



Audit and Finance Committee Charter

I. Purpose

The Audit and Finance Committee (the "Committee") is established by the Board of Directors (the "Board") of The St. Joe Company and its subsidiaries (the "Company") primarily for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company.

The Committee is responsible for providing assistance to the Board in fulfilling the Board's oversight responsibilities on matters relating to: (1) the quality and integrity of the Company's financial statements and related disclosure and the effectiveness of internal control over financial reporting; (2) the independence, qualifications and performance of the independent auditors; (3) the performance of the Company's internal audit function; (4) the Company's compliance with legal and regulatory requirements; and (5) engaging in such other matters as may from time to time be specifically delegated to the Committee by the Board.

While the Committee has the responsibilities and powers set forth in this Charter, the responsibility of the Committee is oversight. It is not the responsibility of the Committee to prepare the Company's financial statements, to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP") and other applicable accounting principles and applicable rules and regulations. It is the responsibility of the Company's management to prepare consolidated financial statements in accordance with GAAP and applicable law and regulations and of the Company's independent auditors to audit those financial statements. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Committee by such persons or organizations.

II. Composition

Members. The Committee shall consist of three or more members of the Board. The members of the Committee shall be appointed annually by the Board upon the recommendation of the Governance and Nominating Committee.

Qualifications. Each member of the Committee shall meet the independence requirements of (1) the New York Stock Exchange; and (2) Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each as determined by the Board in its business judgment. In addition each Committee member shall be free of any relationship that, in the opinion of the Board, may interfere with his or her exercise of independent judgment as a Committee member.

All Committee members must be financially literate. In addition, at least one member of the Committee shall be an "audit committee financial expert" as defined by Securities and Exchange Commission (the "SEC") rules. The Board shall determine, in its business judgment and upon the recommendation of the Governance and Nominating Committee, whether a member is financially literate and whether at least one member is an audit committee financial expert and has the requisite accounting or financial management expertise.

No member of the Committee shall simultaneously serve on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee, and discloses this determination on the Company's website or in its annual proxy statement.

Chair. The Chair of the Committee shall be appointed by the Board, upon the recommendation of the Governance and Nominating Committee.

Removal and Replacement. The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board upon the recommendation of the Governance and Nominating Committee.

III. Operations

Meetings. The Committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require and shall establish its own rules of procedure for all meetings.

The Committee may invite any officer or employee of the Company to attend meetings. The Committee shall meet separately, periodically, with the Company's management, its internal auditor and its independent auditors to discuss any matters the

Committee or any of these persons or firms believe should be discussed confidentially. The Committee shall meet in executive session at least quarterly.

Quorum. A majority of the total number of members constitutes a quorum of the Committee. A majority of the members of the Committee in attendance at a meeting, where a quorum is present, is empowered to act on behalf of the Committee, except as may be provided otherwise in this Charter. The Committee may delegate any of its responsibilities, as it deems appropriate, to a subcommittee composed of one or more members.

Agenda. The Chair of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee and the Board and senior management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

Report to Board. The Committee shall report regularly to the entire Board and shall submit to the Board the minutes of its meetings. The Committee shall review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's independent auditors and the performance of the corporate audit function.

Self Evaluation. The Committee shall prepare and review with the Board an annual performance evaluation of the Committee. The evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate, with the oversight and assistance of the Governance and Nominating Committee.

Assessment of Charter. The Committee shall review this Charter annually and recommend to the Board any improvements to this Charter that the Committee deems necessary or desirable.

IV. Authority and Duties

In furtherance of the Committee's purpose, and in addition to any other responsibilities which may be properly assigned by the Board from time to time hereunder, the Committee shall have the following authorities and duties:

Independent Auditors' Performance, Qualifications and Independence

1. Sole authority for the appointment, retention, compensation, evaluation, oversight and termination of the work of the independent auditors of the Company (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Committee shall review the performance and independence of the independent auditors and remove the independent auditors if circumstances warrant. The independent auditors shall report directly to the Committee.
2. Sole authority to pre-approve all auditing services, internal control-related audit services and permitted non-audit services to be provided by the independent auditors. The Committee may delegate to the Chair of the Committee the authority to pre-approve certain auditing services and non-audit services, provided that the Chair shall present such approvals at the next regularly scheduled Committee meeting.
3. Review with the lead audit partner whether any of the audit team members receive any discretionary compensation from the audit firm with respect to non-audit services performed by the independent auditors.
4. Obtain and review with the lead audit partner and a more senior representative of the independent auditors, annually or more frequently as the Committee considers appropriate, a report by the independent auditors describing: (i) the independent auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry, review or investigation by governmental, professional or other regulatory authorities, within the preceding five years, respecting independent audits carried out by the independent auditors, and any steps taken to deal with these issues; and (iii) (to assess the independent auditors' independence) all relationships between the independent auditors and the Company. The Committee shall discuss with the independent auditors any issues or relationships disclosed in such report that, in the judgment of the Committee, may have an impact on the independent auditors performance, qualifications and independence.
5. Review and evaluate the qualifications, performance and independence of the independent, auditors, including the lead audit partner. The Committee shall take into account any non-audit services provided by the independent auditors, as well as the opinions of management, in such assessment. The Committee shall, in addition to assuring the regular rotation of the lead audit partner and the audit partner responsible for reviewing the audit, consider whether there should be regular rotation of the audit firm.
6. Determine the compensation payable to the independent auditors for the purpose of rendering or issuing an audit report or performing another audit, review or attest services for the Company. The Company will provide appropriate funding, as

determined by the Committee, for compensation to the independent auditors.

7. Set clear hiring policies and pre-approve the hiring of any employee or former employee of the independent auditors.

8. Regularly report its conclusions with respect to the independent auditors to the Board.

Financial Statements and Related Disclosure

9. Review the annual audited financial statements and quarterly financial statements with management and the independent auditors, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," before the filing of the Company's reports on Form 10-K and Form 10-Q.

10. Recommend to the Board that the audited annual financial statements be included in the Company's annual report on Form 10-K.

11. Review with management, the internal auditor and the independent auditors (i) the quality, adequacy and effectiveness of the Company's internal controls and any significant deficiencies or material weaknesses in internal controls and (ii) the Company's internal control report and the independent auditor's attestation of the report.

12. Review disclosures made by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal controls.

13. Review the Company's policies and process with respect to risk assessment and risk management, and discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

14. Review with management and the independent auditors comment letters and other correspondence from the SEC or the NYSE or any other regulatory authority regarding material issues relating to the Company's financial statements and responses of the Company to such comment letters and other correspondence.

15. Review with management earnings press releases before they are issued, and the nature of the financial information and earnings guidance provided to analysts and rating agencies.

16. Review with the independent auditors, and with management, as appropriate, (a) the arrangements for and the scope of each audit of the Company's financial statements by the independent auditors; and (b) the results of any audit by the independent auditors, including any significant matters arising from any audit.

17. Review with the independent auditors: (a) all critical accounting policies and practices to be used by the Company in preparing its financial statements, (b) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditors, and (c) other material communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences. In addition, the Committee shall review with the independent auditors any audit problems or difficulties and management's response, and oversee the resolution of any significant disagreements with management.

18. Review with management, and any outside professionals as the Committee considers appropriate, the effectiveness of the Company's disclosure controls and procedures.

19. Review with management and any outside professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.

20. Review with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including (a) any significant changes to the Company's selection or application of auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the independent auditors or management; (b) any analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

21. Review with the independent auditors the matters required to be discussed by Statement on AU Section 380 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work and any restrictions on the scope of disagreements with management.

22. Review and approve the report required by the SEC to be included in the Company's annual proxy statement.

Performance of the Internal Audit Function

23. Supervise directly the internal audit department in the conduct of its operational responsibilities, while ensuring the department reports administratively to the CEO or to a senior financial person designated by the CEO. Management shall obtain the Committee's approval prior to the appointment, replacement, reassignment or dismissal of the principal internal auditor.
24. Discuss with the independent auditors (i) the responsibilities of internal audit, (ii) the annual budget and staffing of the internal auditor function and (iii) the scope, planning and staffing of the proposed internal audits for the current year or such other period as the Committee shall determine.
25. Review the regular internal reports to management prepared by the internal auditor and management's response thereto.

Compliance with Legal and Regulatory Requirements

26. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies and internal controls.
27. Review with management and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies.
28. Review with the Company's General Counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities. The Committee shall also review the compliance function's organization, responsibilities and plans.
29. Obtain from the independent auditors assurance that any audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended.
30. Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
31. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall periodically review with management and internal audit these procedures and any significant complaints received.
32. Obtain reports from management, the internal auditor and the independent auditors regarding compliance with all applicable legal and regulatory requirements.
33. Review with management the Company's policies with respect to compliance with laws and regulations, ethics, conflicts of interest and the investigation of misconduct or fraud, including the Company's Code of Business Conduct and Ethics (the "Code"). The Committee shall review and update periodically the Code and ensure management has a system to enforce this Code. The Committee shall review the Company's compliance with its policies, applicable legal requirements and the Code.
34. Ensure that management has an appropriate review system in place to make sure that the Company's financial statements, reports and other financial information disseminated outside the Company meet appropriate legal requirements.
35. Review the Company's compliance and securities trading policies to ensure that such policies meet the requirements of the SEC and the NYSE.
36. Review and approve the annual audit committee report required by the SEC for inclusion in the Company's annual proxy statement or Form 10-K.
37. Conduct or authorize investigations into any matters within its scope of responsibilities.
38. Have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms from outside legal, accounting or other advisors, experts or consultants, as it deems appropriate, in its sole discretion, without seeking approval of the Board or management. The Company shall pay all fees and expenses for any such advisors retained by the Committee. The Company shall also provide for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Financial Responsibilities

39. Monitor the present and future capital requirements of the Company and review and provide guidance to the Board and management about all proposals concerning the major financial policies of the Company.

40. Review and provide guidance to the Board and management regarding the Company's significant financial plans, policies or transactions, including (a) policies relating to cash needs, shareholder distributions, share repurchases and investments; (b) adjustments to the capital structure; (c) the annual financial plan to be included as part of the annual business plan reviewed and approved by the Board; (d) tax planning and compliance; (e) proposed mergers, acquisitions, divestitures and strategic investments; (f) the spending authority approval process for officers and employees; and (g) other transactions or financial issues that management desires to have reviewed by the Committee.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight function.