

ST JOE CO  
Form 11-K  
June 28, 2011

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

**FORM 11-K  
FOR ANNUAL REPORTS OF EMPLOYEE STOCK  
REPURCHASE, SAVINGS AND SIMILAR PLANS  
PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the fiscal year ended December 31, 2010**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from**                    **to**

**Commission File No. 1-10466**

**A. Full title of the plan and the address of the plan, if different from that of the issuer named below:**

**THE ST. JOE COMPANY 401(k) PLAN**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

The St. Joe Company  
133 South WaterSound Parkway  
WaterSound, Florida 32413

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The St. Joe Company 401(k) Plan  
WaterSound, Florida

We have audited the accompanying statements of net assets available for benefits of The St. Joe Company 401(k) Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Vestal & Wiler  
Certified Public Accountants  
June 27, 2011

**THE ST. JOE COMPANY 401(K) PLAN**  
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**  
December 31, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 234	\$ 12,778
Investments, at fair value (Note 3):		
Collective trust funds	8,654,423	8,567,188
Mutual funds	8,079,626	8,349,132
Common stock	597,601	1,228,224
Self-directed brokerage accounts	614,672	921,249
 Total investments	 17,946,322	 19,065,793
Receivables:		
Employee contributions	25,262	21,484
Employer contributions	13,914	14,212
Notes receivable from participants	25,368	36,136
 Total receivables	 64,544	 71,832
 Accrued interest	 11,663	 11,655
 Net assets available for benefits at fair value	 18,022,763	 19,162,058
Adjustment from fair value to contract value for interest in collective trust related to fully benefit-responsive investment contracts		404,396
 Net assets available for benefits	 \$ 18,022,763	 \$ 19,566,454

See notes to financial statements.

**THE ST. JOE COMPANY 401(K) PLAN**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
 For the Year Ended December 31, 2010

	2010
<b>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</b>	
Interest and dividends	\$ 362,061
Employer contributions	473,941
Employee contributions	1,089,264
Net appreciation in fair value of investments (Note 3)	1,098,054
<b>TOTAL ADDITIONS</b>	<b>3,023,320</b>
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>	
Benefits paid to participants	4,557,492
Administrative expenses	9,519
<b>TOTAL DEDUCTIONS</b>	<b>4,567,011</b>
<b>NET DECREASE</b>	<b>(1,543,691)</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	
Beginning of year	19,566,454
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	
End of year	<b>\$ 18,022,763</b>

See notes to financial statements.

**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

**NOTE 1 DESCRIPTION OF PLAN**

The following description of The St. Joe Company 401(k) Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

**General** The St. Joe Company 401(k) Plan (the Plan) is a profit sharing plan and trust established in January 1989 in recognition of the employees' contribution to The St. Joe Company's (the Company and Plan Administrator) successful operation. The Plan is for the exclusive benefit of the Company's employees. Once employees meet minimum age and service requirements they become eligible to participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**Amendments** Effective January 1, 2008, the Plan was amended to adopt a Safe Harbor Qualified Automatic Contribution Arrangement (QACA) that provides for automatic enrollment at a three percent (3%) deferral rate for newly eligible participants which increases by one percent (1%) each subsequent Plan Year until such deferral percentage reaches six percent (6%) unless the Participant elects otherwise. In addition, the Company is required to make a Safe Harbor contribution on behalf of each eligible non-highly compensated employee in the amount equal to 100% of the first 1% of compensation contributed as salary deferrals and 50% of the next 5% of compensation contributed to salary deferrals, up to 3.5% of compensation.

**Contributions and Vesting** The Plan is contributory and participants can elect not to contribute under the QACA. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company makes a Safe Harbor contribution as described above. Contributions are subject to certain limitations as prescribed by law.

Company and employee contributions are 100% vested upon contribution.

**Allocation of Contributions and Earnings** Individual accounts are established for each participant and are updated for amounts equal to their elective contributions plus the Company's matching contribution. Earnings or losses are allocated in the same proportion that each participant's account in a fund bears to the total of all participants' accounts in that fund.

**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

NOTE 1 DESCRIPTION OF PLAN Continued

**Distributions** Upon reaching age 59 1/2, retirement, permanent disability, termination, or death, benefits can be received in a lump sum payment. Alternatively, based on the employees' election, the Plan can establish a monthly payment schedule to distribute the benefits to an employee over a period of time. Hardship withdrawals are available if the participant meets certain criteria. Benefits are recorded when paid.

**Investments** All of the Plan's assets are held and invested by Merrill Lynch Trust Company (Merrill Lynch and the Trustee) based on the participants' elections. Participants direct the investment of their contributions and the Company's matching contributions into various investment options offered by the Plan. The Plan currently offers investments in common stock of The St. Joe Company, mutual funds, collective trust funds, and a self-directed brokerage option.

**Notes Receivable From Participants** Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at rates that range from 4.25% - 9.25% which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest is paid ratably through biweekly payroll deductions.

**Plan Termination** The Company has established the Plan with the intent to maintain it indefinitely, but does retain the right, at any time, to discontinue contributions and terminate the Plan.

Upon termination of the Plan, any unallocated amounts shall be allocated to the accounts of all participants. Upon such termination, the trustee may direct the Plan Administrator to either distribute the full amount of benefits credited to each participant's account or continue the trust and distribute the benefits in such manner as though the Plan had not been terminated.

**Forfeitures** At December 31, 2010 unclaimed forfeited amounts totaled \$23,771. These amounts may be used to reduce future employer contributions or pay plan administrative expenses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** The financial statements of the Plan are prepared on the accrual basis of accounting.

**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Plan invests in investment contracts through a collective trust. The Statements of Net Assets Available for Benefits present the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

**Investment Valuation and Income Recognition** All of the assets and investments of the Plan are participant directed. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date and interest income is recognized on the accrual basis. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Notes Receivable from Participants** Notes receivable from participants are measured at their unpaid principal balance. Delinquent participant loans are reclassified as distributions based on the terms of the plan document.

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** The Plan has evaluated subsequent events through June 27, 2011, the date the financial statements were available to be issued.



**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

**NOTE 3 INVESTMENTS**

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	2010
Collective Trust Funds	\$ 377,271
Mutual Funds	771,547
Common Stock	(50,764)
	\$ 1,098,054

As of December 31, 2010, the following investments represented more than 5% of the Plan's net assets:

Investments	Units	Fair Value
Merrill Lynch Equity Index Trust	178,525	\$2,865,331
Merrill Lynch Retirement Preservation Trust at contract value*	5,789,092	5,789,092
American Europe Pacific Group Fund	41,178	1,673,061
PIMCO Total Return Fund, Class A	199,891	2,168,813
Davis New York Venture Fund, Class A	41,672	1,431,034

As of December 31, 2009, the following investments represented more than 5% of the Plan's net assets:

Investments	Units	Fair Value
Merrill Lynch Equity Index Trust	216,505	\$3,024,591
Merrill Lynch Retirement Preservation Trust at contract value*	5,946,933	5,946,993
American Europe Pacific Group Fund	47,819	1,801,825
PIMCO Total Return Fund, Class A	213,971	2,310,883
Davis New York Venture Fund, Class A	47,204	1,462,377
Common stock of The St. Joe Company	42,514	1,228,224

\* Net assets available for benefits held in the Merrill Lynch Retirement Preservation Trust (MLRPT) are reported at contract value. The Trust is a stable value fund which holds investments in fully benefit-responsive investment contracts. The fair value of investments held in the MLRPT was \$5,789,092 and \$5,542,597 at December 31, 2010 and 2009, respectively.

**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

**NOTE 4 FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**Level 2** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in an active market; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Common collective trusts:* Valued based on information reported by the investment advisor using the audited financial statements of the collective trust at year end.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the Plan at year end.

**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

## NOTE 4 FAIR VALUE MEASUREMENTS Continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

*Assets at Fair Value as of December 31, 2010*

	Level 1	Level 2	Level 3	Total
Collective Trust Funds	\$	\$ 8,654,423	\$	\$ 8,654,423
Mutual Funds:				
Index funds	1,671,892			1,671,892
Growth funds	4,238,921			4,238,921
Fixed income funds	2,168,813			2,168,813
Total mutual funds	8,079,626			8,079,626
Common stocks	597,601			597,601
Self-directed brokerage accounts	614,672			614,672
	\$ 9,291,899	\$ 8,654,423	\$	\$ 17,946,322

*Assets at Fair Value as of December 31, 2009*

	Level 1	Level 2	Level 3	Total
Collective Trust Funds	\$	\$ 8,567,188	\$	\$ 8,567,188
Mutual Funds:				
Index funds	1,616,375			1,616,375
Growth funds	4,421,874			4,421,874
Fixed income funds	2,310,883			2,310,883
Total mutual funds	8,349,132			8,349,132
Common stocks	1,228,224			1,228,224
Self-directed brokerage accounts	921,249			921,249
	\$ 10,498,605	\$ 8,567,188	\$	\$ 19,065,793



**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010 and 2009

**NOTE 5 INCOME TAX STATUS**

The Plan obtained its latest determination letter from the Internal Revenue Service on August 8, 2008, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. The Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC, and as a result, the Plan administrator believes the Plan will remain qualified and that no provision for income taxes is necessary.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examination for years prior to 2007.

**NOTE 6 RELATED PARTY TRANSACTIONS AND ADMINISTRATIVE EXPENSES**

Investments in collective trust funds are managed by Merrill Lynch, who is the trustee as defined by the Plan. Therefore, transactions related to these investments qualify as permitted party-in-interest transactions. Administrative expenses of the Plan were paid by the Plan Administrator. Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

**NOTE 7 RISKS AND UNCERTAINTIES**

The Plan's investments include funds which invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Plan's financial statements and supplemental schedule.

**THE ST. JOE COMPANY 401(K) PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2010 and 2009

**NOTE 8 RECONCILIATION OF FINANCIAL STATEMENTS TO 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2010 and 2009 to Form 5500:

	2010	2009
Net assets available for benefits per the financial statements	\$ 18,022,763	\$ 19,566,454
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts		(404,396)
Net assets available for benefits per Form 5500	\$ 18,022,763	\$ 19,162,058

The following is a reconciliation of the net decrease in net assets available for benefits per the financial statements for the year ended December 31, 2010 to Form 5500:

	2010
Net decrease in net assets available for benefits per the financial statements	\$ (1,543,691)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts at January 1	
at December 31	404,396
Net decrease in net assets available for benefits per Form 5500	\$ (1,139,295)

**NOTE 9 SUBSEQUENT EVENTS**

On May 16, 2011, The St. Joe Compensation Committee approved amending the Plan to make the Employer Match Contribution discretionary, effective July 1, 2011.

**THE ST. JOE COMPANY 401(K) PLAN**  
 SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
 December 31, 2010

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost**	(e) Current Value
*	Merrill Lynch Equity Index Trust	Collective trust funds, 178,525 units		\$ 2,865,331
*	Merrill Lynch Retirement Preservation Trust	Collective trust funds, 5,789,092 units		5,789,092
	American Europe Pacific Group Fund	Mutual fund, 41,178 units		1,673,061
	Davis New York Venture Fund, Class A	Mutual fund, 41,672 units		1,431,034
	PIMCO Total Return Fund, Class A	Mutual fund, 199,891 units		2,168,813
	PIMCO High Yield Fund, Class A	Mutual fund, 60,576 units		563,358
	Nationwide Mid Cap	Mutual fund, 58,860 units		868,187
	Nationwide Small Cap	Mutual fund, 67,709 units		803,705
	Mainstay Large Cap Growth	Mutual fund, 81,059 units		571,468
*	The St. Joe Company	Common stock, 27,350 shares		597,601
*	Self-directed brokerage accounts	Various		614,672
*	Notes receivable from participants	Various at 4.25% 9.25%, maturing through 4/25/15		25,368
				<b>\$ 17,971,690</b>

\* Denotes party-in-interest

\*\* Cost basis is not required for participant directed investments and therefore is not included.

THE ST. JOE COMPANY  
 401(k) PLAN  
 EIN 59-0432511 Plan 080  
 Attachment to 2010 Form 5500

**SIGNATURES**

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

**The St. Joe Company 401(k) Plan**

By: The St. Joe Company

By: /s/ Janna Connolly

Janna Connolly  
Senior Vice President and Chief  
Accounting  
Officer

Date: June 28, 2011



**EXHIBIT INDEX**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
23.1	Consent of Independent Registered Public Accounting Firm

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