ST JOE CO
Form 11-K
June 25, 2010

Table of Contents

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)

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

For the fiscal year ended December 31, 2009

OR

o **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
245 Riverside Avenue, Suite 500
Jacksonville, Florida 32202

CONTENTS

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The St. Joe Company 401(k) Plan
Jacksonville, 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, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. 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, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 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, 2009 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
Vestal & Wiler
Certified Public Accountants
Orlando, Florida
June 18, 2010

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 12,778	$ 696
Investments, at fair value (Note 3):		
Collective trust funds	8,567,188	8,092,532
Mutual funds	8,349,132	7,032,771
Common stock	1,228,224	1,068,692
Self-directed brokerage accounts	921,249	772,066
Participant loans	36,136	83,355
Total investments	19,101,929	17,049,416
Receivables:		
Employee contributions	21,484	858
Employer contributions	14,212	444
Total receivables	35,696	1,302
Accrued interest	11,655	11,572
Net assets available for benefits at fair value	19,162,058	17,062,986
Adjustment from fair value to contract value for interest in collective trust related to fully benefit-responsive investment contracts	404,396	919,137
Net assets available for benefits	$ 19,566,454	$ 17,982,123

See notes to financial statements.

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2009

	2009
ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Interest and dividends	$ 345,555
Employer contributions	604,097
Employee contributions	1,430,573
Net appreciation in fair value of investments (Note 3)	2,855,503
TOTAL ADDITIONS	5,235,728
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	3,644,344
Administrative expenses	7,053
TOTAL DEDUCTIONS	3,651,397
NET INCREASE	1,584,331
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	17,982,123
NET ASSETS AVAILABLE FOR BENEFITS	
End of year	$ 19,566,454

See notes to financial statements.

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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.

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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.

Loans The Plan Administrator may authorize the Trustee to make a loan to any participant provided that the loans outstanding to such participant do not exceed the lesser of $50,000 or one-half of the participant s vested account balance. Loans are amortized on a substantially level basis over a period no longer than the lesser of five years or the date when distribution of the participant s plan benefit may commence. Loans bear interest at the prime rate plus 1%.

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, 2009 unclaimed forfeited amounts totaled $24,844. 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.

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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 presents 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.

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 18, 2010, the date the financial statements were available to be issued.

NOTE 3 INVESTMENTS

During 2009, the Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 3 INVESTMENTS Continued

	2009
Collective Trust Funds	$ 669,090
Mutual Funds	1,823,948
Common Stock	362,465
	$ 2,855,503

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*	5,946,993	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

As of December 31, 2008, the following investments represented more than 5% of the Plan s net assets:

Investments	Units	Fair Value
Merrill Lynch Equity Index Trust	217,120	$ 2,399,176
Merrill Lynch Retirement Preservation Trust at contract value*	6,612,493	6,612,493
American Europe Pacific Group Fund	51,827	1,428,341
PIMCO Total Return Fund, Class	215,826	2,188,470
Davis New York Venture Fund, Class A	48,649	1,149,097
Common stock of The St. Joe Company	43,943	1,068,692

* 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 $5,542,597 and $5,693,356 at December 31, 2009 and 2008, respectively.

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:

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 4 FAIR VALUE MEASUREMENTS Continued

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, 2009 and 2008.

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.

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 4 FAIR VALUE MEASUREMENTS Continued

Participant loans: Valued at amortized cost, which approximates fair value.

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, 2009 and 2008:

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	0	0	8,349,132
Common stocks	1,228,224			1,228,224
Self-directed brokerage accounts	921,249			921,249
Participant loans			36,136	36,136
	$ 10,498,605	$ 8,567,188	$ 36,136	$ 19,101,929

Assets at Fair Value as of December 31, 2008

	Level 1	Level 2	Level 3	Total
Collective Trust Funds	$	$ 8,092,532	$	$ 8,092,532
Mutual Funds:				
Index funds	1,336,234			1,336,234
Growth Funds	3,508,067			3,508,067
Fixed income funds	2,188,470			2,188,470
Total mutual funds	7,032,771	0	0	7,032,771
Common stocks	1,068,692			1,068,692
Self-directed brokerage Accounts	772,066			772,066
Participant loans			83,355	83,355
	$ 8,873,529	$ 8,092,532	$ 83,355	$ 17,049,416

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 4 FAIR VALUE MEASUREMENTS   Continued

The following table sets forth a summary of changes in the fair value of the Plan s level 3 assets for the year ended December 31, 2009.

	Participant Loans
Balance, beginning of year	$ 83,355
Realized gains (losses)	
Unrealized gains (losses) relating to instruments still held at the reporting date	
Purchases, sales, issuances, and settlements (net)	(47,219)
Balance, end of year	$ 36,136

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.

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.

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 6 RELATED PARTY TRANSACTIONS AND ADMINISTRATIVE EXPENSES Continued

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.

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, 2009 and 2008 to Form 5500:

	2009	2008
Net assets available for benefits per the financial statements	$ 19,566,454	$ 17,982,123
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(404,396)	(919,137)
Net assets available for benefits per Form 5500	$ 19,162,058	$ 17,062,986

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, 2009 to Form 5500:

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008
NOTE 8 RECONCILIATION OF FINANCIAL STATEMENTS TO 5500 Continued

	2009
Net increase in net assets available for benefits per the financial statements	$ 1,584,331
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	
at January 1	919,137
at December 31	(404,396)
Net increase in net assets available for benefits per Form 5500	$ 2,099,072

12

Table of Contents

THE ST. JOE COMPANY 401(K) PLAN
SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2009

(a)	(b) Identity of Issue		(c) Description of Investment	(d) Cost***	(e) Current Value
*	Merrill Lynch Equity Index Trust		Collective trust funds, 216,505 units		$ 3,024,591
*	Merrill Lynch Retirement Preservation Trust	**	Collective trust funds, 5,946,993 units		5,542,597
	American Europe Pacific Group Fund		Mutual fund, 47,819 units		1,801,825
	Davis New York Venture Fund, Class A		Mutual fund, 47,204 units		1,462,377
	PIMCO Total Return Fund, Class A		Mutual fund, 213,971 units		2,310,883
	PIMCO High Yield Fund, Class A		Mutual fund, 62,737 units		552,089
	Nationwide Mid Cap		Mutual fund, 69,534 units		828,840
	Nationwide Small Cap		Mutual fund, 83,161 units		787,535
	Mainstay Large Cap Growth		Mutual fund, 98,951 units		605,583
*	The St. Joe Company		Common stock, 42,514 shares		1,228,224
*	Self-directed brokerage accounts		Various		921,249
*	Participant loans		Various at 4.25% - 9.25%, maturing through 11/10/2013		36,136
					$ 19,101,929

* Denotes party-in-interest

** Reported at fair value. Contract value is $5,946,993.

*** 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

Table of Contents

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 25, 2010

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm