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

FORM 10-Q

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

For the Period Ended December 31, 1995

OR

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

For the Transition Period From to

Commission file number 1-652

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

VIRGINIA
(State or other jurisdiction of incorporation or organization)

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

1501 North Hamilton Street, Richmond, Virginia
(Address of principal executive offices

23230
(Zip code)

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

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

Yes X No

Common Stock, No par value - 35,042,051 shares outstanding as of February 12, 1996

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, 1995 AND 1994

	THREE MONTHS		SIX MONTHS	
	1995	1994	1995	1994
SALES AND OTHER OPERATING REVENUES	$1,032,829	$969,532	$1,875,283	$1,630,947
COSTS AND EXPENSES				
Cost of goods sold	883,128	832,938	1,621,953	1,399,974
Selling, general and administrative	85,630	90,703	156,757	161,171
Interest	15,087	17,431	32,312	34,675

	983,845	941,072	1,811,022	1,595,820
INCOME BEFORE INCOME TAXES AND OTHER ITEMS	48,984	28,460	64,261	35,127
Income taxes	19,903	10,742	25,709	14,041
Minority interests	2,684	2,186	2,865	2,245
INCOME FROM CONSOLIDATED OPERATIONS	26,397	15,532	35,687	18,841
Equity in net income (loss) of unconsolidated affiliates	1,006	(27)	1,905	643
NET INCOME	$27,403	$15,505	$37,592	$19,484
EARNINGS PER COMMON SHARE	$.78	$.44	$1.07	$.56
RETAINED EARNINGS - BEGINNING OF PERIOD			$323,595	$332,626
Net income			37,592	19,484
Cash dividends declared ($.505-1995; $.49-1994)			(17,693)	(17,162)
RETAINED EARNINGS - END OF PERIOD			$343,494	$334,948
AVERAGE COMMON SHARES OUTSTANDING			35,032,284	35,005,823

UNIVERSAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31 1995	June 30, 1995
ASSETS		
CURRENT		
Cash and cash equivalents	$147,741	$158,093
Accounts and notes receivable	465,693	392,797
Accounts receivable - unconsolidated affiliates	11,235	13,230
Inventories - at lower of cost or market:		
Tobacco	649,888	458,964
Lumber and building products	103,664	122,613
Agri-products	61,179	72,908
Other	13,482	11,988
Prepaid income taxes	5,178	8,371
Deferred income taxes	6,002	5,625
Other current assets	12,160	17,764
Total current assets	1,476,222	1,262,353
REAL ESTATE, PLANT AND EQUIPMENT - AT COST		
Land	35,226	35,631
Buildings	215,203	211,146
Machinery and equipment	415,869	405,029
	666,298	651,806
Less accumulated depreciation	335,465	317,365
	330,833	334,441
OTHER ASSETS		
Goodwill	125,240	127,501
Other intangibles	30,527	21,759
Investments in unconsolidated affiliates	28,113	23,433
Deferred income taxes	12,258	7,832
Other noncurrent assets	46,398	30,646
	242,536	211,171
	$2,049,591	$1,807,965

Universal Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 1995	June 30, 1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Notes payable and overdrafts	$637,139	$651,140
Accounts payable	239,189	221,574
Accounts payable - unconsolidated affiliates	3,007	6,976
Customer advances and deposits	274,954	46,443
Accrued compensation	15,026	18,286
Income taxes payable	22,440	21,745
Current portion long-term obligations	43,162	31,476
Total current liabilities	1,234,917	997,640
LONG - TERM OBLIGATIONS	266,752	284,948
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	47,259	48,007
OTHER LONG - TERM LIABILITIES	49,565	52,962
DEFERRED INCOME TAXES	17,533	17,211
MINORITY INTERESTS	26,588	17,238
SHAREHOLDERS' EQUITY		
Preferred stock $100 par, 8% cumulative, authorized 75,000 shares, issued and outstanding 4 shares		
Additional preferred stock, no par value, authorized 5,000,000 shares, none issued or outstanding		
Common stock, no par value, authorized 50,000,000 shares, issued and outstanding 35,042,051 shares (35,030,314 at June 30, 1995)	75,929	75,749
Retained earnings	343,494	323,595
Foreign currency translation adjustments	(12,446)	(9,385)
Total shareholders' equity	406,977	389,959
	$2,049,591	$1,807,965

UNIVERSAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		

Net income	$37,592	$19,484
Adjustments to reconcile net income to net cash provided by operating activities	22,200	27,000
Changes in operating assets and liabilities net of effects from purchase of businesses	(4,594)	(124,435)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIEs	55,198	(77,951)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(17,700)	(16,500)
Purchase of businesses (net of cash acquired)	(17,600)	(60,600)
Other	(2,300)	2,100
NET CASH USED IN INVESTING ACTIVITIES	(37,600)	(75,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance (repayment) of short-term debt - net	(15,000)	65,000
Repayment of long-term debt	(21,800)	
Issuance of long-term debt	16,300	6,700
Proceeds from minority investment in a subsidiary	10,000	
Issuance of common stock	50	200
Dividends paid	(17,500)	(16,800)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(27,950)	55,100
Net decrease in cash and cash equivalents	(10,352)	(97,851)
Cash and cash equivalents at beginning of period	158,093	166,820
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$147,741	$68,969

UNIVERSAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1995

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

1) The Company's operating segments of domestic and foreign tobacco, lumber and building products and agri-products are seasonal by nature. Therefore, the results of operations for the six-month period ended December 31, 1995 are not necessarily indicative of results to be expected for the year ending June 30, 1996. All adjustments necessary to fairly state the results for such period have been included and were of a normal recurring nature.

2) The Company provides guarantees for seasonal pre-export crop financing for some of its subsidiaries and unconsolidated affiliates. In addition, certain subsidiaries provide guarantees that ensure that Common Market subsidies and value-added taxes will be repaid if the crops are not exported or if the subsidies are not properly distributed to Common Market farmers. At December 31, 1995, total exposure under guarantees issued for banking facilities of unconsolidated affiliates was $3 million. Other contingent liabilities approximate $53 million and relate principally to Common Market guarantees. The Company considers the possibility of loss on any of these guarantees to be remote.

3) Effective in fiscal year 1995, the Company consolidated the results of African operations previously accounted for under the equity or cost methods of accounting. Financial data for the prior year's second quarter and six months has been restated to reflect the consolidation. Before the effects of the consolidation, reported consolidated net income for the quarter and six months ended December 31, 1994 was $14.9 million or $.43 per share and $20.8 million or $.59 per share, respectively.

4) The Company recognized in June 1995 a pre-tax restructuring charge of $15.6

million related to the consolidation of certain tobacco operations and a reduction in the number of employees. The charge included $7.2 million for the expected costs of severance payments related to approximately 200 employees throughout the Company. The non-severance portion of the charge was for the write-down of fixed assets in operations consolidated ($3.7 million), and other nonoperating restructuring costs ($1.7 million). As of December 31, 1995, cash payments of $6 million had been made, approximately half of which was for the termination of leases and the balance to cover severance costs of 75 employees.

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

Liquidity and Capital Resources

Working capital at December 31, 1995, was $241 million compared to $265 million at June 30, 1995. The decline in working capital was accounted for by increases in current assets of $214 million offset by an increase in current liabilities of $237 million. The most significant increases related to inventory (up $191 million) and customer advances (up $229 million) in the Company's tobacco operations. Within the U.S., tobacco working capital needs are normally at their lowest point at June 30. Domestic tobacco balances at December 31, generally reflect current U.S. burley crop purchases and processing activity, and any unshipped current year flue-cured crop. This increases inventories which are funded by notes payable and customer advances. Generally the Company does not purchase tobacco in the United States on a speculative basis; thus the increase in inventory represents tobacco that has been committed to customers.

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

The liquidity and capital resources of the Company at December 31, 1995 remain adequate. Over the past two years the Company has announced restructuring plans related to the consolidation of certain tobacco operations and a reduction in the number of employees. These efforts have led to increased efficiency and streamlined operations. Through the six months ended December 31, 1995, approximately $3 million of severance payments related to the fiscal year 1995 restructuring had been paid.

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

In December 1995, the Company's Board of Directors authorized the execution and filing of a registration statement for the purpose of registering $200 million of debt securities of the Company for sale from time to time. In

February 1996 the Company plans to sell $100 million of notes to provide long-term funding to repay long-term debt, which will mature over the next 18 months. Pending such use, the net proceeds from the sale will be used to repay a portion of the Company's short-term bank debt.

Results of Operations

'Sales and Other Operating Revenues' increased $63 million or 6.5% in the quarter and $244 million or 15% year-to-date. Tobacco operations accounted for 70% of the year-to-date increase while agri-products, and lumber and building products accounted for over 75% of the increase in the quarter. The six-month tobacco revenues in the current fiscal year reflect the increase in domestic and dark tobacco orders. The revenue increase in the quarter related to lumber and building products was due to the inclusion of Heuvelman, a softwood distributor acquired last year, for the entire quarter in the current year compared to a portion in the prior fiscal year's quarter.

Gross profits in the quarter increased $13 million to $150 million and increased year-to-date $22 million to $253 million. In the quarter and six month periods the aforementioned acquisition of Heuvelman, accounted for $4 million and $11 million of the increases respectively. The balance of the gross profit improvement was realized in tobacco operations. In the United States the volumes of flue-cured and burley tobacco bought and processed were up in both the quarter and the six-month period due to an increase in marketings and orders from domestic and export customers. Foreign tobacco gross profits in the quarter increased primarily because of improving market conditions and because the quarter ended December 31, 1994 included approximately $2.7 million of inventory write-downs due to sharply depressed economic conditions in Eastern Europe which led to reduced sales activity in the region. Although lumber and building product gross profits benefited from the inclusion of Heuvelman for the full period, the gross profit percentages in the quarter and six-month period continued to lag those of last year. In late fiscal 1995 softwood prices began to decline due to high inventory levels in Western European markets. This led to increasing pressure on prices (20-year lows) and reduced margins. In the second quarter of fiscal year 1996, inventory levels were reduced and the decline in softwood prices has stabilized. Lower purchase prices for raw lumber are expected to lead to improvement in softwood margins in the near term. Agri-product gross profits were down slightly in the quarter and six-month periods.

'Selling and General and Administrative Expenses' decreased $5.1 million in the quarter and $4.4 million for the six months primarily due to a $3.8 million provision against Eastern European customer obligations that was included in the second quarter last year. In addition the Company has begun to realize the benefits of its restructuring efforts initiated over the past two years.

The improved tobacco world supply and demand relationship is expected to lead to better results for the current fiscal year. Although there are factors beyond management's control, such as fiscal policies in Brazil, the Company's balance and strength in the major tobacco origins provides a firm base for growth. The Brazilian government has reduced inflation rates to 20-year lows through fiscal policies included in its Plano Real economic plan, which entails financial control of items such as interest rates and exchange rates. In addition, the Brazilian government exercises control over taxation, trade policies, foreign investment and banking. Although there have been benefits realized from enacting the Plano Real, export industries have been adversely impacted. The long-term viability of the government's plan is dependent on various factors, including whether the current administration can continue to hold office in the future, the level of foreign currency reserves and the confidence of the Brazilian business sector. There were no significant changes in Brazil's fiscal policies during the six months ended December 31, 1995, and none have been announced that would lead the Company to believe there would be a significant impact for the Company's fiscal year ending June 30, 1996.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

12 Ratio of Earnings to Fixed Charges

(b) Reports on Form 8-K

None filed for the quarter ended December 31, 1995.

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 12, 1996

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)

EXHIBIT 12.

UNIVERSAL CORPORATION AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES
SIX MONTHS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
Pretax income from continuing operations	$64,261	$35,127
Pretax income of unconsolidated affiliates	2,592	768
Fixed charges	32,972	35,204
Earnings	$99,825	$71,099
Interest	$32,312	$34,675
Interest of unconsolidated affiliates	543	412
Debt discount amortization	117	117
Fixed Charges	$32,972	$35,204
Ratio of Earnings to Fixed Charges	3.0	2.0

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