

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

FORM 10-Q

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

For the Period Ended December 31, 1994

OR

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-652

UNIVERSAL CORPORATION

(Exact name of registrant as specified in its charter)

State or other jurisdiction of incorporation or organization - VIRGINIA

I.R.S. Employer Identification Number - 54-0414210

Address of principal executive offices - 1501 NORTH HAMILTON STREET  
RICHMOND, VIRGINIA 23230

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes      X      No

Common Stock, No par value - 35,016,585 shares outstanding as of February 9, 1995

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Universal Corporation and Subsidiaries  
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS  
Three and Six Months Ended December 31, 1994 and 1993

|   | Three Months |            | Six Months  |             |        |
|---|--------------|------------|-------------|-------------|--------|
|   | 1994         | 1993       | 1994        | 1993        |        |
| Sales and other operating revenues                                | \$963,745    | \$866,774  | \$1,619,769 | \$1,557,313 |        |
| Cost of goods sold  | 842,903      | 750,703    | 1,409,523   | 1,324,283   |        |
| Selling, general and administrative                               | 85,084       | 73,103     | 151,268     | 148,330     |        |
| Interest  | 15,171       | 14,343     | 30,071      | 30,212      |        |
|   | 943,158      | 838,149    | 1,590,862   | 1,502,825   |        |
| Income before income taxes and other items                        | 20,587       | 28,625     | 28,907      | 54,488      |        |
| Income taxes  | 7,497        | 9,568      | 10,299      | 17,486      |        |
| Minority interests  | 42           |            | 391         | 162         | 304    |
| Income from consolidated operations                               | 13,048       |            | 18,666      | 18,446      | 36,698 |
| Equity in net income of unconsolidated affiliates                 | 1,901        |            | 1,544       | 2,371       | 1,971  |
| Income before cumulative effect of change in accounting principle | 14,949       | 20,210     | 20,817      | 38,669      |        |
| Cumulative effect of change in accounting principle               |              |            | (29,406)    |             |        |
| Net income  | \$14,949     | \$20,210   | \$20,817    | \$9,263     |        |
| Per common share  |              |            |             |             |        |
| Income before cumulative effect of change in accounting principle |              | \$.43      | \$.57       | \$.59       | \$1.09 |
| Cumulative effect of change in accounting principle               |              |            |             |             | (.83)  |
| Net income  | \$.43        |            | \$.57       | \$.59       | \$.26  |
| Retained earnings - Beginning of period                           |              |            | \$317,344   | \$341,523   |        |
| Net income  | 20,817       | 9,263      |             |             |        |
| Cash dividends declared (\$.49-1994; \$.46-1993)                  |              |            | (17,162)    | (16,392)    |        |
| Retained earnings - End of period                                 |              |            | \$320,999   | \$334,394   |        |
| Average common shares outstanding                                 |              | 35,005,823 | 35,632,238  |             |        |

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Universal Corporation and Subsidiaries  
CONSOLIDATED BALANCE SHEETS

December 31,      June 30,  
1994              1994

ASSETS

Current

|   |         |           |           |
|---|---------|-----------|-----------|
| Cash and cash equivalents                       |         | \$ 65,718 | \$164,520 |
| Accounts and notes receivable                   | 500,646 | 368,989   |           |
| Accounts receivable - unconsolidated affiliates |         | 84,686    | 28,113    |

|  |             |             |
|--|-------------|-------------|
| Inventories at lower of cost or market:    |             |             |
| Tobacco                                    | 474,906     | 436,033     |
| Lumber and building products               | 112,126     | 83,441      |
| Agri-products                              | 58,416      | 60,132      |
| Other                                      | 8,765       | 8,753       |
| Prepaid income taxes                       | 8,773       | 10,095      |
| Deferred income taxes                      | 5,547       | 5,530       |
| Other current assets                       | 16,497      | 20,423      |
| Total current assets                       | 1,336,080   | 1,186,029   |
| Real estate, plant and equipment - at cost |             |             |
| Land                                       | 31,834      | 22,607      |
| Buildings                                  | 187,883     | 166,111     |
| Machinery and equipment                    | 359,470     | 350,426     |
|  | 579,187     | 539,144     |
| Less accumulated depreciation              | 286,273     | 269,955     |
|  |             | 292,914     |
|  |             | 269,189     |
| Other assets                               |             |             |
| Goodwill                                   | 126,009     | 124,286     |
| Other intangibles                          | 24,534      | 27,089      |
| Investments in unconsolidated affiliates   | 39,109      | 26,298      |
| Deferred income taxes                      | 3,789       | 3,494       |
| Other noncurrent assets                    | 30,536      | 30,658      |
|  |             | 223,977     |
|  | \$1,852,971 | \$1,667,043 |

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Universal Corporation and Subsidiaries  
CONSOLIDATED BALANCE SHEETS

|   | December 31,<br>1994 | June 30,<br>1994 |
|---|----------------------|------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY  |                      |                  |
| Current   |                      |                  |
| Notes payable and overdrafts  | \$550,142            | \$531,209        |
| Accounts payable  | 233,309              | 199,280          |
| Accounts payable - unconsolidated affiliates  | 33,440               | 34,810           |
| Customer advances and deposits  | 173,862              | 51,671           |
| Accrued compensation  | 15,378               | 13,366           |
| Provision for restructuring   | 9,500                | 15,500           |
| Income taxes payable  | 6,223                | 6,217            |
| Current portion long-term obligations   | 32,416               | 15,947           |
| Total current liabilities   | 1,054,270            | 868,000          |
| Long - term obligations   | 285,583              | 298,117          |
| Postretirement benefits other than pensions   | 48,387               | 48,969           |
| Other long - term liabilities   | 54,335               | 57,156           |
| Deferred income taxes   | 16,706               | 12,361           |
| Minority interests  | 4,741                | 4,966            |
| Shareholders' equity  |                      |                  |
| Preferred stock \$100 par, 8%<br>cumulative, authorized 75,000 shares,<br>issued and outstanding 4 shares                                 |                      |                  |
| Additional preferred stock, no par<br>value, authorized 5,000,000 shares,<br>none issued or outstanding                                   |                      |                  |
| Common stock, no par value, authorized<br>50,000,000 shares, issued and<br>outstanding 35,016,585 shares<br>(35,001,185 at June 30, 1994) | 75,523               | 75,287           |

|  |             |          |             |
|--|-------------|----------|-------------|
| Retained earnings                        | 320,999     | 317,344  |             |
| Foreign currency translation adjustments | (7,573)     | (15,157) |             |
| Total shareholders' equity               | 388,949     | 377,474  |             |
|  | \$1,852,971 |          | \$1,667,043 |

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Universal Corporation and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended December 31, 1994 and 1993

|  | 1994     | 1993      |
|--|----------|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |          |           |
| Net income   | \$20,817 | \$9,263   |
| Adjustments to reconcile net income to net cash provided by operating activities       | 23,900   | 30,500    |
| Cumulative effect of change in accounting principle                                    |          | 29,406    |
| Changes in operating assets and liabilities net of effects from purchase of businesses | (74,319) | (227,592) |
| Net cash used in operating activities  | (29,602) | (158,423) |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |          |           |
| Purchase of property, plant and equipment  | (14,900) | (13,300)  |
| Purchase of businesses (net of cash acquired)  | (60,600) | (8,700)   |
| Other  | 2,100    | (3,500)   |
| Net cash used in investing activities  | (73,400) | (25,500)  |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |          |           |
| Issuance of short-term debt - net  | 14,100   | 131,100   |
| Repayment of short-term debt classified as long-term June 30, 1993                     |          | (100,000) |
| Issuance of long-term debt   | 6,700    | 115,000   |
| Issuance of common stock   | 200      |           |
| Dividends paid   | (16,800) | (15,700)  |
| Net cash provided by financing activities  | 4,200    | 130,400   |
| Net decrease in cash and cash equivalents  | (98,802) | (53,523)  |
| Cash and cash equivalents at beginning of period                                       | 164,520  | 119,693   |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD   | \$65,718 | \$66,170  |

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Universal Corporation and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 1994

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

1) The Company's operating segments of domestic and foreign tobacco, lumber and building products and agri-products are seasonal by nature.

Therefore, the results of operations for the six month period ended December 31, 1994 are not necessarily indicative of results to be expected for the year ending June 30, 1995. All adjustments necessary to fairly state the results for such period have been included and were of a normal recurring nature.

2) At December 31, 1994, total exposure under guarantees issued for banking facilities of unconsolidated affiliates was \$12 million. Other contingent liabilities approximate \$109 million and relate principally to Common Market guarantees.

3) The lower effective tax rate for last year was due to the reversal of taxes accrued on non-repatriated earnings that were permanently reinvested in certain foreign subsidiaries, and a greater proportion of earnings taxed at less than the full statutory rate.

4) The Company recognized in June 1994 a pre-tax restructuring charge of \$17.5 million related to the consolidation of tobacco operations and a reduction in the number of employees. The charge included \$16 million for the expected costs of severance payments related to approximately 700 employees throughout the Company. As of December 31, 1994, payments of \$8 million, primarily for severance and related costs of approximately 500 employees, had been recorded as a reduction of the restructuring provision.

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

### Liquidity and Capital Resources

Current assets and current liabilities increased \$150 million and \$186 million, respectively, at December 31, 1994 compared to June 30, 1994, primarily due to the seasonal requirements of the Company's domestic tobacco operations, and a recent acquisition in the lumber and building products segment. Domestic tobacco balances at December 31, generally reflect current U.S. burley crop purchasing and processing activity, and any unshipped current year flue-cured crop. This has the effect of increasing working capital needs compared to June 30, which is the low point for U.S. requirements. Working capital for lumber and building products included approximately \$36 million of current assets and \$9 million of current liabilities related to a first quarter softwood distributor acquisition. The acquisition was financed with short-term borrowings.

In July 1994, the Brazilian government implemented a new monetary policy. Subsequently the U.S. dollar declined in value relative to the real, the new Brazilian currency. The exchange ratio of the dollar to the real could lead to material swings in foreign exchange gains and losses. In addition, if the real does not devalue at a rate in line with Brazilian inflation, there will be significant dollar cost increases for the next crop. At December 31, it was estimated the increase in tobacco costs due to revaluation and inflation on the upcoming crop will be between 30% - 40%. At this point, the prospects for timely devaluation of the real are not strong. The overall potential earnings impact cannot be determined at this time due to the affect of future exchange and inflation rates, and negotiation of sales prices with customers on the 1995 crop.

The Company's liquidity position at December 31, 1994, remains strong. In the current year payments of approximately \$8 million have been made for severance and other costs related to the Company's restructuring plan announced in June 1994. The Company has also reduced its capital expenditure requirements over the last few years and continues to do so in the current year.

#### Results of Operations

'Sales and Other Operating Revenues' increased \$97 million and \$62 million in the quarter and six-month period respectively. Tobacco sales improved principally due to increased shipments in the quarter, while lumber and building products revenues benefited from the inclusion of acquired operations. Agri-product revenues were comparable to last year in both periods. Improvements in sales of a number of agri-products offset a decline in revenues related to the Company's decision last year to discontinue coffee trading activity.

Gross profits in the quarter were up \$5 million to \$121million in the quarter, and down \$23 million to \$210 million for the six months ended December 31, 1994. Both the quarter and year-to-date amounts include \$2.7 million of inventory writedowns due to sharply depressed economic circumstances in Eastern Europe which has led to significantly reduced sales activity in the region. In the quarter, tobacco gross profits were down slightly due to the mix of customers and continued pressure on margins. Lumber and building products gross profits improved on the strength of new outlets compared to last year. Year-to-date the reduction in tobacco gross profits was due to Brazilian operations experiencing a significant decline in margins on current and old crop sales. Sales of old crop tobacco, that had been written down in the prior fiscal year, were nominally profitable and had the effect of reducing the overall profit margins reported. Margins on current crop sales were lower, despite benefits from restructuring, because of reduced overall volumes and continued pressure from customers on pricing. For the six month period the volume of U.S. flue-cured and burley tobacco bought was up, while processing volumes were comparable with last year. Domestic

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gross profits were down year-to-date due to a shift in processing mix to lower margin business as well as reduced margins on certain sales. Agri-product gross profits were up slightly in the quarter and six month periods due to improvements in sunflower seed and rubber trading as well as comparative improvements realized from having discontinued coffee activities.

'Selling, general and administrative expenses' increased \$12 million in the quarter and \$3 million year-to-date. The fiscal 1995 quarter and year-to-date amounts included a \$3.8 million provision against customer obligations related to Eastern Europe. The quarter also included approximately \$3 million related to the inclusion of the lumber companies acquired over the past year. For the year-to-date comparison these increases were partially offset by reduced tobacco shipping expenses. 'Interest expense' reflects the positive impact of a reduction in inventory levels since the prior year which offset increased interest rates in the U.S. that resulted primarily from moves by the Federal Reserve. 'Income Taxes' in the prior year reflected an effective tax rate that was lower than that of fiscal 1995 due to the reversal of taxes previously accrued on earnings from certain foreign subsidiaries and a greater proportion of earnings taxed at less than full statutory rates.

Although the Company does not expect to equal fiscal 1994's annual earnings from continuing operations, excluding effects of restructuring provisions, there are some favorable trends. Tobacco industry conditions are generally improving as anticipated with projected crop sizes more nearly in line with demand and worldwide inventory positions being reduced. The Company's restructuring program is very much on track, and the reshaping of operations in Eastern Europe and elsewhere should result in further restructuring during this fiscal year.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.10 Universal Corporation 1989 Executive Stock Plan, as amended on December 1, 1994

10.17 Universal Corporation 1994 Stock Option and Accumulation Agreement

10.18 Universal Corporation 1994 Stock Option Plan for Non-Employee Directors

10.19 Universal Corporation Non-Employee Director Non-Qualified Stock Option Agreement

(b) Reports on Form 8-K

Form 8-K filed on January 24, 1995. The form describes a press release issued by the Registrant on January 16, 1995 announcing that earnings from continuing operations for fiscal year 1995 are expected to be below management's previous estimate.

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SIGNATURES

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

Date: February 9, 1995

UNIVERSAL CORPORATION  
(Registrant)

/ s /       Hartwell H. Roper  
Hartwell H. Roper, Vice President and  
Chief Financial Officer

          / s /       William J. Coronado  
William J. Coronado, Controller  
(Principal Accounting Officer)

UNIVERSAL CORPORATION  
1989 EXECUTIVE STOCK PLAN

(As Amended on December 1, 1994)

Article 1

DEFINITIONS

1.01 Affiliate means any "subsidiary" or "parent corporation" (within the meaning of Section 424 of the Code) of the Company.

1.02 Agreement means a written agreement (including any amendment or supplement thereto) between the Company and a Participant specifying the terms and conditions of a Grant or an Award issued to such Participant.

1.03 Award means an award of Common Stock and/or Restricted Stock.

1.04 Board means the Board of Directors of the Company.

1.05 Change of Control means and shall be deemed to have taken place if: (i) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of the Company having 20 percent or more of the total number of votes that may be cast for the election of Directors of the Company; or, (ii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions (a "Transaction"), the persons who were Directors of the Company before the Transaction shall cease to constitute a majority of the Board of the Company or any successor to the Company.

1.06 Change of Control Date is the date on which an event described in (i) or (ii) of Section 1.05 occurs.

1.07 Code means the Internal Revenue Code of 1986, and any amendments thereto.

1.08 Committee means the Executive Compensation Committee of the Board.

1.09 Common Stock means the Common Stock of the Company.

1.10 Company means Universal Corporation.

1.11 Fair Market Value means, on any given date, the closing price of a share of Common Stock as reported on the New York Stock Exchange composite tape on such day or, if the Common Stock was not traded on the New York Stock Exchange on such day, then on the next preceding day that the Common Stock was traded on such exchange, all as reported by such source as the Committee may select.

1.12 Grant means the grant of an Option.

1.13 Incentive Stock Option means an Option that is intended to qualify as an "incentive stock option" under Section 422 of the Code.

1.14 Non-Qualified Stock Option means an option other than an Incentive Stock Option.

1.15 Option means a stock option that entitles the holder to purchase from the Company a stated number of shares of Common Stock at the price set forth in an Agreement.

1.16 Option Price means the price per share for Common Stock purchased on the exercise of an Option as provided in Article VI.

1.17 Participant means an employee of the Company or of a Subsidiary, including an employee who is a member of the Board, who satisfies the requirements of Article IV and is selected by the Committee to receive a Grant or an Award.

1.18 Plan means the Universal Corporation 1989 Executive Stock Plan, as amended.

1.19 Restricted Stock means shares of Common Stock awarded to a Participant under Article IX. Shares of Common Stock shall cease to be Restricted Stock when, in accordance with the terms of the applicable Agreement, they become transferable and free of substantial risks of forfeiture.

1.20 Rule 16b-3 means Rule 16b-3, as promulgated by the Securities and Exchange Commission under Section 16(b) of the Securities Exchange Act of 1934, as amended from time to time.

1.21 Securities Broker means the registered securities broker acceptable to the Company who agrees to effect the cashless exercise of an Option pursuant to Section 8.04 hereof.

1.22 Subsidiary means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company

if each of the corporations in the chain (other than the last corporation) owns stock possessing at least 50 percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

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## Article II

### PURPOSES

The Plan is intended to assist the Company in recruiting and retaining key employees with ability and initiative by enabling employees who contribute significantly to the Company or an Affiliate to participate in its future success and to associate their interests with those of the Company and its shareholders. The Plan is intended to permit the award of Common Stock and Restricted Stock, and the issuance of Options qualifying as Incentive Stock Options or Non-Qualified Stock Options as designated by the Committee at time of grant. No Option that is intended to be an Incentive Stock Option, however, shall be invalid for failure to qualify as an Incentive Stock Option under Section 422 of the Code but shall be treated as a Non-Qualified Stock Option.

## Article III

### ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have authority to issue Grants and Awards upon such terms (not inconsistent with the provisions of this Plan) as the Committee may consider appropriate. The terms of such Grants and Awards may include conditions (in addition to those contained in this Plan) on (i) the exercisability of all or any part of an Option and (ii) the transferability or forfeitability of Restricted Stock. In addition, the Committee shall have complete authority to interpret all provisions of this Plan; to prescribe the form of Agreements; to adopt, amend, and rescind rules and regulations pertaining to the administration of the Plan; and to make all other determinations necessary or advisable for the administration of this Plan. To fulfill the purposes of the Plan without amending the Plan, the Committee may also modify any Grants or Awards issued to Participants who are nonresident aliens or employed outside of the United States to recognize differences in local law, tax policy or custom.

The express grant in the Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee. Any decision made, or action taken, by the Committee or in connection with the administration of this Plan shall be final and conclusive. All expenses of administering this Plan shall be borne by the Company.

## Article IV

### ELIGIBILITY

4.01 General. Any employee of the Company or of any Subsidiary (including any corporation that becomes a Subsidiary after the adoption of this Plan) who, in the judgment of

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the Committee, has contributed significantly or can be expected to contribute significantly to the profits or growth of the Company or a Subsidiary may receive one or more Awards or Grants, or any combination or type thereof. Directors of the Company who are employees are eligible to participate in this Plan. A person who is a member of the Committee may not be issued Awards or Grants while he is a member of the Committee.

4.02 Grants and Awards. The Committee will designate individuals to whom Grants and/or Awards are to be issued and will specify the number of shares of Common Stock subject to each such Grant or Award. All Grants or Awards issued under this Plan shall be evidenced by Agreements which shall be subject to applicable provisions of this Plan and to such other provisions as the Committee may adopt. No Participant may be granted Options that are Incentive Stock Options (under all Incentive Stock Option Plans of the Company and Affiliates) which are first exercisable in any calendar year for stock having an aggregate Fair Market Value (determined as of the date an Option is granted) exceeding \$100,000. A Participant may not receive Grants and Awards under this Plan with respect to more than 200,000 shares of Common Stock during any calendar year.

4.03 Reload Options. The Committee shall have the authority to specify at the time of Grant that an optionee shall be granted the right to a further Non-Qualified Stock Option (a "Reload Option") in the event such optionee exercises all or a part of an Option, including a Reload Option (an "Original Option"), by surrendering in accordance with Section 8.02 hereof already owned shares of Common Stock in full or partial payment of the Option Price under such Original Option. Each Reload Option shall be granted on the date of exercise of the Original Option, shall cover a number of shares of Common Stock not exceeding the whole number of shares of Common Stock surrendered in payment of the Option Price under such Original Option, shall have an Option Price equal to the Fair Market Value on the date of Grant of such Reload Option, shall expire on the stated expiration date of the Original Option and shall be subject to such other terms and conditions as the Committee may determine.

4.04 Designation of Option as an Incentive Stock Option or a Non-Qualified Stock Option. The Committee will designate at the time an Option is granted whether the Option is to be treated as an Incentive Stock Option or a Non-Qualified Stock Option. In the absence, however, of any such designation, such Option shall be treated as a Non-Qualified Stock Option.

#### Article V

#### STOCK SUBJECT TO PLAN

The maximum number of shares of Common Stock available for Grants (other than Grants of Reload Options) and Awards under the Plan shall be 2,000,000. The maximum number of shares of Common Stock available for Grants of Reload Options under the Plan shall be 500,000, which amount, beginning on July 1, 1993 and ending on June 30, 1998, shall be increased in each fiscal year of the Company by an amount equal to two percent (2%) of the

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total number of shares of Common Stock outstanding as of the first day of each such fiscal year. Each such maximum number of shares of Common Stock is subject to adjustment (after taking into account the preceding annual increase in the maximum number of shares of Common Stock available for Grants of Reload Options) as provided in Article X. Shares of Common Stock

subject to Grants and Awards under the Plan may be authorized but previously unissued shares of Common Stock or previously issued shares of Common Stock reacquired by the Company. The grant of a Reload Option under the Plan, by restoring an option opportunity on the number of shares of Common Stock surrendered to exercise an Original Option, will encourage a Participant to maximize his ownership interest in the Company without reducing the percentage interests of shareholders.

If any shares of Restricted Stock are forfeited for which the Participant did not receive any benefits of ownership (other than voting rights), or if any Option (other than a Reload Option) terminates without being exercised, shares of Common Stock subject to such Grants or Awards shall be available for distribution in connection with Grants (other than Grants of Reload Options) or Awards under the Plan. If any Reload Option terminates without being exercised, the shares of Common Stock subject to such terminated Reload Option shall be available for distribution in connection with Grants of Reload Options under the Plan.

#### Article VI

##### OPTION PRICE

The price per share for Common Stock purchased on the exercise of an Option shall be fixed by the Committee, but shall not be less than the Fair Market Value on the date of grant.

#### Article VII

##### EXERCISE OF OPTIONS

7.01 Maximum Option Period. The period in which an Option may be exercised shall be determined by the Committee on the date of grant; provided, however that an Incentive Stock Option shall not be exercisable after the expiration of 10 years from the date the Incentive Stock Option was granted.

##### 7.02 Non-Transferability.

(a) Except as specifically provided in an Option Agreement pursuant to subsection (b) below, any Option granted under this Plan shall be non-transferable except by will or by the laws of descent and distribution. During the lifetime of a Participant to whom an Incentive Stock Option is granted, the Incentive Stock Option may be exercised only by the Participant. No right or interest of a Participant in any Option shall be liable for, or subject to, any lien, obligation or liability of such Participant.

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(b) In addition to non-transferable Options, the Committee may grant Non-Qualified Stock Options that are transferable, without payment of consideration, to immediate family members of the optionee, to a trust for the benefit of such family members or to a partnership whose only partners are such family members. The Committee may also amend outstanding Non-Qualified Stock Options to provide for such transferability. The transferee of an Option shall be subject to

all conditions applicable to the Option prior to its transfer. The Agreement granting the Option shall set forth the transfer conditions and restrictions. The Committee may impose on any transferable Option and on stock issued upon the exercise of an Option such limitations and conditions as the Committee deems appropriate. Except to the extent otherwise permitted by Rule 16b-3, Options that are intended to be exempt from Section 16(b) of the Securities Exchange Act of 1934, as amended, pursuant to Rule 16b-3 may not be transferable except by will or by the laws of descent and distribution.

7.03 Employee Status. For purposes of determining the applicability of Section 422 of the Code (relating to incentive stock options), or in the event that the terms of any Grant provide that it may be exercised only during employment or within a specified period of time after termination of employment, the Committee may decide to what extent leaves of absence for governmental or military service, illness, temporary disability, or other reasons shall not be deemed interruptions of continuous employment.

## Article VIII

### METHOD OF EXERCISE

8.01 Exercise. Subject to the provisions of Articles VII and XI, an Option may be exercised in whole at any time or in part from time to time at such times and in compliance with such requirements as the Committee shall determine. An Option granted under this Plan may be exercised with respect to any number of whole shares less than the full number for which the Option could be exercised. Such partial exercise of an Option shall not affect the right to exercise the Option from time to time in accordance with this Plan with respect to remaining shares subject to the Option.

8.02 Payment. Unless otherwise provided by the Agreement, payment of the Option Price shall be made in cash. If the Agreement provides, payment of all or part of the Option Price may be made by surrendering already owned shares of Common Stock to the Company, provided the shares surrendered have a Fair Market Value (determined as of the day preceding the date of exercise) that is not less than such price or part thereof. In addition, the Committee may establish such payment or other terms as it may deem to be appropriate and consistent with these purposes.

8.03 Shareholder Rights. No participant shall have any rights as a shareholder with respect to shares subject to his Option until the date he exercises such Option.

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8.04 Cashless Exercise. To the extent permitted under the applicable laws and regulations, at the request of the Participant and with the consent of the Committee, the Company agrees to cooperate in a "cashless exercise" of the Option. The cashless exercise shall be effected by the Participant delivering to the Securities Broker instructions to exercise all or part of the Option, including instructions to sell a sufficient number of shares of Common Stock to cover the costs and expenses associated therewith.

## Article IX

### COMMON STOCK AND RESTRICTED STOCK

9.01 Award. In accordance with the provisions of Article IV, the Committee will designate employees to whom an award of Common Stock and/or Restricted Stock is to be made and will specify the number of shares of Common Stock covered by such award or awards.

9.02 Vesting. In the case of Restricted Stock, on the date of the award, the Committee may prescribe that the Participant's rights in the Restricted Stock shall be forfeitable or otherwise restricted for a period of time set forth in the Agreement and/or until certain financial performance objectives are satisfied as determined by the Committee in its sole discretion. Subject to the provisions of Article XI hereof, the Committee may award Common Stock to a Participant which is not forfeitable and is free of any restrictions or transferability.

9.03 Shareholder Rights. Prior to their forfeiture in accordance with the terms of the Agreement and while the shares are Restricted Stock, a Participant will have all rights of a shareholder with respect to Restricted Stock, including the right to receive dividends and vote the shares; provided, however, that (i) a Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of Restricted Stock, (ii) the Company shall retain custody of the certificates evidencing shares of Restricted Stock, and (iii) the Participant will deliver to the Company a stock power, endorsed in blank, with respect to each award of Restricted Stock.

## Article X

### ADJUSTMENT UPON CHANGE IN COMMON STOCK

Should the Company effect one or more (x) stock dividends, stock split-ups, subdivisions or consolidations of shares or other similar changes in capitalization; (y) spin-offs, spin-outs, split-ups, split-offs, or other such distribution of assets to shareholders; or (z) direct or indirect assumptions and/or conversions of outstanding Options due to an acquisition of the Company, then the maximum number of shares as to which Grants and Awards may be issued under this Plan shall be proportionately adjusted and their terms shall be adjusted as the Committee shall determine to be equitably required, provided that the number of shares subject to any Grant or Award shall always be a whole number. Any determination made under this Article X by the Committee shall be final and conclusive.

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The issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to any Grant or Award.

## Article XI

### COMPLIANCE WITH LAW AND APPROVAL OF REGULATORY BODIES

No Grant shall be exercisable, no Common Stock shall be issued, no certificates for shares of Common Stock shall be delivered, and no payment shall be made under this Plan except in compliance with all applicable Federal and state laws and regulations (including, without limitation, withholding tax requirements) and the rules of all domestic stock exchanges on which the Company's shares may be listed. The Company may rely on an opinion of its counsel as to such compliance. Any share certificate issued to evidence Common Stock for which a Grant is exercised or an Award is issued may bear such legends and statements as the Committee may deem advisable to assure compliance with Federal and state laws and regulations. No Grant shall be exercisable, no Common Stock shall be issued, no certificate for shares shall be delivered, and no payment shall be made under this Plan until the Company has obtained such consent or approval as the Committee may deem advisable from regulatory bodies having jurisdiction over such matters.

## Article XII

### GENERAL PROVISIONS

12.01 Effect on Employment. Neither the adoption of this Plan, its operation, nor any documents describing or referring to this Plan (or any part thereof) shall confer upon any employee any right to continue in the employ of the Company or a Subsidiary or in any way affect any right and power of the Company or a Subsidiary to terminate the employment of any employee at any time with or without assigning a reason therefor.

12.02 Unfunded Plan. The Plan, insofar as it provides for a Grant, is not required to be funded, and the Company shall not be required to segregate any assets that may at any time be represented by a Grant under this Plan.

12.03 Change of Control. At the discretion of the Committee, a Participant's interest in Restricted Stock may be made nonforfeitable and transferable as of a Change of Control Date. The Committee may also provide in an Agreement that a Participant may elect, by written notice to the Company within 60 days after a Change of Control Date, to receive, in exchange for shares that were Restricted Stock immediately before the Change of Control Date, a cash

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payment equal to the Fair Market Value of the shares surrendered on the last business day the Common Stock is traded on the New York Stock Exchange prior to receipt by the Company of such written notice. Notwithstanding any other provision in this Plan to the contrary, unless the Committee provides otherwise in an Agreement, a Grant may be exercised immediately in full upon a Change of Control.

12.04 Rules of Construction. Headings are given to the articles and sections of this Plan for ease of reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

12.05 Amendment. The Board may amend or terminate this Plan from time to time; provided, however, that no amendment may become effective until shareholder approval is obtained if the amendment (i) materially increases the aggregate number of shares that may be issued pursuant to Options and Common Stock and Restricted Stock awards, (ii) materially increases the benefits to Participants under the Plan, or (iii) materially changes the class of employees eligible to become Participants. No amendment shall, without a Participant's consent, adversely affect any rights of such Participant under any Grant or Award outstanding at the time such amendment is made, except such an amendment made to cause the Plan to qualify for the Rule 16b-3 exemption. No amendment shall be made if it would disqualify the Plan from the exemption provided by Rule 16b-3. The Committee may amend the terms of any Grant or Award theretofore issued under this Plan, prospectively or retrospectively, and include in such amendment the right of the Committee to pay a Participant cash in lieu of shares of Common Stock upon the termination (by exercise or otherwise) of an Option, but no such amendment shall impair the rights of any Participant without the Participant's consent except such an amendment made to cause the Plan, or Grant or Award, to qualify for the exemption provided by Rule 16b-3.

12.06 Duration of Plan. No Grant or Award may be issued under this Plan before July 1, 1989, or after June 30, 1998; provided, however, a Grant of a Reload Option may be issued after June 30, 1998, upon the exercise of an Original Option as provided in Section 4.03 hereof. Grants and Awards issued on or after July 1, 1989, but on or before June 30, 1998, and Grants of Reload Options issued after June 30, 1998 upon the exercise of an Original Option as provided in Section 4.03 hereof, shall remain valid in accordance with their terms.

12.07 Shareholder Approval. This Plan was initially approved by the Board of Directors of the Company, effective as of July 1, 1989, and was approved by the shareholders of the Company entitled to vote at the 1989 Annual Meeting of Shareholders. Amendments to the Plan were approved by the Board of Directors of the Company, effective as of October 27, 1992, and by the shareholders of the Company entitled to vote at the 1992 Annual Meeting of Shareholders. Amendments to the Plan were approved by the Board of Directors of the Company, effective as of October 25, 1994, and by the shareholders of the Company entitled to vote at the 1994 Annual Meeting of Shareholders. Amendments to the Plan were approved by the Board of Directors of the Company effective as of December 1, 1994.

UNIVERSAL CORPORATION

1994 STOCK OPTION AND EQUITY ACCUMULATION AGREEMENT

THIS AGREEMENT, dated this 1st day of December 1994, between Universal Corporation, a Virginia corporation ("the Company") and \_\_\_\_\_ (the "Optionee"), is made pursuant and subject to the provisions of the Company's 1989 Executive Stock Plan, as amended, which is incorporated herein by reference, and any future amendments thereto (the "Plan"). All terms used herein that are defined in the Plan shall have the same meanings given them in the Plan.

1. Grant of Long Term Option and Reload Options. Pursuant to the Plan, and upon action taken by the Executive Compensation Committee (the "Committee") of the Board of Directors of the Company on December 1, 1994, the Company grants to the Optionee, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth herein, the right and option to purchase \_\_\_\_\_ shares of Common Stock (the "Long Term Option") and the Reload Options as described in subparagraph 5E. The Long Term Option and Reload Options are non-qualified stock options. The option price of the Long Term Option shall be the Fair Market Value of Common Stock at the close of business on December 1, 1994, or \$21.50 per share.

2. Expiration Date. The expiration date of the Long Term Option and any Reload Options granted hereunder shall be December 1, 2004 (the "Expiration Date").

3. Date Options Become Exercisable. Any Option granted hereunder may not be exercised until at least six months after the date of grant thereof.

4. Eligibility to Participate. In order to participate and receive the Options granted under this Agreement, the Optionee must sign and return a copy of this Agreement by January 31, 1995.

5. Automatic Exercise Program.

A. Method of Automatic Exercise. Until the Automatic Exercise Program terminates as provided in subparagraph 5G, the Optionee authorizes the Company on any Automatic Exercise Date (as hereinafter defined), including the Initial Exercise Date (as hereinafter defined), automatically to exercise the lowest price Long Term or Reload Options granted the Optionee under this Agreement only by means of a stock-for-stock swap using shares of Common Stock then credited to the Optionee's Account (as hereinafter defined). On the Initial Exercise Date, such Options shall be automatically exercised to purchase the number of shares of Common Stock which can be purchased from shares of Common Stock credited to the Optionee's Account. With respect to subsequent Automatic Exercise Dates, the Optionee authorizes the Company to automatically exercise such Options for the amount of shares of Common Stock which can be purchased from shares of Common Stock held in the Optionee's Account received on previous Automatic Exercise Dates and shares of Common Stock, if any, contributed to Optionee's Account pursuant to subparagraph 5D, less the number of shares, if any, sold for payment of taxes under subparagraph 5F. The automatic exercise shall only occur if the Fair Market Value on the Automatic Exercise Date exceeds by one percent (1%) or more the exercise price of the lowest priced Option held by the Optionee under this Program (the "Automatic Exercise Criterion"). The Optionee grants the Company or any of its officers the power of attorney to endorse and transfer the share certificates credited to the Optionee's

participation in the Automatic Exercise Program.

B. Other Options Granted by Universal to the Optionee. Options granted to the Optionee under agreements other than this Agreement or the Universal Corporation 1991 Stock Option and Equity Accumulation Agreement (the "1991 Agreement") are not eligible to be included in the Automatic Exercise Program under this Agreement and the 1991 Agreement.

C. Automatic Exercise Dates; Amendment of 1991 Agreement. The initial automatic exercise date under the Automatic Exercise Program for Options granted under this Agreement shall be June 1, 1995, or the first business day thereafter on which the Automatic Exercise Criterion is met (the "Initial Exercise Date"), and subsequent automatic exercise dates for such Options shall occur upon the first business day on which the New York Stock Exchange trades stock which occurs after a six month interval has elapsed since the last such automatic exercise date, or the first business day thereafter on which the Automatic Exercise Criterion is met (the "Automatic Exercise Date(s)"); provided, however, that any Automatic Exercise Date for Options granted under this Agreement or the 1991 Agreement shall be at least six months after the last Automatic Exercise Date for any such Options. Subparagraph 5C of the 1991 Agreement is amended to read as follows:

C. The initial automatic exercise date under the Automatic Exercise Program shall be November 1, 1992, or the first business day thereafter on which the Automatic Exercise Criterion is met (the "Initial Exercise Date"), and subsequent automatic exercise dates shall occur upon the first business day on which the New York Stock Exchange trades stock which occurs after a six month interval has elapsed since the last automatic exercise date, or the first business day thereafter on which the Automatic Exercise Criterion is met (the "Automatic Exercise Date(s)"); provided, however, that any Automatic Exercise Date for Options granted

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under this Agreement or the Universal Corporation 1994 Stock Option and Equity Accumulation Agreement shall be at least six months after the last Automatic Exercise Date for any such Options.

D. Method of Payment Under Automatic Exercise Program. Other than the payment on the Initial Exercise Date from shares of Common Stock then credited to the Optionee's Account pursuant to the 1991 Agreement, payment by the Optionee under the Automatic Exercise Program shall be only from shares of Common Stock received from the previous exercise under the Program and from additional shares of Common Stock delivered to Optionee's Account as provided in this subparagraph 5D.

Prior to termination of the Automatic Exercise Program as provided in subparagraph 5G, the Optionee may elect to deliver additional shares of Common Stock to the Company for credit to the Optionee's Account for inclusion in the Program, provided that the total number of all shares contributed by the Optionee shall not exceed the maximum number of shares of Common Stock specified in paragraph 4 of the 1991 Agreement. Such additional shares may be delivered from time-to-time during the term of the Program. However, for purposes of the Program, the delivery of shares shall be made at least six (6) months prior to the Automatic Exercise Date on which such shares shall be used for a stock swap pursuant to the Program.

E. Reload Options. Only participants in the Automatic Exercise Program will be eligible to receive Reload Options. A Reload Option is an automatic grant of a new Option each time the Company executes an automatic stock-for-stock swap exercise. The number of shares granted in the Reload Option shall equal the number of shares exchanged in payment of the exercise price on an Automatic Exercise

Date. The Reload Options will be fully vested six (6) months from the date of grant and will have a term which expires on the same date as the

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Long Term Option. The exercise price for a Reload Option shall be the Fair Market Value on the date of the Reload Option grant.

The grant of a Reload Option shall be subject to there being sufficient shares available for such grants under the Plan. If there are not sufficient shares available to fully meet the obligation of the Automatic Exercise Program as described above, then the Committee will, in its sole discretion, allocate the available shares to participants. In addition, should the Committee, in its sole discretion, determine that continuing to grant Reload Options is no longer in the best interest of the Company, it may, by means of written notice to participants, cause the discontinuance of the granting of Reload Options.

F. Payment of Taxes Under the Automatic Exercise Program. On the date seven (7) days after an Automatic Exercise Date, unless at least six (6) months prior to such Automatic Exercise Date the Optionee has given written notice to the Company, directed to the attention of its Secretary, that he or she will pay the Company, on a timely basis, cash for the payment of withholding taxes on the gain realized from the exercise of the Option, the Company shall deliver from the Optionee's Account to the broker hereinafter designated by the Optionee, free of all restrictions, the number of whole shares of Common Stock which best approximates the amount of such taxes. For purposes of the preceding sentence, the Optionee designates Shearson Lehman Brothers, Inc., Three James Center, 1051 East Cary Street, Richmond, Virginia 23219, Account No. \_\_\_\_\_, as his or her broker and authorizes and directs the Company to deliver such shares to said broker and the broker to sell the shares and remit the proceeds to the Company for the payment of withholding taxes.

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G. Termination of the Automatic Exercise Program.

The Automatic Exercise Program shall terminate upon the earlier of (i) the date on which the Optionee gives written notice to the Company that he or she irrevocably elects to terminate participation in such Program, provided that such notice may not be given before the second business day after the Initial Exercise Date; or (ii) the date Optionee's employment with the Company is terminated; or (iii) the failure by the Company to be in a position to grant Reload Options on any Automatic Exercise Date pursuant to subparagraph 5E in which case the Company shall promptly notify the Optionee.

H. Restriction on Sales and Encumbrance of Shares.

During the Optionee's participation in the Automatic Exercise Program, the Optionee agrees that unless otherwise permitted by the Committee in its sole discretion, (i) shares of Common Stock contributed to or received by and on behalf of the Optionee pursuant to the Program and (ii) shares of Common Stock representing the after-tax gain on each automatic exercise, rounded to the nearest whole share, shall be held in the Optionee's Account and shall not be available for sale, transfer, pledge, hypothecation or other disposition except for tax obligations as provided in subparagraph 5F above, and for stock-for-stock Option exercises pursuant to this paragraph 5. All shares of Common Stock held in the Optionee's Account shall be owned by and registered in the name of the Optionee, and the Optionee shall have all rights of ownership with respect thereto, including voting rights and the right to receive dividends. Such shares shall be held by the Company and a legend on the stock certificate(s) shall note the restrictions. The restrictions on the shares of Common Stock held in the Optionee's Account shall lapse upon termination of the Automatic Exercise Program as provided in subparagraph 5G.

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I. Maintenance of Shares. The Company shall

establish and maintain an individual account in the Optionee's name (the "Optionee's Account") to hold shares of Common Stock registered in the Optionee's name contributed to or obtained through the Automatic Exercise Program under this Agreement and the 1991 Agreement. The Company shall deliver a written report to the Optionee on the status of the Optionee's Account following each Automatic Exercise Date. Upon termination of the Automatic Exercise Program as provided in subparagraph 5G, all shares of Common Stock held in the Optionee's Account shall be delivered to the Optionee free of all restrictions.

6. Nonautomatic Exercises by the Optionee.

A. Subject to Automatic Exercise Program Termination. Except for exercises under the Automatic Exercise Program as provided in paragraph 5, the Optionee shall not be able to exercise the Long Term and Reload Options until the earlier of (i) the date the Program terminates as provided in subparagraph 5G or (ii) the date one (1) year prior to the Expiration Date. On such date, such Options that have vested pursuant to paragraph 3 and that have not been previously exercised under the Automatic Exercise Program may be exercised in the manner provided in this paragraph 6.

B. Nonautomatic Exercises. After termination of the Automatic Exercise Program in accordance with subparagraphs 5G(ii) or (iii), or on the date one (1) year prior to the Expiration Date, all vested and unexercised Long Term and Reload options shall continue to be exercisable by the Optionee until the earlier of the termination of the Optionee's rights hereunder pursuant to subparagraphs 6E and 6F, or the Expiration Date. A partial exercise of such Options pursuant to subparagraphs 6E or 6F shall not affect Optionee's right to exercise

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such Options with respect to the remaining shares, subject to the six month vesting period set forth in paragraph 3 and the conditions of the Plan and this Agreement. If the Optionee terminates the Automatic Exercise Program pursuant to subparagraph 5G(i), such Options may only be exercised in the manner provided in subparagraph 6H.

C. Method of Exercising and Payment for Shares. An Option exercised pursuant to this paragraph 6 shall be exercised by written notice of the Optionee delivered to the attention to the Company's Secretary at the Company's principal office in Richmond, Virginia. The written notice shall specify the number of shares being acquired pursuant to the exercise of the Option when such Option is being exercised in part pursuant to subparagraphs 6E or 6F. The exercise date shall be the date such notice is received by the Company. Such notice shall be accompanied by payment in full of the Option Price for each share of Common Stock to be purchased.

D. Cashless Exercise. To the extent permitted under the applicable laws and regulations, at the request of the Optionee, the Company agrees to cooperate in a "cashless exercise" of a Long Term or Reload Option pursuant to this paragraph 6. The cashless exercise shall be effected by the Optionee delivering to the Securities Broker instructions to exercise all or part of the Option, including instructions to sell a sufficient number of shares of Common Stock to cover the costs and expenses associated therewith.

E. Exercise During Employment. Subject to (i) the provisions of subparagraph 6F which shall apply to exercise in the event of retirement, death, disability or Committee approval, and (ii) the provisions of subparagraph 6H which shall apply to exercise in the event Optionee terminates his or her participation in the Automatic Exercise Program as

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provided in subparagraph 5G(i), all vested and unexercised Long Term and Reload Options may be exercised in whole or in part during Optionee's employment with the Company or an Affiliate from the date such Options are exercisable pursuant to subparagraph 6B until the earlier of the expiration of ninety (90) days from the date the Optionee's employment with the Company or an Affiliate is terminated or

the Expiration Date; provided, however, that the Optionee's right to exercise the Options shall terminate immediately in the event the Optionee's employment with the Company or an Affiliate is terminated for cause as hereinafter defined or the Optionee is in violation of the provisions of paragraph 7 hereof. For purposes of the preceding sentence, the Optionee's employment shall be deemed to have been terminated for cause if the Optionee's employment is terminated as result of fraud, dishonesty or embezzlement from the Company or an Affiliate.

F. Exercise in the Event of Retirement, Death, or Disability or Approval by the Committee. Subject to the provisions of subparagraph 6H which shall apply to exercise in the event the Optionee terminates his or her participation in the Automatic Exercise Program as provided in subparagraph 5G(i), all unexercised Long Term and Reload Options that have vested pursuant to paragraph 3 shall be exercisable in whole or in part in the event that prior to the Expiration Date (i) the Optionee retires (early, after age 55, normal, at age 65, or delayed) or, (ii) the Optionee dies or becomes permanently and totally disabled (as defined in the Disability Benefits Plan of Universal Leaf Tobacco Company, Incorporated and Domestic Subsidiaries) while employed by the Company or an Affiliate or (iii) for any reason approved by the Committee in its absolute discretion. In the event of death, such Options may be exercised by the Optionee's estate, or the person or persons to whom his or her rights under this Agreement

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shall pass by will or the laws of descent and distribution. Such Options will continue to be exercisable for (x) the two-year period beginning on the date the Optionee retires, dies or terminates employment due to permanent and total disability, as the case may be, or the date of Committee approval as provided in subparagraph (iii) of this subparagraph 6F, or (y) the remainder of the period preceding the Expiration Date, whichever is shorter.

G. Exercise in the Event of Liquidation or Reorganization. In the event of a dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, the Optionee shall have the right immediately prior to such dissolution or liquidation, or merger or consolidation, to exercise all unexercised Long Term and Reload Options in full.

H. Exercise in the Event the Optionee Terminates Automatic Exercise Program. In the event the Optionee irrevocably elects to terminate his or her participation in the Automatic Exercise Program as provided in subparagraph 5G(i), Optionee may (i) exercise all, but not a part, of all unexercised Long Term and Reload Options which have vested pursuant to paragraph 3 for a period of thirty (30) days from the date the Optionee gives written notice as provided in subparagraph 5G(i), (ii) exercise unexercised Reload Options which have not vested pursuant to paragraph 3 for a period of thirty (30) days from the date each such Option vests, (iii) exercise all vested and unexercised Long Term and Reload Options in whole or in part during the one (1) year period prior to the Expiration Date, and (iv) exercise all vested and unexercised Long Term and Reload Options in whole or in part pursuant to subparagraph 6F. An exercise pursuant to subparagraph 6H(iii) may only be made during the Optionee's employment with the Company or an Affiliate.

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I. Payment of Withholding Taxes. Within seven (7) days following the date of exercise pursuant to this paragraph 6, the Optionee shall pay to the Company in cash (or provide for the payment of) the withholding taxes on the gain realized from the exercise of the Option.

7. Optionee Covenants. The Optionee recognizes that over a period of many years the Company and its Affiliates (including any predecessors or entities from which it might have acquired goodwill) have developed, at considerable expense, relationships with customers

and prospective customers which constitute a major part of the value of the goodwill of the Company and the Affiliates. During the course of his or her employment by the Company, the Optionee will have substantial contact with these customers and prospective customers. In order to protect the goodwill of the Company's and the Affiliates' businesses, the Optionee covenants and agrees that, in the event of the termination of his or her employment, whether voluntary or involuntary, he or she shall forfeit the Options granted under this Agreement if he or she directly or indirectly as an owner, shareholder, director, employee, partner, agent, broker, consultant or other participant, for the period during which such Options are exercisable:

(a) calls upon or causes to be called upon, or solicits or assists in the solicitation of any person, firm, association, or corporation, listed as a customer of the Company or any Affiliate on the date of termination of the Optionee's employment, for the purpose of selling, renting or supplying any product or service competitive with the products or services of the Company or any Affiliate; or

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(b) performs or contracts to perform for a competitor of the Company or any Affiliate the same or similar services he or she performed for the Company or such Affiliate.

Subparagraphs (a) and (b) of this paragraph 7 are separate and divisible covenants; if for any reason any one covenant is held to be invalid or unenforceable, in whole or in part, the same shall not be held to affect the validity or enforceability of the others, or of any other provision of this Agreement. The period and scope of the restrictions set forth in this paragraph 7 shall be reduced to the maximum permitted by the law actually applied to determine the validity of each subparagraph.

8. Fractional Shares. Fractional shares shall not be issuable hereunder, and when any provision hereof may entitle the Optionee to a fractional share such fraction shall be disregarded.

9. No Right to Continued Employment. This Agreement does not confer upon the Optionee any right with respect to continuance of employment by the Company or an Affiliate, nor shall it interfere in any way with the right of the Company or an Affiliate to terminate his or her employment at any time.

10. Investment Representation. The Optionee agrees that unless such shares previously have been registered under the Securities Act of 1933 (i) any shares of Common Stock purchased by him or her hereunder will be purchased for investment and not with a view to distribution or resale and (ii) until such registration, certificates representing such shares may bear an appropriate legend to assure compliance with such Act. This investment representation shall terminate when such shares have been registered under the Securities Act of 1933.

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11. Administration and Interpretation. The Plan Administrator shall be the Company; however this Agreement shall be operated under the supervision and authority of the Committee. The Committee shall have the authority to terminate the Automatic Exercise Program and the issuance of any Reload Options. Also, the Committee may issue additional Reload Options and Long Term Options under this Agreement if authorized by the Plan or any amendment thereto, or any successor plan. Any interpretation of this Agreement shall be made by the Committee. Any amendment to this Agreement must be authorized by the Committee.

12. Change in Capital Structure. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by the Long Term and Reload Options, and the price per share thereof, shall be proportionately adjusted for any increase or

decrease in the number of issued shares of Common Stock of the Company resulting from a subdivision or consolidation of shares or the payment of a stock dividend (but only on the Common Stock), a stock split-up or any other increase or decrease in the number of such shares effected without receipt of cash or property or labor or services by the Company.

Subject to any required action by the shareholders of the Company, if the Company shall be the surviving corporation in any merger or consolidation, the Long-Term and Reload Options shall pertain to and apply to the securities to which a holder of the number of shares of Common Stock subject to such Options would have been entitled. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, shall cause such Options to terminate, provided that the Optionee shall, in such event, have the right immediately prior to such dissolution or liquidation, or merger or consolidation in which the Company is not the surviving corporation, to exercise such Options.

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In the event of a change in the Common Stock of the Company as presently constituted, which is limited to a change of all of its authorized shares without par value into the same number of shares with a different par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive.

Except as hereinbefore expressly provided in this paragraph 12, the Optionee shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spin-off of assets or stock of another corporation, and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to the Options granted under this Agreement.

The grant of the Long Term and Reload Options pursuant to this Agreement shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

13. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia, except to the extent that federal law shall be deemed to apply.

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14. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the date hereof and the provisions of this Agreement, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the date hereof.

15. Optionee Bound by Plan. The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

16. Binding Effect. Subject to the limitations stated herein and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of the Optionee and the successors of the Company.

17. Nontransferability. The Long Term and Reload Options granted under this Agreement shall be nontransferable except by will or

by the laws of descent and distribution. During the Optionee's lifetime, such Options may be exercised only by the Optionee.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Optionee has affixed his or her signature hereto.

UNIVERSAL CORPORATION                      OPTIONEE

By: \_\_\_\_\_ [Name]

Title: \_\_\_\_\_

UNIVERSAL CORPORATION

1994 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

Article I

DEFINITIONS

1.01 Affiliate means any "subsidiary" or "parent corporation" (within the meaning of Section 424 of the Code) of the Company.

1.02 Agreement means a written agreement (including any amendment or supplement thereto) between the Company and a Participant specifying the terms and conditions of a Grant issued to such Participant.

1.03 Board means the Board of Directors of the Company.

1.04 Code means the Internal Revenue Code of 1986, and any amendments thereto.

1.05 Commission means the Securities and Exchange Commission or any successor agency.

1.06 Committee means the Executive Compensation Committee of the Board.

1.07 Common Stock means the Common Stock of the Company.

1.08 Company means Universal Corporation.

1.09 Exchange Act means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

1.10 Fair Market Value means, on any given date, the closing price of a share of Common Stock as reported on the New York Stock Exchange composite tape on such day or, if the Common Stock was not traded on the New York Stock Exchange on such day, then on the next preceding day that the Common Stock was traded on such exchange, all as reported by such source as the Committee may select. If there is no regular public trading market for the Common Stock, the Fair Market Value shall be determined by the Committee in good faith.

1.11 Grant means the grant of an Option.

1.12 Non-Employee Director means a member of the Board who is not an employee of the Company or an Affiliate and was not such an employee within three years prior to his or her first election to the Board.

1.13 Option means a stock option that entitles the holder to purchase from the Company under the terms of this Plan the number of shares of Common Stock set forth in Article IV at the Option Price.

1.14 Option Price means the price per share for Common Stock purchased on the exercise of an Option as provided in Article IV.

1.15 Participant means a Non-Employee Director who is eligible to receive a Grant under this Plan.

1.16 Rule 16b-3 means Rule 16b-3, as promulgated by the Commission in Release No. 34-28869 under Section 16(b) of the Exchange Act, effective May 1, 1991, or any successor rule as amended from time to time.

1.17 Securities Broker means the registered securities broker acceptable to the Company who agrees to effect the cashless exercise of an Option pursuant to Section 7.03 hereof.

1.18 Subsidiary means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations in the chain (other than the last corporation) owns stock possessing at least 50 percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

## Article II

### PURPOSE

This Plan is intended to associate the interests of the Non-Employee Directors with those of the Company and its shareholders through increased equity ownership, to assist the Company in recruiting and retaining individuals of ability and experience who are not employed by the Company to serve on the Board and its committees and to provide incentive to those individuals by enabling them to participate in the future success of the Company.

## Article III

### ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have all the powers vested in it by the terms of the Plan, such powers to include the authority (within the limitations described herein) to prescribe the form of the Agreements evidencing Grants under the terms of this Plan. The Committee shall, subject to the provisions

of the Plan, have the power to construe the Plan, to determine all questions arising thereunder and to adopt and amend

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such rules and regulations for the administration of the Plan as it may deem desirable, consistent with the provisions of the Plan. Any decision of the Committee in the administration of the Plan, as described herein, shall be final and conclusive. The Committee may act only by a majority of its members in office, except that the members thereof may authorize any one or more of their number or the Secretary or any other officer of the Company to execute and deliver documents on behalf of the Committee. No member of the Committee shall be liable for anything done or omitted to be done by such member or by any other member of the Committee in connection with the Plan, except in circumstances involving actual bad faith. All costs and expenses of administering the Plan shall be borne by the Company.

#### Article IV

##### GRANTS OF OPTIONS

Every Non-Employee Director who serves on the Board during the term of the Plan is eligible to receive Grants. Each Non-Employee Director serving on the Board as of the effective date of this Plan shall be granted an Option on such date. Every Non-Employee Director who continues to serve in such capacity on the date which is the first business day following each Annual Meeting of Shareholders during the term of this Plan shall be granted an Option on each such date. Each Option shall be for the purchase by the Participant of 1,000 shares of Common Stock at a price per share equal to the Fair Market Value of a share of the Common Stock on the date of the Grant. Each Option shall be evidenced by an Agreement issued by the Committee in the form prescribed by the Committee and consistent with the terms of this Plan.

#### Article V

##### AMOUNT OF STOCK

The total number of shares of Common Stock reserved and available for issuance upon exercise of Options granted under the Plan shall be 100,000 shares, subject to adjustment as provided in Article VIII below. The Common Stock to be issued may be either authorized and unissued shares, issued shares acquired by the Company or its Subsidiaries or any combination thereof. In the event that an Option is terminated, in whole or in part, for any reason other than its exercise, the number of shares of Common Stock allocated to such Option or terminated portion thereof may be reallocated to other Options to be granted under this Plan. In the event that the number of shares of Common Stock available for future Grants under the Plan is insufficient to make all automatic Grants required to be made on such date, then all Non-Employee Directors shall share ratably in the number of Options available for Grants under the Plan.

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#### Article VI

##### EXERCISE OF OPTIONS

Each Option shall be first exercisable on the date which is six months from the date of the grant of the Option and shall continue to be exercisable for a term of ten years thereafter; provided however, that:

(i) subject to the six month exercisability requirement set forth above, an Option shall be exercisable, in the event of a Participant's death prior to exercising the Option, by his estate, or the person or persons to whom his rights under the Option shall pass by will or the laws of descent and distribution but only for a period of two years from the date of the Participant's death or during the remainder of the period preceding the expiration of the Option, whichever is shorter; (ii) subject to the six month exercisability requirement set forth above, an Option shall be exercisable, if a Participant becomes permanently and totally disabled (within the meaning of Section 105(d) (4) of the Code) while serving on the Board prior to exercising the Option, but only for a period of two years from the date on which he ceases serving on the Board due to such disability or during the remainder of the period preceding the expiration of the Option, whichever is shorter; and (iii) subject to the six month exercisability requirement set forth above, in the event that a Participant resigns from or is not re-elected or does not stand for re-election to the Board or in any other circumstance approved by the Board in its sole discretion, an Option shall be exercisable but only for a period of two years following the date of his resignation or cessation of service on the Board, or in the period prescribed by the Board in an approved circumstance, or during the remainder of the period preceding the expiration of the Option, whichever is shorter. Any Option shall be nontransferable, except by will or by the laws of descent and distribution as set forth above. During the lifetime of the Participant to whom an Option is granted, the Option may be exercised only by the Participant. No right or interest of a Participant in any Option shall be liable for, or subject to, any lien, obligation or liability of such Participant or his estate.

## Article VII

### MANNER OF EXERCISE

7.01 Exercise. Subject to the provisions of Article VI, an Option may be exercised in whole at any time or in part from time to time. An Option granted under this Plan may be exercised with respect to any number of whole shares less than the full number for which the Option could be exercised. Such partial exercise of an Option shall not affect the right to exercise the Option from time to time in accordance with this Plan with respect to remaining shares subject to the Option.

7.02 Payment. Payment of the Option Price may be made in cash or by surrendering previously-owned shares of Common Stock to the Company, provided the shares surrendered have a Fair Market Value (determined as of the day preceding the date of exercise) that is not less than such Option Price or part thereof.

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7.03 Cashless Exercise. To the extent permitted under applicable laws and regulations, at the request of the Participant, the Company will cooperate in a "cashless exercise" of an Option. The cashless exercise shall be effected by the Participant delivering to the Securities Broker instructions to exercise all or part of the Option, including instructions to sell a sufficient number of shares of Common Stock to cover the costs and expenses associated therewith.

7.04 Shareholder Rights. No Participant shall have any rights as a shareholder with respect to shares subject to an Option until the date he exercises such Option.

## Article VIII

## ADJUSTMENT UPON CHANGE IN COMMON STOCK

Should the Company effect one or more (x) stock dividends, stock split-ups, subdivisions or consolidations of shares or other similar changes in capitalization; (y) spin-offs, spin-outs, split-ups, split-offs, or other such distribution of assets to shareholders; or (z) direct or indirect assumptions and/or conversions of outstanding options due to an acquisition of the Company, then the maximum number of shares as to which Grants may be issued under this Plan and the number and price of shares of Common Stock subject to Grants shall be proportionately adjusted, and the terms of Options shall be adjusted, as the Committee shall determine to be equitably required to retain for the Participants the equivalent economic benefit of their Option(s). Any determination made under this Article VIII by the Committee shall be final and conclusive.

The issuance by the Company of shares of Common Stock or securities convertible into shares of Common Stock, for cash or property or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to any Grant.

## Article IX

### COMPLIANCE WITH LAW AND APPROVAL OF REGULATORY BODIES

No Option shall be exercisable, no Common Stock shall be issued, no certificates for shares of Common Stock shall be delivered, and no payment shall be made under this Plan except in compliance with all applicable federal and state laws and regulations (including, without limitation, withholding tax requirements, if any) and the rules of all domestic stock exchanges on which the Company's shares may be listed. The Company may rely on an opinion of its counsel as to such compliance. Any share certificate issued to evidence Common Stock for which an Option is exercised may bear such legends and statements as the Committee may deem advisable to assure compliance with federal and state laws and regulations. No Grant shall

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be exercisable, no Common Stock shall be issued, and no certificate for shares shall be delivered until the Company has obtained such consent or approval as the Committee may deem advisable from regulatory bodies having jurisdiction over such matters.

## Article X

### GENERAL PROVISIONS

10.01 Rules of Construction. Headings are given to the articles and sections of this Plan for ease of reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

10.02 Amendment. The Board may amend or terminate this Plan from time to time; provided, however, that the Board may amend no more often than once every six months and no amendment may become effective until shareholder approval is obtained if the amendment would increase the number of shares that may be issued hereunder pursuant to Options,

increase the benefits to Participants under the Plan, or change the requirements as to eligibility for participation in the Plan. No amendment shall, without a Participant's consent, adversely affect any rights of such Participant under any Grant outstanding at the time such amendment is made except if such an amendment is made to cause the Plan or a Grant to qualify for the Rule 16b-3 exemption. No amendment shall be made if it would disqualify the Plan from the exemption provided by Rule 16b-3.

10.03 No Right. Neither the Plan nor any action taken hereunder shall be construed as giving any Non-Employee Director any right to be retained in the service of the Company.

10.04 Unfunded Plan. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the issuance of shares upon exercise of any Option under the Plan and issuance of shares upon exercise of Options shall be subordinated to the claims of the Company's general creditors.

10.05 Acceptance. By accepting any Option or other benefit under the Plan, each Participant and each person claiming under or through such person shall be conclusively deemed to have indicated his acceptance and ratification of, and consent to, any action taken under the Plan by the Company or the Board.

10.06 Rule 16b-3 Compliance. It is the intention of the Company that the Plan comply in all respects with Rule 16b-3, that any ambiguities or inconsistencies in construction of the Plan be interpreted to give effect to such intention and that if any provision of the Plan is found not to be in compliance with Rule 16b-3, such provision shall be deemed null and void to the extent required to permit the Plan to comply with Rule 16b-3. The Board may adopt rules and regulations under, and amend, the Plan in furtherance of the intent of the foregoing.

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10.07 Term of Plan. No Grant may be issued under this Plan before the effective date of the Plan or after the first business day following the 2004 Annual Meeting of Shareholders (the "Termination Date"). Grants issued on or before the Termination Date shall remain valid in accordance with their terms.

10.08 Effective Date. This Plan has been approved by the Board of Directors of the Company, effective as of October 25, 1994, subject, however, to approval by the shareholders of the Company entitled to vote at the 1994 Annual Meeting of Shareholders.

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Exhibit 10.19

UNIVERSAL CORPORATION  
NON-EMPLOYEE DIRECTOR  
NON-QUALIFIED STOCK OPTION AGREEMENT

THIS AGREEMENT dated as of October 25, 1994, between Universal Corporation, a Virginia corporation, (the "Company"), and \_\_\_\_\_ ("Optionee"), is made pursuant and subject to the provisions of the Company's 1994 Stock Option Plan for Non-Employee Directors (the "Plan"), a copy of which is attached. All terms used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Grant of Option. Pursuant to the terms of the Plan, the Company, on October 25, 1994, granted to Optionee, subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the right and option to purchase from the Company all or any part of an aggregate of One Thousand (1,000) shares of the Common Stock of the Company (the "Common Stock") at an option price per share of \$\_\_\_\_\_. Such option is to be exercisable as hereinafter provided.

2. Terms and Conditions. This option is subject to the following terms and conditions:

(a) Expiration Date. The Expiration Date of this option is October 25, 2004.

(b) Exercise of Option. This option shall be exercisable with respect to the total number of shares covered by this option after the expiration of six (6) months from the granting of the option. Once this option has become exercisable with respect to the total number of shares in accordance with the preceding sentence, it shall continue to be exercisable with respect to such shares until the termination of Optionee's rights hereunder pursuant to paragraph 3, 4 and 5 or, otherwise, until the Expiration Date. A partial exercise of this option shall not affect Optionee's right to exercise subsequently this option with respect to the remaining shares that are exercisable, subject to the six month vesting period set forth in the first sentence of this subparagraph (b) and the conditions of the Plan and this Agreement.

(c) Method of Exercising and Payment for Shares. This option may be exercised only by written notice delivered to the attention of the Company's Secretary at the Company's principal office in Richmond, Virginia. The written notice shall specify the number of shares being acquired pursuant to the exercise of the option when such option is being exercised in part in accordance with subparagraph 2(b) hereof. The exercise date shall be the date upon which such notice is received by the Company. Such notice shall be accompanied by payment of the option price in full for each share either in cash in United States Dollars, or by the surrender of shares of Common Stock, or by cash equivalent acceptable to the Company or any combination thereof having an aggregate fair market value equal to the total option price for all the shares being purchased.

(d) Cashless Exercise. To the extent permitted by applicable laws and regulations, at the request of the Optionee, the Company will cooperate in a "cashless exercise" in accordance with Section 7.03 of the Plan.

(e) Nontransferability. This option is nontransferable except, in the event of the Optionee's death, by will or by the laws of descent and distribution subject to the terms hereof. During Optionee's lifetime, this option may be exercised only by Optionee.

3. Exercise in the Event of Death. Subject to the six

month exercisability requirement set forth in Section 2(b) hereof, this option shall remain exercisable with respect to any shares yet unexercised in the event that Optionee dies prior to exercising this option in full and prior to the Expiration Date of this option. In that event, this option may be exercised by

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Optionee's estate, or the person or persons to whom his rights under this option shall pass by will or the laws of descent and distribution. Optionee's estate or such persons must exercise this option with respect to the remaining shares subject to the option, if at all, within two years of the date of Optionee's death or during the remainder of the period preceding the Expiration Date, whichever is shorter.

4. Exercise in the Event of Permanent and Total Disability. Subject to the six month exercisability requirement set forth in Section 2(b) hereof, this option shall remain exercisable with respect to any shares yet unexercised if Optionee becomes permanently and totally disabled (within the meaning of Section 105(d)(4) of the Code) while serving on the Board prior to exercising this Option in full and prior to the Expiration Date of this option. In such event, Optionee must exercise this option with respect to the remaining shares subject to the option, if at all, within two years of the date on which he ceases serving on the Board due to permanent and total disability or during the remainder of the period preceding the Expiration Date, whichever is shorter.

5. Exercise After Resignation, Non-Election or Other Approved Circumstance. Subject to the six month exercisability requirement set forth in Section 2(b) hereof, in the event that Optionee resigns from or is not re-elected or does not stand for re-election to the Board or in any other circumstance approved by the Board in its sole discretion, this option shall remain exercisable with respect to any shares yet unexercised but must be exercised by Optionee, if at all, within two years following the date of his resignation or cessation of service on the Board, or within the period prescribed by the Board in an approved circumstance, or during the remainder of the period preceding the Expiration Date, whichever is shorter.

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6. Fractional Shares. Fractional shares shall not be issuable hereunder, and when any provision hereof may entitle Optionee to a fractional share such fraction shall be disregarded.

7. Investment Representation. Optionee agrees that, unless such shares shall previously have been registered under the Securities Act of 1933, (a) any shares purchased by him hereunder will be purchased for investment and not with a view to distribution or resale, and (b) until such registration, certificates representing such shares may bear an appropriate legend to assure compliance with such Act. This investment representation shall terminate when such shares have been registered under the Securities Act of 1933.

8. Change in Capital Structure. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by this option, and the price per share thereof, shall be proportionately adjusted and its terms shall be adjusted as the Committee shall determine to be equitably required for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from any stock dividend (but only on the Common Stock), stock split, subdivision, combination, reclassification, recapitalization or general issuance to holders of Common Stock of rights to purchase Common Stock at substantially below its then fair market value or any change in the number of such shares outstanding effected without receipt of cash or property or labor or services by the Company or for any spin-off, spin-out, split-up, split-off or other distribution of assets to shareholders.

In the event of a change in the Common Stock of the Company as presently constituted, which is limited to a change of all of its

authorized shares with par value or without par value,

the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

The grant of this option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

9. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia, except to the extent that federal law shall be deemed to apply.

10. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the date hereof and the provisions of this Agreement, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the date of hereof.

11. Optionee Bound by Plan. Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

12. Binding Effect. Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and insure to the benefit of the legatees, distributees, and personal representatives of Optionee and the successors of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and Optionee has affixed his signature hereto.

OPTIONEE:

UNIVERSAL CORPORATION

\_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_

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