

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) August 1, 2006

The St. Joe Company

(Exact Name of Registrant as Specified in Its Charter)

Florida

1-10466

59-0432511

(State or Other Jurisdiction  
of Incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

245 Riverside Avenue, Suite 500  
Jacksonville, FL

32202

(Address of Principal Executive Offices)

(Zip Code)

(904) 301-4200

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to  
simultaneously satisfy the filing obligation of the registrant under any of the  
following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 1, 2006, The St. Joe Company (the "Company") issued a press release announcing the Company's financial results for the quarter ended June 30, 2006. A copy of the press release is furnished with this Form 8-K as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 Press Release dated August 1, 2006

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 hereunto duly authorized.

THE ST. JOE COMPANY

Dated: August 1, 2006

By: /s/ Michael N. Regan

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Michael N. Regan  
Senior Vice President -  
Finance and Planning

## The St. Joe Company Reports Second Quarter 2006 Net Income of \$0.25 Per Share

JACKSONVILLE, Fla.--(BUSINESS WIRE)--Aug. 1, 2006--The St. Joe Company (NYSE:JOE):

- Lowering 2006 Guidance to \$0.70 to \$1.05 per Share
- Challenging Conditions Continue in Resort and Seasonal Residential Markets
- JOE Expands Relationships with Homebuilders
- Rural Land Sales Remain Steady

The St. Joe Company (NYSE:JOE) today announced that its Net Income for the second quarter of 2006 was \$19.0 million, or \$0.25 per share, compared to \$37.9 million, or \$0.50 per share, for the second quarter of 2005. All per share references in this release are presented on a diluted basis.

Net Income for the first half of 2006 was \$22.7 million, or \$0.30 per share, compared to \$53.3 million, or \$0.70 per share, for the first half of 2005.

"At established JOE resort towns, including WaterColor and WaterSound Beach, sales remained slow during the second quarter, which had a significant impact on revenue and earnings," said JOE chairman, president and CEO Peter S. Rummell. "Considering the high levels of resale inventory available in many parts of Florida, including JOE's core markets in Northwest Florida, we believe activity in our resort and seasonal markets will remain slow for at least 18 to 24 months before there is a return to supply-demand equilibrium. Sales in some of our primary-home communities declined due to softening demand, reflecting the broader Florida real estate slowdown, along with a temporary lack of product availability in certain JOE communities primarily due to permitting and platting issues that have now been resolved."

"Although challenging conditions continue in our key Florida resort and seasonal markets, we are seeing sales activity at new projects," said Rummell. "The introduction of new products in WindMark Beach and WaterSound at a wider range of price points is showing some promise."

## National and Regional Homebuilders Buy Into JOE's Florida

"We are making good progress working with national and regional homebuilders," said Rummell. "Earlier today, JOE and Beazer Homes, USA, Inc. announced a long-term relationship that represents an initial commitment for 681 single-family, townhouse and multifamily sites at Laguna Beach West and Beckrich Northeast in Panama City Beach, SouthWood and Victoria Park. In addition, Beazer Homes has been selected to build homes in RiverTown."

"In addition, JOE is expanding its relationship with David Weekley Homes," said Rummell. "These commitments include production of primary and seasonal home products in WaterSound, ParkPlace in Bay County, SouthWood and RiverCamps on Crooked Creek. We continue to work with D.R. Horton, Inc., who is purchasing home sites in Hawks Landing."

"Further, from the submissions of 19 national and regional homebuilders, proposals from seven have been selected for the purchase of home sites in RiverTown, including Beazer Homes and David Weekley Homes. We are in the process of finalizing purchase agreements for home sites in this project in St. Johns County."

## Rural Land Sales Remain Steady; Commercial Pipeline Solid

"St. Joe Land Company continues to make progress with its niche marketing efforts," said Rummell. "We are seeing significant interest in our new FloridaWild rural land product. In addition, our commercial pipeline in Northwest Florida is solid. In the second quarter, we closed significant sales to a multifamily developer in Tallahassee and Lowe's in Panama City Beach. However, we had one significant commercial contract cancelled in the quarter. More multifamily transactions are in our pipeline, along with a healthy number of smaller retail land parcels and commerce and business park sales."

## Focus Remains on Value Creation

"Florida has been through real estate cycles like this before," said Rummell. "It has always emerged stronger, driven primarily by a diverse economy and an outstanding quality of life that attracts people to the state. We believe in Florida's long-term future, and we

are maintaining a long-term perspective in managing the company."

"While ultimately we must deliver the value we create through earnings, we have no intention of chasing short-term earnings through significant discounting at the expense of long-term value creation," said Rummell. "Rather, we intend to be well-positioned for the cycle's upswing. We are going to move forward with the patience and commitment necessary to deliver the full value of our land holdings to our shareholders. We may capitalize on near-term opportunities, but any steps we take will remain consistent with our long-term value creation strategy."

"We are taking this opportunity to review and refocus every aspect of our business," said Rummell. "We've already been able to identify significant savings from our capital spending program through a combination of eliminating some costs, trimming others - and in some cases, delaying some capital spending until market conditions improve."

#### FAA Issued Final Environmental Impact Statement for Panama City Airport

During the second quarter, the Federal Aviation Administration (FAA) issued its Final Environmental Impact Statement (FEIS) on the proposed relocation of the Panama City - Bay County International Airport. In the FEIS, the FAA selected relocation to the West Bay site - on land owned by JOE - as its preferred alternative. While there are still a number of steps remaining to relocate the airport, this positive FEIS was a significant one. The FAA expects to issue its Record of Decision (ROD) by the end of September.

#### Long-Term Trends, Entitlements Expertise Favor JOE

"While we make short-term course adjustments to respond to market conditions, we continue to believe that long-term trends work in our favor," said Rummell. "Certainly demographic trends, which we have discussed often and at length, work in Florida's favor. Florida's strong, diversified economy and projected population growth are also advantages for JOE."

"JOE's experience and expertise in gaining entitlements is - and will remain - a significant advantage in the years ahead," said Rummell. "Through these entitlements, we are continuing to build a storehouse of future value. It will never get easier to entitle land in Florida; it will only get more difficult."

"This growing storehouse of value, in the form of land holdings entitled for highest and best use, will position us to be fully prepared to meet the market when conditions improve and demand increases, not only with our own development efforts, but with our strategic partners as well," said Rummell. "Our land inventory, combined with our entitlement skills, makes JOE an important long-term partner for homebuilders and multifamily, commercial and industrial developers."

On June 30, 2006, JOE owned approximately 825,000 acres, concentrated primarily in Northwest Florida. These holdings included approximately 335,000 acres within 10 miles of the coast of the Gulf of Mexico and approximately 490,000 acres outside the 10-mile coastal perimeter, including approximately 48,000 acres in southwest Georgia.

Also, on June 30, 2006, JOE had land-use entitlements in hand or in process for approximately 44,000 residential units, an increase of approximately 2,000 units from March 31, and approximately 15.1 million square feet of commercial space. An additional 637 acres is zoned for commercial uses. These entitlements are on approximately 45,000 acres.

"The additional residential units reflect our objective to get a broader range of product to market, including additional moderately priced units," said Chris Corr, senior vice president for strategic planning. "We have a number of projects moving through the entitlements process intended to meet demand for more attainable housing."

Land-use entitlements were also obtained to support development of a new hospital in Port St. Joe to be operated by Sacred Heart Health Systems.

See Tables 1, 2, and 3 below for additional information about our entitlements currently in hand or in process.

#### 2006 OUTLOOK

Lowering 2006 Guidance to \$0.70 to \$1.05 per Share

"As we progress further into the main selling season for many of our communities, the near term operating environment remains a

challenge and earnings visibility continues to be extremely limited, particularly for resort and seasonal residential products," said JOE's CFO Anthony M. Corriggio. "As a result of these factors, we are lowering our range of expected full-year earnings to \$0.70 to \$1.05 per share. There continues to be potential for meaningful variability of earnings on both sides of this range given that sizable real estate transactions can be difficult to predict from a timing perspective."

#### St. Joe Towns & Resorts

"Elevated resale inventories and limited transaction activity in the resort and seasonal product lines continue to adversely affect sales across several markets, leading us to further reduce profit expectations from this segment for the remainder of the year," said Corriggio. "This reduction is again the most significant single component of the downward revision in earnings expectations."

"On the primary housing front, we continue to be in active discussions with several major homebuilders interested in participating in various JOE projects in Northwest Florida and other parts of the state," said Corriggio. "The definitive agreements just announced with Beazer Homes and the expansion of our relationship with David Weekley Homes are among several initiatives being undertaken to enhance JOE's ability to deliver primary housing at competitive price points across multiple markets. The potential exists for additional transactions to occur in the second half of 2006. However, some of these transactions are not expected to begin to contribute to earnings and cash flows until late this year or in 2007."

#### Commercial Real Estate

"Non-residential commercial (retail, light industrial, office/showroom) activity continues at a solid pace across our Northwest Florida markets," said Corriggio. "We expect more than 15 transactions of this type to close in the second half, ranging in size from \$100,000 to several million dollars and with average pricing greater than \$200,000 per acre. Most of the earnings from the Lowe's transaction closed in the second quarter will be recognized in the fourth quarter after completion of required infrastructure on the site. We also continue to see relatively strong demand from regional and national multifamily developers looking to bring for-rent and townhouse products to these markets at lower to medium price points, and have several transactions under contract scheduled to close by the end of the year. We did, however, have a transaction with a local developer for a mid-size multifamily/mixed-use parcel result in a cancelled contract and forfeited deposit in the second quarter. The parcel remains with JOE for remarketing, but will likely not result in a 2006 closing."

"In general, nearly all of Commercial's earnings from land sales should occur in the second half of the year," said Corriggio. "This activity, much of which is currently under contract or letter of intent, is expected to contribute approximately \$20 million of pretax gain over the next two quarters. As described in our first quarter report earlier this year, we are also continuing to evaluate the potential sale of an additional office building from our Investment Portfolio."

#### St. Joe Land Company

"We expect continued good performance from Land Company operations as we enter the second half," said Corriggio. "Rural and recreational land sales activity continues to be relatively steady and several types of product offerings currently appear to have sustained traction in both demand and pricing. We anticipate several meaningful transactions involving WoodLands and FloridaWild products, with closings potentially occurring in the fourth quarter."

#### CAPITAL INVESTMENT

"We have adjusted our capital investment plans and continue to evaluate further reductions in light of market conditions," said Corriggio. "We are thoroughly reviewing all capital investment decisions in order to properly pace development to meet the market as well as bring quality first phases in our next-generation projects to the point of sale in an efficient manner. Subject to further refinement, we currently expect construction spending at WaterSound, WindMark Beach, SummerCamp, RiverTown and SevenShores to total approximately \$150 million over the next four quarters. We believe this represents the bulk of the investment capital necessary to ready the initial phase of product for sale in these communities. Vertical

construction will not commence at SevenShores until we satisfy internally-set presale requirements."

## SENIOR NOTES AND CREDIT FACILITY

"During the second quarter, we initiated a process to better align the covenants on our 2002 and 2004 Senior Notes with those contained in our 2005 Senior Notes and Credit Facility," said Corriggio. "To this end, on July 28th, we entered into an amendment agreement with the 2002 note holders that modifies certain financial covenants. The amendment, when effective, will provide increased leverage capacity along with increased flexibility in maintaining minimum net worth levels, one effect of which is to provide additional flexibility regarding distributions to shareholders. The effectiveness of the covenant modifications is subject to certain conditions, including, but not limited to, the Company's prepayment of the \$100 million outstanding 2004 Senior Notes. We have also entered into a loan agreement to provide a separate source of financing to potentially repay the 2004 notes at our discretion. Additional details on the terms of the agreements can be found in our Form 8-K filed on July 31st."

### Dividends and Stock Repurchase

A quarterly cash dividend of \$0.16 per share of common stock was paid on June 30 to shareholders of record at the close of business on June 15, 2006.

On June 30, 2006, 74,092,125 JOE shares were outstanding. The number of weighted-average diluted shares in the second quarter of 2006 was 74,540,823.

During the second quarter of 2006, JOE expended an aggregate of \$34.3 million for dividends and the acquisition of its shares. JOE acquired 483,257 of its shares at a cost of \$22.3 million, an average price of \$46.17 per share. On June 30, approximately \$106.1 million remained of the company's stock repurchase authorization. Table 4 below contains additional information on JOE's repurchase activity since 1998.

"We continue to view our dividend and repurchase program as an important contributor to shareholder value," said Corriggio. "During the first half of 2006, JOE expended an aggregate of \$71.6 million for dividends and the acquisition of its shares toward our 2006 benchmark of \$125 million to \$175 million."

## SEGMENT RESULTS

### ST. JOE TOWNS & RESORTS

Pretax income from continuing operations for St. Joe Towns & Resorts, JOE's residential and resort development segment, was \$19.4 million for the second quarter of 2006, compared to \$50.9 million in the second quarter last year. These results exclude income from unconsolidated affiliates.

In the second quarter, St. Joe Towns & Resorts closed on the sales of 424 units and generated revenues from housing and home sites of \$129.2 million, compared to 553 units and \$190.9 million, respectively, in the second quarter of 2005. See Table 5 below for additional information on our sales activity.

JOE accepted contracts for 224 homes and 43 home sites in the second quarter of 2006, compared to 500 homes and 146 home sites in the second quarter last year. See Table 6 below for additional information on units placed under contract. The decrease is the result of slowing residential sales in some markets as well as the lack of inventory at certain projects, particularly SouthWood and Victoria Park, where temporary permitting and platting delays, now resolved, limited the availability of home sites.

The backlog of home sites and homes under contract was 572 units as of June 30, 2006, compared to 1,193 units as of June 30, 2005. As a result of the slower sales pace in 2006, the backlog continued to be reduced in the second quarter as closings of units far outpaced units placed under contract. We are also in a transition stage in several of our high-volume projects, with Paseos, Rivercrest, St. Johns Golf & County Club and Artisan Park all nearing sell-out. See Table 7 below for additional backlog information.

For the second quarter, the average margin for home sites and homes was 64.2 percent and 23.6 percent, compared to 76.9 percent and 16.2 percent, respectively, for the same period in 2005. The contraction of home site margins was the result of closing fewer

higher-margin home sites in 2006 at resort communities in Northwest Florida. The improvement of the home margins was the result of closing homes sold at higher prices in the strong real estate market over the past couple of years.

"We are working to further expand our relationships with national and regional homebuilders and leverage the activity, interest and energy they bring to a region," said Britt Greene, president of St. Joe Towns & Resorts and St. Joe Commercial. "We are seeking partners who think like us and bring new skill sets to JOE's Florida."

Beazer Homes and JOE announced earlier today that the two companies have entered into a long-term relationship under which JOE would entitle, develop and sell home sites in a number of its Florida towns to Beazer Homes, who would build and market the single and multi-family homes.

Initially, under the terms of several purchase agreements, JOE will sell Beazer Homes 681 residential single-family, townhouse and multifamily sites, including 82 townhouse sites in SouthWood in Tallahassee, 179 single-family sites at Victoria Park in DeLand and approximately 420 single-family, townhouse and multifamily sites in Panama City Beach. In addition, JOE has selected a proposal from Beazer Homes for the purchase of residential sites in RiverTown in St. Johns County near Jacksonville.

In July, JOE entered into an option agreement with David Weekley Homes for 70 home sites in ParkPlace and contracted and closed seven home sites in WaterSound. During the second quarter David Weekley Homes purchased three home sites in RiverCamps on Crooked Creek, one of which is intended to be a model home for their marketing efforts. JOE also selected a proposal from David Weekley Homes for the purchase of home sites in RiverTown. They had previously contracted and are now closing home sites in Palmetto Trace in Panama City Beach.

Prior to the second quarter, D.R. Horton had committed to purchase 83 home sites in Hawks Landing.

See Table 8 below for additional information on homebuilder activity. Significant second quarter project activity is summarized below. Additional information on project activity is in Table 9 below.

#### Northwest Florida

##### WaterColor

In July, the WaterColor Inn was ranked by Travel + Leisure Magazine as one of the top 4 hotels in the United States in their rankings of the 'World's Best 100 Hotels.' "Our investment in quality is paying dividends," said Greene. "This type of recognition should attract new potential customers."

##### WaterSound

Sales activity started in the second quarter at WaterSound, north of U.S. 98 in Walton County. In July, non-binding reservations were accepted for 19 home sites at an average price of \$170,700. With its inland location and access to beach amenities, WaterSound is bringing a new product offering to the South Walton County market.

##### ParkPlace

During the second quarter, David Weekley Homes entered into an option agreement to purchase 70 home sites in ParkPlace, a new community in Bay County consisting of 260 residential units on 118 acres.

##### WindMark Beach

During the second quarter, sales activity started in the new phases of WindMark Beach in Gulf County. In July, contracts were accepted for 10 home sites at an average price of \$281,600. The realignment of a 3.5-mile segment of U.S. 98 within WindMark Beach is scheduled to open late in the third quarter. A show home is featured in the current issue of Southern Accents magazine.

#### Northeast Florida

##### RiverTown

During the second quarter, JOE began construction at RiverTown, the 4,170-acre primary home community south of Jacksonville in St. Johns County, one of Florida's fastest growing counties. Proposals for the purchase of home sites were selected from seven national and regional homebuilders, including Beazer Homes and David Weekley Homes. Home sales are expected to begin in 2007.

## Southwest Florida

### SevenShores

During the second quarter, site work continued at SevenShores in Bradenton to prepare for this market's selling season that begins in the fourth quarter of 2006.

### North and South Carolina

For the second quarter, Saussy Burbank, JOE's homebuilder based in Charlotte, NC, accepted contracts for 173 homes, compared to 254 contracts in same quarter last year, which was the highest ever achieved by Saussy Burbank. "Overall, we continue to see stable performance from Saussy Burbank in their Carolina markets in Charlotte and Raleigh that are now in the top five markets in the nation," said Greene.

## COMMERCIAL REAL ESTATE

Pretax income from continuing operations for the commercial segment was \$0.9 million for the second quarter of 2006, compared to \$2.5 million in the same quarter of 2005.

Pretax income from discontinued operations for the second quarter of 2006 was \$4.4 million, compared to \$0.3 million in the second quarter of 2005. Second quarter discontinued operations include the results of operations and pretax gains of \$4.4 million from the sale of two office buildings in Tampa.

Information on JOE's commercial land sales activity can be found in Table 10 below. Table 11 contains information on JOE's portfolio of office buildings.

### Northwest Florida

In the second quarter, JOE closed the sale of two multifamily parcels totaling 17.5 acres in Tallahassee's SouthWood Town Center to Broad Street Partners for \$5.5 million, or \$315,000 per acre. This is JOE's second Broad Street transaction in Northwest Florida. The mixed-use project is expected to include 383 residential units and 30,000 square feet of retail and commercial space. Current plans call for the development of 335 rental units and 48 additional condominium units over the commercial space.

JOE also closed on the sale of a 13.5-acre retail parcel to Lowe's. The parcel, located on U.S. 98 in Panama City Beach, sold for \$3.3 million, or approximately \$245,000 per acre. This retail project is currently under construction and JOE is marketing the outparcels.

"Demand remains solid for our commerce and business park product, and we believe we are well positioned for the future, given all the economic development activity underway in Northwest Florida," said Greene. "JOE plans to start infrastructure construction later this quarter on the new Cedar Grove Commerce Park in east Bay County. JOE's commerce and business parks provide local and regional businesses with the opportunity to put new operations into service quickly as new jobs continue to be created in the region."

### Investment Portfolio

On June 28, 2006, JOE closed on the sale of Prestige Place One & Two in Tampa, Florida. The two office buildings, totaling 147,000 square feet, were sold for a gross sales price of \$18.1 million, or \$123 per square foot. Originally acquired in December 1999, the pretax gain on the transaction was \$4.4 million.

## ST. JOE LAND COMPANY

St. Joe Land Company had a solid second quarter with pretax income from continuing operations of \$23.0 million in the second quarter of 2006, compared to \$16.0 million in the second quarter of 2005.

### WoodLands

Sales of WoodLands, JOE's rural recreational land, totaled \$11.4 million for 5,230 acres at an average price of \$2,181 per acre, compared to \$12.1 million for 6,314 acres at an average price of \$1,912 per acre in the second quarter of 2005.

### FloridaWild



In the second quarter, JOE worked with the State of Florida and The Nature Conservancy to complete the sale of 2,590 acres along the St. Marks River for a new state park. The FloridaWild parcel sold for \$10.6 million, or approximately \$4,093 per acre. This parcel is located south of U.S. 27 in Leon County with a small portion in Jefferson County.

RiverCamps

RiverCamps on Crooked Creek

In the second quarter, David Weekley Homes purchased three home sites at an average price of \$210,000. David Weekley Home's plans call for a model home to be started later this year.

WhiteFence Farms

WhiteFence Farms - Red Hills

The 2006 Southern Living and Progressive Farmer Idea House & Farmstead at WhiteFence Farms - Red Hills opened for public tours on June 10. The farmstead is being featured in the August 2006 issues of Southern Living and Progressive Farmer magazines. Sales are expected to begin in early 2007.

Information on JOE's rural land sales activity can be found in Table 12 below.

TABLES AND DATA

Table 1 summarizes JOE's Florida residential and mixed-use projects with land-use entitlements as of June 30, 2006. This table includes multifamily projects, which are marketed by our commercial group. Also detailed in the table are commercial entitlements, in terms of square feet, that are entitled as part of JOE's mixed-use projects. These commercial entitlements include retail, office and industrial uses.

Table 1  
Summary of Land-Use Entitlements (1)  
Active JOE Residential and Mixed-Use Projects in Florida  
June 30, 2006

Project	Class.(2)	County	Project Acres	Project Units(3)	Residential Units Closed Since Inception
In Development: (6)					
Artisan Park (7)	PR	Osceola	175	616	401
Bridgeport	PR	Gulf	15	37	36
Cutter Ridge	PR	Franklin	10	25	--
Hawks Landing	PR	Bay	88	168	23
Landings at Wetappo	RR	Gulf	113	24	7
Palmetto Trace	PR	Bay	141	481	441
Paseos (7)	PR	Palm Beach	175	325	304
RiverCamps on Crooked Creek	RS	Bay	1,491	408	181
Rivercrest (7)	PR	Hillsborough	413	1,382	1,223
RiverSide at Chipola	RR	Calhoun	120	10	2
RiverTown	PR	St. Johns	4,170	4,500	--
SevenShores (Perico Island)	RS	Manatee	192	686	--
SouthWood	VAR	Leon	3,370	4,770	1,944
St. Johns Golf & Country Club	PR	St. Johns	820	799	761
SummerCamp	RS	Franklin	762	499	70
The Hammocks	PR	Bay	133	457	453
Victoria Park	PR	Volusia	1,859	4,200	977
WaterColor	RS	Walton	499	1,140	865
WaterSound	VAR	Walton	2,425	1,432	7
WaterSound Beach	RS	Walton	256	511	410
WaterSound West Beach	RS	Walton	62	199	13
WindMark Beach	RS	Gulf	2,020	1,662	104

Subtotal			19,309	24,331	8,222
In Pre-Development:(6)					
Avenue A	PR	Gulf	6	96	--
Bayview Estates	PR	Gulf	31	45	--
Beckrich NE	PR	Bay	15	70	--
Boggy Creek	PR	Bay	630	526	--
College Station	PR	Bay	567	800	--
East Lake Creek	PR	Bay	81	313	--
East Lake Powell	RS	Bay	181	360	--
Hills Road	RS	Bay	30	356	--
Howards Creek	RR	Gulf	8	33	--
Laguna Beach East	PR	Bay	25	360	--
Laguna Beach West	PR	Bay	59	539	--
Long Avenue	PR	Gulf	10	30	--
Palmetto Bayou	PR	Bay	58	217	--
ParkPlace	PR	Bay	118	260	--
ParkSide	PR	Bay	48	480	--
Pier Park NE	VAR	Bay	57	460	--
Pier Park Timeshare	RS	Bay	13	125	--
Port St. Joe Town Center	VAR	Gulf	180	624	--
Powell Adams	RS	Bay	32	1,425	--
RiverCamps on Sandy Creek	RS	Bay	6,500	624	--
Sabal Island	RS	Gulf	45	18	--
The Cove	RR	Gulf	57	81	--
Timber Island (8)	RS	Franklin	49	407	--
Topsail	VAR	Walton	115	627	--
Wavecrest	RS	Bay	7	95	--
WestBay Corners SE	VAR	Bay	100	524	--
WestBay Corners SW	PR	Bay	64	160	--
WestBay DSAP	VAR	Bay	15,089	5,628	--
WestBay Landing	VAR	Bay	950	214	--
WhiteFence Farms, Red Hills	RR	Leon	373	61	--
Subtotal			25,498	15,558	--
Total			44,807	39,889	8,222

Project	Class.(2)	County	Residential		
			Units Under Contract as of 6/30/06(4)	Total Residential Units Remaining (4)	Remaining Commercial Entitlements (Sq. Ft.) (5)
In Development: (6)					
Artisan Park(7)	PR	Osceola	122	93	--
Bridgeport	PR	Gulf	--	1	--
Cutter Ridge	PR	Franklin	--	25	--
Hawks Landing	PR	Bay	15	130	--
Landings at Wetappo	RR	Gulf	--	17	--
Palmetto Trace	PR	Bay	--	40	--
Paseos (7)	PR	Palm Beach	19	2	--
RiverCamps on Crooked Creek	RS	Bay	--	227	--
Rivercrest (7)	PR	Hillsborough	155	4	--
RiverSide at Chipola	RR	Calhoun	--	8	--
RiverTown	PR	St. Johns	--	4,500	500,000
SevenShores (Perico Island)	RS	Manatee	9	677	9,000
SouthWood	VAR	Leon	76	2,750	5,399,460
St. Johns Golf & Country Club	PR	St. Johns	11	27	--
SummerCamp	RS	Franklin	2	427	25,000
The Hammocks	PR	Bay	1	3	--
Victoria Park	PR	Volusia	74	3,149	854,254
WaterColor	RS	Walton	--	275	47,600
WaterSound	VAR	Walton	--	1,425	457,380
WaterSound Beach	RS	Walton	4	97	29,000
WaterSound West	RS	Walton			

Beach			--	186	--
WindMark Beach	RS	Gulf	--	1,558	75,000
Subtotal			488	15,621	7,396,694
In Pre-Development:(6)					
Avenue A	PR	Gulf	--	96	--
Bayview Estates	PR	Gulf	--	45	--
Beckrich NE	PR	Bay	--	70	--
Boggy Creek	PR	Bay	--	526	--
College Station	PR	Bay	--	800	--
East Lake Creek	PR	Bay	--	313	--
East Lake Powell	RS	Bay	--	360	--
Hills Road	RS	Bay	--	356	--
Howards Creek	RR	Gulf	--	33	--
Laguna Beach East	PR	Bay	--	360	--
Laguna Beach West	PR	Bay	--	539	--
Long Avenue	PR	Gulf	--	30	--
Palmetto Bayou	PR	Bay	--	217	90,000
ParkPlace	PR	Bay	--	260	--
ParkSide	PR	Bay	--	480	--
Pier Park NE	VAR	Bay	--	460	190,000
Pier Park Timeshare	RS	Bay	--	125	--
Port St. Joe Town Center	VAR	Gulf	--	624	500,000
Powell Adams	RS	Bay	--	1,425	--
RiverCamps on Sandy Creek	RS	Bay	--	624	--
Sabal Island	RS	Gulf	--	18	--
The Cove	RR	Gulf	--	81	--
Timber Island (8)	RS	Franklin	--	407	14,500
Topsail	VAR	Walton	--	627	300,000
Wavecrest	RS	Bay	--	95	--
WestBay Corners SE	VAR	Bay	--	524	50,000
WestBay Corners SW	PR	Bay	--	160	--
WestBay DSAP	VAR	Bay	--	5,628	4,330,000
WestBay Landing	VAR	Bay	--	214	--
WhiteFence Farms, Red Hills	RR	Leon	--	61	--
Subtotal			--	15,558	5,474,500
Total			488	31,179	12,871,194

(1) A project is deemed land-use entitled when all major discretionary governmental land-use approvals have been received. Some of these projects may require additional permits for development and/or build-out; they also may be subject to legal challenge.

(2) Current JOE land classifications:

- PR - Primary residential.
- RS - Resort and seasonal residential, which includes RiverCamps.
- RR - Rural residential, which includes WhiteFence Farms, Homesteads and other rural residential products.
- VAR - Includes multiple classifications. For example, a project may have substantial commercial and residential acres.

(3) Project units represent the maximum number of units entitled or currently expected at full build-out. The actual number of units or square feet to be constructed at full build-out may be lower than the number entitled or currently expected.

(4) Excludes our Mid-Atlantic region that includes activity in North and South Carolina where we are primarily engaged in homebuilding, and not obtaining entitlements. As of June 30, 2006, the Mid-Atlantic region had 1,793 home sites owned or under contract. Of that total, 258 have been sold and 1,535 remain to be sold.

(5) Represents the remaining square feet with land-use entitlements as designated in a development order or expected given the existing property land use or zoning and present plans. Commercial entitlements include retail, office and industrial uses. Industrial uses total 6,128,381 square feet including SouthWood, RiverTown and the West Bay DSAP.

(6) A project is "in development" when construction on the project has commenced. A project in "pre-development" has land-use

entitlements but is still under internal evaluation or requires one or more additional permits prior to the commencement of construction.

- (7) Artisan Park is 74 percent owned by JOE. Paseos and Rivercrest are each 50 percent owned by JOE.
- (8) Timber Island entitlements include seven residential units and 400 units for hotel or other transient uses (including units held with fractional ownership such as private residence clubs) and include 480 wet/dry marina slips.

Table 2 details the proposed JOE residential and mixed-use projects in the land-use entitlements process in Florida.

Table 2  
Proposed JOE Residential and Mixed-Use Projects  
In the Land-Use Entitlement Process in Florida (1)  
June 30, 2006

Project	Class.(2)	County	Project Acres	Estimated Project Units(3)	Estimated Commercial Entitlements (Sq. Ft.)(3)
Bayview MF	PR	Gulf	20	300	--
BonfireBeach	RS	Bay	550	750	70,000
Breakfast Point	VAR	Bay	1,448	3,100	635,000
Carrabelle East	PR	Franklin	200	600	--
DeerPoint Cedar Grove	PR	Bay	599	750	--
PineLog	RR	Bay	1,300	125	--
SouthSide	VAR	Leon	1,625	2,800	1,150,000
South Walton Multifamily	PR	Walton	40	212	--
Star Avenue North	VAR	Bay	271	1,248	380,000
St. James Island McIntyre	RR	Franklin	1,704	340	--
St. James Island RiverCamps	RS	Franklin	2,500	500	--
St. James Island Granite Point	RS	Franklin	1,000	2,000	--
<b>Total</b>			<b>11,257</b>	<b>12,725</b>	<b>2,235,000</b>

(1) A project is deemed to be in the land-use entitlement process when customary steps necessary for the preparation and submittal of an application, such as conducting pre-application meetings or similar discussions with governmental officials, have commenced and/or an application has been filed. All projects listed have significant entitlement steps remaining that could affect their timing, scale and viability. There can be no assurance that these entitlements will ultimately be received.

- (2) Current JOE land classifications:
- PR - Primary residential.
  - RS - Resort and seasonal residential, which includes RiverCamps.
  - RR - Rural residential, which includes WhiteFence Farms, Homesteads and other rural residential products.
  - VAR - Includes multiple classifications. For example, a project may have substantial commercial and residential acres.

(3) The actual number of units or square feet to be constructed at full build-out may be lower than the number ultimately entitled.

Table 3 is a summary of the additional commercial land-use entitlements.

Table 3  
Summary of Additional Commercial Land-Use Entitlements (1)  
(Commercial Projects Not Included in Tables 1 and 2 Above)  
Active JOE Florida Commercial Projects  
June 30, 2006

Project	County	Project Acres	Acres Under Contract		Total Acres Remaining
			Acres Sold Since Inception	As of 6/30/06	
Airport Commerce	Leon	45	--	--	45
Alf Coleman Retail	Bay	25	15	1	9
Avery St. Retail	Bay	10	--	--	10
Beach Commerce	Bay	157	141	6	10
Beach Commerce II	Bay	112	11	--	101
Beckrich Office Park	Bay	12	8	--	4
Beckrich Retail	Bay	47	18	--	29
Cedar Grove Commerce	Bay	51	--	--	51
Glades Retail	Bay	14	--	--	14
Gulf Boulevard	Bay	76	21	--	55
Hammock Creek Commerce	Gadsden	165	27	--	138
Mill Creek Commerce	Bay	37	--	--	37
Nautilus Court	Bay	11	4	--	7
Port St. Joe Commerce II	Gulf	39	9	--	30
Port St. Joe Commerce III	Gulf	54	--	--	54
Port St. Joe Medical	Gulf	19	--	--	19
Powell Hills Retail	Bay	44	--	44	--
South Walton Commerce	Walton	39	15	--	24
<b>Total</b>		<b>957</b>	<b>269</b>	<b>51</b>	<b>637</b>

(1) A project is deemed land-use entitled when all major discretionary governmental land-use approvals have been received. Some of these projects may require additional permits for development and/or build-out; they also may be subject to legal challenge. Includes significant JOE projects that are either operating, under development or in the pre-development stage.

Table 4 summarizes the company's stock repurchase activity from 1998 through June 30, 2006.

Table 4  
Stock Repurchase Activity  
Through June 30, 2006

Period	Shares			Total Cost (in millions)	Average Price
	Purchased	Surrendered(1)	Total		
1998	2,574,200	11,890	2,586,090	\$55.5	\$21.41
1999	2,843,200	11,890	2,855,090	69.5	24.31
2000	3,517,066	--	3,517,066	80.2	22.78
2001	7,071,300	58,550	7,129,850	176.0	24.67
2002	5,169,906	256,729	5,426,635	157.6	29.03
2003	2,555,174	812,802	3,367,976	102.9	30.55
2004	1,561,565	884,633	2,446,198	105.0	42.90
2005	1,705,000	68,648	1,773,648	124.8	70.33
2006 (through June 30)	900,100	4,596	904,696	47.7	52.69
<b>Total/ Weighted Average</b>	<b>27,897,511</b>	<b>2,109,738</b>	<b>30,007,249</b>	<b>\$919.3</b>	<b>\$30.61</b>

(1) Shares surrendered by company executives as payment for the strike price and taxes due on exercised stock options and the vesting of restricted stock.

Tables 5 and 6 summarize sales activity for St. Joe Towns & Resorts for the second quarter of 2006 compared to the same period in 2005. Table 7 details backlog for St. Joe Towns and Resorts.

Table 5  
St. Joe Towns & Resorts  
Sales Activity  
For the Three Months  
Ended June 30,  
(\$ in millions)

	2006				2005			
	Number of Units Closed	Revenue	Cost of Sales (1)	Gross Profit	Number of Units Closed	Revenue	Cost of Sales (1)	Gross Profit
Home Sites (2)	40	\$7.0	\$2.5	\$4.5	120	\$52.7	\$12.2	\$40.5
Homes (3)	384	122.2	93.3	28.9	433	138.2	115.8	22.4
<b>Total</b>	<b>424</b>	<b>\$129.2</b>	<b>\$95.8</b>	<b>\$33.4</b>	<b>553</b>	<b>\$190.9</b>	<b>\$128.0</b>	<b>\$62.9</b>

(1) Cost of sales for home sites in the second quarter of 2006 consisted of \$1.8 million in direct costs, \$0.2 million in selling costs and \$0.5 million in indirect costs. Cost of sales for home sites in the second quarter of 2005 consisted of \$9.4 million in direct costs, \$1.7 million in selling costs and \$1.1 million in indirect costs. Cost of sales for homes in the second quarter of 2006 consisted of \$79.5 million in direct costs, \$6.1 million in selling costs and \$7.7 million in indirect costs. Cost of sales for homes in the second quarter of 2005 consisted of \$98.7 million in direct costs, \$7.4 million in selling costs and \$9.7 million in indirect costs.

(2) Profit has been deferred as a result of continuing development obligations at SummerCamp and WaterSound West Beach. As a consequence, revenue recognition and closings may occur in different periods.

(3) Homes include single-family, multifamily and Private Resident Club (PRC) units. Multifamily and PRC revenue is recognized, if preconditions are met, on a percentage-of-completion basis. As a consequence, revenue recognition and closings may occur in different periods. Percentage-of-completion accounting was utilized at Artisan Park in the second quarter of 2006 and Artisan Park, WaterColor and WaterSound Beach in the second quarter of 2005. Paseos and Rivercrest, two joint ventures 50 percent owned by JOE, are not included. Sales are substantially complete at both of these communities.

Table 6  
St. Joe Towns & Resorts  
Units Placed Under Contract  
For the Three Months  
Ended June 30,

	2006	2005	Percentage Change
Home Sites	43	146	(70.5)%
Homes (1)	224	500	(55.2)
<b>Total (1)</b>	<b>267</b>	<b>646</b>	<b>(58.7)%</b>

(1) Homes include single-family homes, multifamily and PRC units. Paseos and Rivercrest, two unconsolidated joint ventures, are not included. Sales are substantially complete at both of these communities.

Table 7  
St. Joe Towns & Resorts  
Backlog (1)  
(\$ in millions)

June 30, 2006

June 30, 2005

	Units	Revenues	Units	Revenues
Home Sites	18	\$1.7	36	\$3.2
Homes (2)	554	207.4	1,157	420.6
Total	572	\$209.1	1,193	\$423.8

(1) Backlog represents units under contract but not yet closed. Paseos and Rivercrest, two joint ventures 50 percent owned by JOE, are not included. Backlog at Paseos and Rivercrest totaled \$44.8 million for 174 units at the end of the second quarter of 2006, compared to \$178.9 million for 726 units at the end of the second quarter of 2005.

(2) As of June 30, 2006, there were 95 units subject to percentage-of-completion accounting in the homes backlog with related revenue of \$44.9 million (of which \$38.4 million had previously been recognized in the financial statements). As of June 30, 2005, there were 212 units subject to percentage-of-completion accounting with related revenue of \$77.1 million (of which \$38.6 million had previously been recognized in the financial statements).

Table 8 summarizes commitments for home site purchases from national homebuilders.

Table 8  
National Homebuilder Summary  
As of July 31, 2006

	Total Units Committed(1)	Total Units Closed to Date	Average Price Closed Units	Remaining Units To Close(2)
Beazer Homes				
Beckrich				
Northeast	70	0	N/A	70
Laguna Beach				
West	350	0	N/A	350
SouthWood	82	0	N/A	82
Victoria Park	179	0	N/A	179
David Weekley Homes				
Palmetto Trace	55	31	76,200	24
ParkPlace	70	0	N/A	70
RiverCamps on Crooked Creek	3	3	210,000	0
WaterSound	7	7	\$144,200	0
D.R. Horton				
Hawks Landing	83	0	N/A	83
Total	899	41		858

(1) Includes amounts under contract or under option.

(2) These units are not included in the data on Tables 6 and 7.

Table 9 summarizes the sales activity at various residential communities for the second quarter of 2006 compared to the same period in 2005.

Table 9  
St. Joe Towns & Resorts  
Sales Activity  
For the Three Months Ended June 30,  
(\$ in thousands)

2006			2005		
Units Closed	Avg. Price	Accepted (1)	Units Closed	Avg. Price	Accepted (1)

WaterColor

Home Sites	1	\$321.4	1	\$321.4	36	\$544.6	36	\$544.60
Single/Multi-family Homes	1	840.7	0	0	2	735.7	0	0
WaterSound Beach Home Sites	0	0	0	0	24	1,020.2	24	1,020.2
Single-Family Homes	1	1,038.0	4	1,124.2	0	0	0	0
WaterSound-West Beach Home Sites	2	293.9	2	293.9	0	0	0	0
WaterSound Home Sites	7	144.2	7	144.2	0	0	0	0
Palmetto Trace Home Sites	8	78.0	8	78.0	0	0	0	0
Single-Family Homes	26	320.1	2	201.0	31	188.6	26	301.6
The Hammocks Single-Family Homes	19	154.2	0	0	19	191.2	25	143.7
Hawks Landing Home Sites	0	0	15	76.7	0	0	0	0
Bridgeport Home Sites	5	23.8	0	0	0	0	5	21.2
SouthWood Home Sites	6	118.3	(1)	(52.0)	22	130.2	25	132.2
Single-Family Homes	41	312.7	3	358.5	58	259.1	65	290.7
SummerCamp Home Sites	5	350.4	5	325.8	0	0	0	0
Single-Family Homes	0	0	0	0	0	0	0	0
St. Johns G & CC Home Sites	0	0	2	157.5	12	64.7	35	70.2
Single-Family Homes	17	535.1	8	510.0	39	402.6	15	471.1
Hampton Park/James Island Single-Family Homes	0	0	0	0	4	511.8	1	499.9
Victoria Park Home Sites	6	170.6	4	137.2	21	139.3	16	138.8
Single-Family Homes	50	306.9	18	354.8	87	270.3	67	305.1
Artisan Park(2) Home Sites	0	0	0	.0	5	447.0	5	447.0
Single-Family Homes	27	642.3	2	494.5	18	432.3	25	661.0
Multi-family Homes	49	396.1	5	441.9	0	0	22	487.4



SevenShores Multi- family Homes	0	0	9	1,013.7	0	0	0	0
Paseos(2) Single- Family Homes	26	504.2	0	0	35	435.7	0	0
Rivercrest (2) Single- Family Homes	81	209.0	0	0	138	160.8	98	213.1
Saussy Burbank Single- Family Homes	153	283.4	173	281.8	175	256.0	254	245.8
Total	531	\$313.9	267	\$313.3	726	\$289.5	744	\$300.2

(1) Contracts accepted during the quarter. Contracts accepted and closed in the same quarter are also included as units closed. Average prices shown reflect variations in the product mix across time periods as well as price changes for similar product.

(2) JOE owns 74 percent of Artisan Park and 50 percent of each of Paseos and Rivercrest. Sales from Paseos and Rivercrest are not consolidated with the financial results of St. Joe Towns & Resorts.

Table 10 summarizes JOE's commercial land sales in Northwest Florida for the second quarters of 2006 and 2005.

Table 10  
St. Joe Commercial Northwest Florida Land Sales  
Quarter Ended June 30,

	Number of Sales	Acres Sold	Gross Sales Price (in thousands)	Average Price/Acre (in thousands)
2006	5	34	\$9,509	\$282
2005	11	25	\$2,933	\$116

Table 11 summarizes JOE's investment property portfolio of office buildings as of June 30, 2006.

Table 11  
Investment Portfolio of Office Buildings  
June 30, 2006

Location	Number of Properties	Net Rentable Square Feet	Leased Percentage
Florida	6	609,000	89%
Georgia	8	1,289,000	76
North Carolina	1	158,000	100
Virginia	3	354,000	96
Total	18	2,410,000	84%

Table 12 summarizes JOE's rural land sales in Northwest Florida for the second quarters of 2006 and 2005.

Table 12  
St. Joe Land Company Rural Land Sales  
Quarter Ended June 30,

Number of Sales	Acres Sold	Gross Sales Price (in thousands)	Average Price/Acre (in thousands)
--------------------	------------	-------------------------------------	--------------------------------------

2006				
WoodLands	19	5,230	\$11,409	\$2,181
FloridaWild	2	2,910	12,478	4,288
Other	2	269	2,541	9,446
<b>Total</b>	<b>23</b>	<b>8,409</b>	<b>26,428</b>	<b>3,143</b>

  

2005				
WoodLands	27	6,314	12,075	1,912
Homesteads	19	159	1,781	11,200
Other	1	7	460	65,714
<b>Total</b>	<b>47</b>	<b>6,480</b>	<b>\$14,316</b>	<b>\$2,209</b>

FINANCIAL DATA  
(\$ in millions except per share amounts)  
Summary Balance Sheet

	June 30, 2006	December 31, 2005
<b>Assets</b>		
Investment in real estate	\$1,192.9	\$1,036.2
Cash and cash equivalents	43.5	202.6
Accounts receivable	60.2	58.9
Prepaid pension asset	97.0	95.0
Property, plant and equipment, net	37.7	40.2
Other assets	140.5	159.0
<b>Total assets</b>	<b>\$1,571.8</b>	<b>\$1,591.9</b>
<b>Liabilities and Stockholders' Equity</b>		
Debt	\$ 605.3	\$ 554.4
Accounts payable, accrued liabilities	239.7	214.4
Deferred income taxes	257.9	315.9
<b>Total liabilities</b>	<b>1,102.9</b>	<b>1,084.7</b>
Minority interest	17.1	18.2
<b>Total stockholders' equity</b>	<b>451.8</b>	<b>489.0</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,571.8</b>	<b>\$1,591.9</b>

Debt Schedule

	June 30, 2006	December 31, 2005
Revolving debt facility	\$ 50.0	\$ --
Medium term notes	407.0	407.0
Acquisition and other debt	4.0	14.7
Other collateralized/specific asset related debt	144.3	132.7
<b>Total debt</b>	<b>\$ 605.3</b>	<b>\$ 554.4</b>

Consolidated Quarterly Comparisons

	Quarter Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
<b>Revenues:</b>				
Real estate sales	\$163.6	228.3	\$302.7	\$386.9
Rental revenue	10.7	9.8	22.2	19.1
Timber sales	7.8	7.6	16.3	15.6

Other revenues	12.6	14.0	20.2	22.2
Total revenues	194.7	259.7	361.4	443.8
Expenses:				
Cost of real estate sales	101.2	142.6	194.8	247.5
Cost of rental revenue	4.5	3.9	8.8	7.5
Cost of timber sales 6.4	4.9	12.2	10.1	
Cost of other revenues	12.2	11.8	20.2	19.8
Other operating expenses	18.2	17.5	38.4	33.2
Corporate expense, net	13.6	12.0	29.3	23.9
Depreciation and amortization	9.7	9.2	20.0	18.5
Total expenses	165.8	201.9	323.7	360.5
Operating profit	28.9	57.8	37.7	83.3
Other income (expense)	(1.9)	(2.2)	(5.4)	(3.2)
Pretax income from continuing operations				
Income tax expense	27.0	55.6	32.3	80.1
Minority interest expense	(10.7)	(22.3)	(13.1)	(32.0)
Equity in income of unconsolidated affiliates	(2.7)	(1.1)	(4.9)	(2.0)
Discontinued operations, net of tax	2.7	5.5	5.6	7.4
	2.7	0.2	2.8	(0.2)
Net income	\$19.0	\$37.9	\$22.7	\$53.3
Net income per diluted share	\$0.25	\$0.50	\$0.30	\$0.70
Weighted average diluted shares outstanding				
	74,540,823	76,502,088	74,740,791	76,601,786

#### Quarterly Revenues by Segment

	Quarter Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Towns & Resorts:				
Real estate sales	\$129.3	\$190.9	\$248.1	\$319.9
Rental revenue	0.5	0.5	0.8	0.6
Other revenues	12.4	13.9	19.8	21.9
Total Towns & Resorts	142.2	205.3	268.7	342.4
Commercial real estate:				
Real estate sales	5.2	14.0	8.1	25.7
Rental revenue	10.2	9.2	21.4	18.5
Other revenues	0.2	0.1	0.3	0.3
Total Commercial real estate	15.6	23.3	29.8	44.5
Land Sales:				
Real estate sales	29.1	23.5	46.6	41.3
Total Land sales	29.1	23.5	46.6	41.3
Forestry sales	7.8	7.6	16.3	15.6

Total revenues	\$194.7	\$259.7	\$361.4	\$443.8
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Quarterly Segment Pretax Income  
From Continuing Operations

	Jun 30 2006	Mar 31 2006	Dec 31 2005	Sep 30 2005	Jun 30 2005	Mar 31 2005	Dec 31 2004	Sep 30 2004	Jun 30 2004
Towns & Resorts	\$19.4	\$11.7	\$37.5	\$25.6	\$50.9	\$23.1	\$24.7	\$31.8	\$34.4
Commercial real estate	0.9	0.1	4.9	14.2	2.5	1.2	17.0	2.8	1.0
Land sales	23.0	11.8	24.2	16.6	16.0	12.0	16.3	11.5	10.3
Forestry	0.9	2.0	0.5	0.6	1.6	2.0	2.1	1.9	2.4
Corporate and other	(17.2)	(20.3)	(15.0)	(16.1)	(15.4)	(13.8)	(17.0)	(13.6)	(11.9)
Pretax income from continuing operations	\$27.0	\$5.3	\$52.1	\$40.9	\$55.6	\$24.5	\$43.1	\$34.4	\$36.2

Other Income (Expense)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Dividend and interest income	\$1.1	\$0.3	\$3.0	\$0.6
Interest expense	(5.0)	(3.4)	(8.7)	(5.7)
Other	2.0	0.9	0.3	1.9
Total	\$(1.9)	\$(2.2)	\$(5.4)	\$(3.2)

Equity in Income of Unconsolidated Affiliates

	Quarter Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Commercial	\$ --	\$2.4	\$ --	\$2.4
Towns & Resorts	2.7	3.1	5.6	5.0
Total	\$2.7	\$5.5	\$5.6	\$7.4

Reported results are preliminary and not final until the filing of our Form 10-Q with the SEC and, therefore, remain subject to adjustment.

Conference Call Information

JOE will host an interactive conference call to review the Company's results for the quarter ended June 30, 2006, and to discuss earnings guidance for 2006 on Tuesday, August 1, 2006, at 10:30 a.m., Eastern Daylight Time.

To participate in the call, please phone 877-502-9276 (for domestic calls from the United States) or 913-981-5591 (for international calls) approximately ten minutes before the scheduled start time. You may be asked for a Confirmation Code which is: 3277453. Approximately three hours following the call, you may access

a replay of the call by phoning 888-203-1112 (domestic) or 719-457-0820 (international) using access code 3277453. The replay will be available for one week.

JOE will also web cast the conference call live over the internet in a listen-only format. Listeners can participate by visiting the Company's web site at <http://www.joe.com>. Access will be available 15 minutes prior to the scheduled start time. A replay of the conference call will be posted to the JOE web site approximately three hours following the call. The replay of the call will be available for one week.

#### About JOE

The St. Joe Company (NYSE:JOE), a publicly held company based in Jacksonville, is one of Florida's largest real estate operating companies. We are primarily engaged in real estate development and sales, with significant interests in timber. JOE's mission is to create places that inspire people and make the region an even better place to live, work and play. We're no ordinary JOE.

More information about JOE can be found at our web site at <http://www.joe.com>.

#### Forward-Looking Statements

We have made forward-looking statements in this earnings release, particularly in the Outlook Section, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any statements in this release that are not historical facts are forward-looking statements. You can find many of these forward-looking statements by looking for words such as "intend", "anticipate", "believe", "estimate", "expect", "plan", "should", "forecast" or similar expressions. In particular, forward-looking statements include, among others, statements about the following:

- future operating performance, revenues, earnings, cash flows, and short and long-term revenue and earnings growth rates;
- the size and number of residential units and commercial buildings;
- expected development timetables and projected timing for the second sales or closings of homes or home sites in a community;
- development approvals and the ability to obtain such approvals, including possible legal challenges;
- the anticipated price ranges of developments;
- the number of units or commercial square footage that can be supported upon full build out of a development;
- the number, price and timing of anticipated land sales or acquisitions;
- estimated land holdings for a particular use within a specific time frame;
- absorption rates and expected gains on land and home site sales;
- the pace at which we release new products for sale;
- comparisons to historical projects;
- the amount of dividends we pay; and
- the number of shares of company stock which may be purchased under the company's existing or future share-repurchase program.

Forward-looking statements are not guarantees of future performance. You are cautioned not to place undue reliance on any of these forward-looking statements. These statements are made as of the date hereof based on our current expectations, and we undertake no obligation to update the information contained in this release. New information, future events or risks may cause the forward-looking events we discuss in this earnings release not to occur.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by a forward-looking

statement include the risk factors described in our annual report on Form 10-K for the year ended December 31, 2005 as well as, among others, the following:

- economic conditions, particularly in Northwest Florida, Florida as a whole and key areas of the southeast United States that serve as feeder markets to our Northwest Florida operations;
- changes in the demographics affecting projected population growth in Florida, including the demographic migration of Baby Boomers;
- changes in macro-economic perceptions or conditions in the real estate market;
- the termination of sales contracts or letters of intent due to, among other factors, the failure of one or more closing conditions or market changes;
- whether our developments receive all land-use entitlements or other permits necessary for development and/or full build-out or are subject to legal challenge;
- local conditions such as the supply of homes and home sites and residential or resort properties or a change in the demand for real estate in an area;
- timing and costs associated with property developments and rentals;
- the pace of commercial development in Northwest Florida;
- competition from other real estate developers;
- changes in pricing of our products and changes in the related profit margins;
- changes in operating costs, including real estate taxes and the cost of construction materials;
- changes in the amount or timing of federal and state income tax liabilities resulting from either a change in our application of tax laws, an adverse determination by a taxing authority or court, or legislative changes to existing laws;
- changes in interest rates and the performance of the financial markets;
- changes in market rental rates for our commercial and resort properties;
- changes in the prices or availability of wood products;
- the pace of development of public infrastructure, particularly in Northwest Florida, including a proposed new airport in Bay County, which is dependent on approvals of the local airport authority and the Federal Aviation Administration, various permits and the availability of adequate funding;
- potential liability under environmental laws or other laws or regulations;
- changes in laws, regulations or the regulatory environment affecting the development of real estate;
- fluctuations in the size and number of transactions from period to period;
- natural disasters, including hurricanes and other severe weather conditions, and the impact on current and future demand for our products in Florida;
- the continuing effects of recent hurricane disasters on the regional and national economies and current and future demand for our products in Florida;
- the prices and availability of labor and building materials;
- changes in insurance rates and deductibles for property in Florida;

- changes in gasoline prices; and
- acts of war, terrorism or other geopolitical events.

The foregoing list is not exhaustive and should be read in conjunction with other cautionary statements contained in our periodic and other filings with the Securities and Exchange Commission.

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