Pennsylvania, Inc.	Virginia
Lancotab, N.V.	Belgium
Lancaster Philippines, Incorporated	Philippines
Latin America Tobacco Company	Virginia
Maclin-Zimmer-McGill Tobacco Company, Incorporated	Virginia
Simcoe Leaf Tobacco Company, Limited	Canada
Southern Processors, Incorporated	Virginia
Southwestern Tobacco Company, Incorporated	Virginia
J. P. Taylor Company, Incorporated	Virginia
Dunnington-Beach Tobacco Company, Incorporated	Virginia
Thorpe & Ricks, Inc.	Virginia
Thorpe-Greenville Export Tobacco Company	North Carolina
Tobacco Processors, Incorporated	Virginia
Universal Leaf Export Company, Incorporated	Guam
W. H. Winstead Company, Incorporated	Virginia
Universal Leaf International, Inc.	Virginia
B. V. European Tobacco Company	Netherlands
L'Agricola, S.p.A.	Italy
Deltafina, S.p.A.	Italy
Forestab, S.p.A.	Italy
Itofina, S.A.	Switzerland

Orient Leaf Tobacco Co., Inc.	Philippines
Universal Leaf Tabacos Limitada	Brazil
Tebe-Ele S.A. Comercio Exterior Ltda.	Brazil

Universal Leaf Far East, Limited	Hong Kong
Universal Yaprak Tutun Sanayi Ve Ticaret A.S.	Turkey
Continental Tobacco, S.A.	Switzerland
Toutiana, S.A.	Switzerland
Nyiregyhazi Dohanyfermentalo Rt.	Hungary
Ultoco, S.A.	Switzerland
Limbe Leaf Tobacco Company, Limited	Malawi
Lytton Tobacco Company (Malawi) Limited	Malawi
Gebruder Kulenkampff, Inc.	Virginia
Gebruder Kulenkampff AG	Germany
Tutuntex Ticaret A.S.	Turkey
Industria AG	Switzerland
Trestina Azienda Tabacchi, S.p.A.*	Italy
Latina Tabacchi Greggi Italiani, S.p.A.	Italy
Zimleaf Holdings (Private), Limited	Zimbabwe
Lytton Tobacco Company (Private), Limited	Zimbabwe
Zimbabwe Leaf Tobacco Company (Private) Limited	Zimbabwe
Casalee, Inc.	Virginia
Madison Management Ltd.	British Virgin Isles
Tobacco Trading International, Inc.	British Virgin Isles
Casalee Transtobac Lieferanten A.G.	Switzerland
Casalee Transtobac (PVT) Ltd.	Zimbabwe
Universal DC Holdings Ltd.	USA/United Kingdom
Universal Eastern Europe Limited	United Kingdom
Universal Leaf (UK) Limited	USA/United Kingdom
C.G. Services Ltd.	United Kingdom
Casalee (UK) Ltd.	United Kingdom

Deli Universal, Inc.	Virginia
Imperial Commodities Corporation	California
Red River Foods, Inc.	Virginia
HTC Commodities, Inc.	Virginia
Red River Commodities, Incorporated	North Dakota
Ermor Tabarama-Tabacos do Brasil Ltda.	Brazil
Deli-Mij Holdings Ltd.	United Kingdom
Corrie, MacColl & Son Ltd.	United Kingdom

Van Rees Ltd.	United Kingdom
N.V. Deli Universal	Netherlands
Deli Maatschappij B.V.	Netherlands
Deli Services B.V.	Netherlands
Jongeneel Holding B.V.	Netherlands
Jongeneel B.V.	Netherlands
Heuvelman Holding B.V.	Netherlands
Heuvelman Hout Beheer B.V.	Netherlands
Steffex Beheer B.V.	Netherlands
Handelmatschappij Steffex B.V.	Netherlands
Unifine *	Netherlands
B.V. Deli-HTL Tabak Maatschappij	Netherlands
Vriesthee B.V.	Netherlands
Van Rees B.V.	Netherlands
Van Rees Ceylon B.V.	Netherlands
Beleggings-en Beheermaatschappij "DE Amstel' B.V.	Netherlands
Indoco International B.V.	Netherlands
Industria Exportadora de Tabacos Dominicanos "Inetab" C. por	Dominican Republic
Companhia Panamericana de Tabacos "Copata"	Dominican Republic

* Company is 20 percent or more owned by parent and earnings of which are recorded under the equity method of accounting.

EXHIBIT 23.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements of our report dated August 1, 1996 with respect to the consolidated financial statements of Universal Corporation and subsidiaries included in this Annual Report (Form 10-K) for the year ended June 30, 1996.

Registration Statement Number	Description
33-21781	Form S-8
33-38652	Form S-8
33-55140	Form S-8
33-38148	Form S-8
33-56719	Form S-8
33-65079	Form S-3

/s/ ERNST & YOUNG LLP

Richmond, Virginia
September 17, 1996

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