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, 1993

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 - 35,633,585 shares outstanding as of February 9, 1994

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, 1993 and 1992

	Three Months	Six Months

	1993	1992	1993	1992
Sales and other operating revenues	$863,674	$888,294	$1,554,413	$1,714,875
Costs and expenses				
Cost of goods sold	753,803	765,256	1,329,083	1,473,120
Selling, general and administrative	66,903	59,207	140,630	128,632
Interest	14,343	12,319	30,212	24,610
	835,049	836,782	1,499,925	1,626,362
Income before income taxes and other items	28,625	51,512	54,488	88,513
Income taxes	9,568	17,288	17,486	30,705
Minority interests	391	106	304	165
Income from consolidated operations	18,666	34,118	36,698	57,643
Equity in net income of unconsolidated affiliates	1,544	1,131	1,971	1,382
Income before cumulative effect of change in accounting principle	20,210	35,249	38,669	59,025
Cumulative effect of change in accounting principle			(29,406)	
Net income	$20,210	$35,249	$9,263	$59,025
Per common share				
Income before cumulative effect of change in accounting principle	$ .57	$1.08	$1.09	$1.80
Cumulative effect of change in accounting principle			(.83)	
Net income	$ .57	$1.08	$ .26	$1.80
Retained earnings - Beginning of period			$341,523	$290,766
Net income			9,263	59,025
Cash dividends declared ($.46-1993; $.42-1992)			(16,392)	(13,809)
Retained earnings - End of period			$334,394	$335,982
Average common shares outstanding			35,632,238	32,865,543

Universal Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 1993	June 30, 1993
ASSETS		
Current		
Cash and cash equivalents	$66,170	$119,693
Accounts and notes receivable	414,496	345,766
Accounts receivable - unconsolidated affiliates	94,618	20,098
Inventories at lower of cost or market:		
Tobacco	531,028	431,140

Lumber and building products	70,475	63,386
Agri-products	75,364	56,004
Other	13,740	18,811
Deferred income taxes	3,320	3,606
Other current assets	16,739	28,431
Total current assets	1,285,950	1,086,935
Real estate, plant and equipment - at cost		
Land	22,294	21,004
Buildings	159,561	155,652
Machinery and equipment	351,955	347,569
	533,810	524,225
Less accumulated depreciation	257,974	246,450
	275,836	277,775
Other assets		
Goodwill	118,612	119,717
Other intangibles	18,391	20,080
Investments in unconsolidated affiliates	26,785	25,745
Deferred income taxes	15,344	2,193
Other noncurrent assets	42,292	31,743
	221,424	199,478
	$1,783,210	$1,564,188

Universal Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31, 1993	June 30, 1993
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Notes payable and overdrafts	$568,157	$426,251
Accounts payable	222,861	237,574
Accounts payable - unconsolidated affiliates	15,218	25,402
Customer advances and deposits	115,124	52,672
Accrued compensation	14,668	21,017
Income taxes payable	959	3,936
Current portion long-term obligations	10,616	19,552
Total current liabilities	947,603	786,404
Long - term obligations	294,965	281,807
Postretirement benefits other than pensions	49,860	
Other long - term liabilities	50,090	40,592
Deferred income taxes	28,519	35,020
Minority interests	5,491	2,452
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 35,633,585 shares (35,631,485 at June 30, 1993)	86,723	86,672
Retained earnings	334,394	341,523
Foreign currency translation adjustments	(14,435)	(10,282)
Total shareholders' equity	406,682	417,913
	$1,783,210	$1,564,188

Universal Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended December 31, 1993 and 1992

	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$9,263	$59,025
Adjustments to reconcile net income to net cash provided by operating activities	30,500	11,500
Cumulative effect of change in accounting principle	29,406	
Changes in operating assets and liabilities net of effects from purchase of businesses	(227,592)	29,915
Net cash provided by (used in) operating activities	(158,423)	100,440
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(13,300)	(21,300)
Purchase of businesses (net of cash acquired)	(8,700)	
Other	(3,500)	
Net cash used in investing activities	(25,500)	(21,300)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance (repayment) of short-term debt - net	131,100	(53,500)
Repayment of short-term debt classified as long-term June 30,1993	(100,000)	
Repayment of long-term debt		(21,700)
Issuance of long-term debt	115,000	
Issuance of common stock		500
Dividends paid	(15,700)	(13,100)
Net cash provided by (used in) financing activities	130,400	(87,800)
Net decrease in cash and cash equivalents	(53,523)	(8,660)
Cash and cash equivalents at beginning of period	119,693	82,674
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$66,170	$74,014

Universal Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1993

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

1) The Company's major 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, 1993 are not necessarily indicative of results to be expected for the year ending June 30, 1994. 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, 1993, total exposure under guarantees issued for banking facilities of unconsolidated affiliates was $22 million. Other contingent liabilities approximate $168 million and relate principally to Common Market guarantees, joint venture overdraft and other guarantees.

3) In August, 1993, Congress passed the "Omnibus Budget Reconciliation Act of 1993" which, among other things, increased the corporate tax rate from 34% to 35% retroactive to January 1, 1993. The cumulative impact was to increase tax expense approximately $1.5 million in the first quarter. The lower effective rate of 32%, compared to the six-month period last year, was primarily attributable to prior years non-repatriated earnings that have been deemed permanently reinvested in the current year and a greater proportion of earnings taxed at less than the full statutory rate.

4) The Company provides postemployment health and life insurance benefits for eligible U.S. employees attaining specific age and service requirements. The plans contain cost-sharing features such as deductibles and coinsurance. In the past the Company has made changes to the plans that have reduced benefits. The Company reserves the right to amend or discontinue the plans at any time.

Effective July 1, 1993, the Company adopted SFAS 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" which requires that the estimated costs of these benefits be expensed over the employee's active service period rather than as paid. The standard permits an employer to recognize the unrecorded postretirement obligation as a one-time charge to earnings or to be amortized over a period of up to 20 years. In the first quarter of the current fiscal year, the Company elected to recognize the obligation as a one-time charge of approximately $29 million or $.83 per share (net of $18 million in taxes). For the six months ended December 31, 1993, the effect of adopting SFAS 106 was a decrease in 'Income Before Cumulative Effect Of Change In Accounting Principle' of approximately $1.5 million. The after-tax cost for the six months ended December 31, 1992 was approximately $300 thousand recorded on a cash basis.

The accumulated postretirement benefit obligation was determined using an assumed health care cost trend rate of 15% as of July 1, 1993 decreasing gradually to 6.5% by fiscal year 2005. A one percentage point increase in the assumed health care cost trend rate would increase the accumulated benefit obligation by approximately $8 million and the aggregate of the service and interest cost components of net periodic postretirement benefit expense for the fiscal year by approximately $1 million. The assumed discount rate used in determining the benefit obligation at July 1, 1993 was 8%.

Effective January 1, 1994, the Company amended the aforementioned medical benefit plan for future retirees. The change reduces the Company's postretirement obligation by approximately $14 million (net of tax benefits). For reporting periods subsequent to January 1, the change is expected to substantially offset the impact on pre-tax earnings resulting from the adoption of SFAS 106.

5) Unaudited pro forma consolidated results of operations for the six months ended December 31, 1992 as though Casalee had been acquired at July 1, 1992 are: Gross revenues - $1.8 billion; Net income $52.2 million or $ 1.47 per common share.

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

Liquidity and Capital Resources

During the prior fiscal year the Company completed the acquisition of The Casalee Group SA. To partially finance this acquisition and to provide working capital, the Company issued approximately 2.7 million shares of common stock, receiving net proceeds of approximately $71 million. In the current year the Company in a private placement issued $100 million of 6.14% notes with a final maturity in the year 2000. The proceeds of the private placement were used to reduce short-term borrowings that had been classified as long-term. The Company also replaced its $100 million revolving credit facility and with a more favorable facility. The Company's liquidity and strong capital structure have been supported by these actions.

Current assets and current liabilities increased $199 million and $161 million, respectively, at December 31 compared to June 30, 1993, primarily due to the seasonal requirements of the Company's domestic tobacco operations and advances made to purchase tobacco from affiliates. The seasonal expansion in the U.S. is reflected in the balance sheet as higher receivables and inventory which are normally funded with short-term lines of credit, trade payables and advances by customers. The consolidated cash flow statement reflects the aforementioned issuance of long-term debt utilized to reduce short-term borrowings and support the net cash used in operating activities.

Results of Operations

'Sales and Other Operating Revenues' declined $25 million and $160 million in the quarter and six-month periods respectively, primarily due to a continuation of short-term adverse conditions in the trade, with lower demand and poor quality in the 1993 U.S. flue-cured crop adversely impacting domestic tobacco results. Purchases in the U.S. burley crop were substantially lower than the prior year, but overall processing results were comparable due to significantly larger volumes processed for the stabilization cooperatives. In addition, the comparison with last year's six months suffers from customer mandated hold-over shipments from previous crops made in last year's first quarter. Foreign tobacco revenues in both periods were up due to the inclusion of Casalee's operations in the current fiscal year. Lumber and building product revenues were down in both periods due to phasing out slow-moving products, closing unprofitable outlets and exchange rate changes, while agri-product revenues increased, reflecting favorable results from nuts, tea and sunflower seed operations.

Gross profits in the quarter and six-month periods declined $13 million and $16 million respectively. U.S. and foreign tobacco results reflect short-term adverse conditions in the trade, with the general world surplus affecting margins worldwide. Results were adversely affected by reduced demand, pressure on prices and delayed shipments . The Company's worldwide unsold inventories are being disposed of at a satisfactory rate under these circumstances and for upcoming crops, growers in the major tobacco exporting countries appear to be reducing production. Although overall gross profits of lumber and building products declined in both periods, gross margins increased, reflecting generally higher price levels. Agri-product gross profits increased in the current year due to improved margins in the aforementioned trading operations.

'Selling, general and administrative expenses' increased $7.7 million and $12 million for the quarter and six- month periods respectively, primarily due to the inclusion of Casalee's results. Substantial resources are being committed to develop markets in Eastern Europe and China, and the Company is aggressively pursuing consolidation and cost reductions made possible by the acquisition of Casalee. Fiscal year 1994 includes an increase in expense of approximately $1.3 million in the quarter and $2.6 million in the six months related to the adoption of SFAS 106 "Employers' Accounting for Postemployment Benefits Other Than Pensions." 'Interest expense' reflects increases from inventory carrying costs and the acquisition of Casalee. Lower interest rates partially offset the impact on interest expense of higher average borrowings outstanding during the current year.

'Income Taxes' for the six months ended December 31, 1993, reflect the combined effects of new tax legislation in the United States, non-repatriated earnings that have been deemed permanently reinvested, and a greater proportion of earnings taxed at less than the full statutory rate. In aggregate the Company's effective tax rate in the six months was 32% compared to 35% in the prior year. See note 3 for additional information. As previously mentioned (see note 4), the Company has adopted SFAS 106 which required a one-time charge of $29.4 million in the first quarter of the current fiscal year.

The tobacco industry faces a number of uncertainties in the near term, largely related to and affecting the U.S. domestic situation. In the United States, cigarette manufacturers are currently operating under recently effective legislation requiring that cigarettes made in the U.S. contain at least 75% domestic tobacco. This legislation obviously negatively affects the volume of imports into the United States, but demand for the domestic crops has been moderated by large surpluses in the stabilization cooperatives, which are available for purchase and use. The domestic content legislation is being challenged as illegal under GATT.

The proposed increase in excise tax on tobacco products is also a source of uncertainty in terms of its effect on demand for tobacco products, and will remain so until this situation is clarified.

The world oversupply is a third contributor to mixed signals from the tobacco markets. Oversupply generally results in more cautious purchases by manufacturers, as well as margin pressures. Because of a significant decrease in projected worldwide tobacco production, the Company believes that the current oversupply situation will moderate in the coming year. The Company remains confident about the long-term prospects for the industry and is cautiously optimistic that market conditions will begin to improve as surplus conditions abate.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 4

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, registrant agrees to furnish to the commission upon request a copy of the Revolving Credit Agreement dated as of December 1, 1993, with respect to long-term debt not registered.

(b) Reports on Form 8-K

None filed during the quarter ended December 31, 1993.

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.

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)

Date: February 9, 1994