ST JOE CO
Form 11-K
June 28, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

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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THE ST. JOE COMPANY 401(K) PLAN

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULE

WITH REPORT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

December 31, 2011 and 2010

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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, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. 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 audit 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, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011 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, 2011 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, 2012

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THE ST. JOE COMPANY 401(K) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 125	$ 234
Investments, at fair value (Note 3):		
Collective trust funds	6,389,478	8,654,423
Mutual funds	6,149,898	8,079,626
Common stock	369,891	597,601
Self-directed brokerage accounts	364,042	614,672
Total investments	13,273,309	17,946,322
Receivables:		
Employee contributions	18,105	25,262
Employer contributions		13,914
Notes receivable from participants	24,892	25,368
Total receivables	42,997	64,544
Accrued interest	11,667	11,663
Net assets available for benefits at fair value	13,328,098	18,022,763
Adjustment from fair value to contract value for interest in collective trust related to fully benefit-responsive investment contracts	(102,762)	
Net assets available for benefits	$ 13,225,336	$ 18,022,763

See notes to financial statements.

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THE ST. JOE COMPANY 401(K) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended December 31, 2011

	2011
ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Interest and dividends	$ 228,656
Employer contributions	265,259
Employee contributions	853,547
Employee rollover	118,771
Net depreciation in fair value of investments (Note 3)	(583,630)
TOTAL ADDITIONS	882,603
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	5,674,592
Administrative expenses	5,438
TOTAL DEDUCTIONS	5,680,030
NET DECREASE	(4,797,427)
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	18,022,763
NET ASSETS AVAILABLE FOR BENEFITS	
End of year	$ 13,225,336

See notes to financial statements.

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THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

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. Effective July 1, 2011, the Plan was amended to replace the Safe Harbor QACA with a discretionary matching contribution equal to a uniform percentage or dollar amount of the employees elective deferrals. Each year the Company will determine the formula for the discretionary matching contribution.

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.

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THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

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. Effective April 1, 2012, the Plan was restated and all of the Plan s assets are held and invested by Prudential Retirement (Trustee) based upon the participants elections. Participants direct the investment of their contributions and the Company s matching contributions into various investment options offered by the Plan.

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 a commercially reasonable rate of interest 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, 2011 and 2010, unclaimed forfeited amounts totaled $26,234 and $23,771, respectively. 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.

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THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

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, 2012, the date the financial statements were available to be issued.

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THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE 3 INVESTMENTS

During 2011, 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:

	2011
Collective Trust Funds	$ 115,609
Mutual Funds	(410,956)
Common Stock	(288,283)
	$ (583,630)

As of December 31, 2011, the following investments represented more than 5% of the Plan s net assets:

	$2,339,106	$2,339,106
Investments	Units	Fair Value
Bank of America, N.A. Equity Index Trust	142,977	$ 2,339,106
Wells Fargo Stable Value Fund - at contract value*	38,778	3,947,610
Nationwide Mid Cap	55,922	734,819
Nationwide Small Cap	60,931	661,100
PIMCO Total Return Fund, Class A	140,295	1,525,008
Davis New York Venture Fund, Class A	33,615	1,092,487
American Europe Pacific Group Fund	35,241	1,216,510

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

	$2,339,106	$2,339,106
Investments	Units	Fair Value
Bank of America, N.A. Equity Index Trust	178,525	$ 2,865,331
Merrill Lynch Retirement Preservation Trust	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

* Net assets available for benefits held in the Wells Fargo Stable Value Fund (WFSVF) are reported at contract value. The Fund is a stable value fund which holds investments in fully benefit-responsive investment contracts. The fair value of investments held in the WFSVF was $4,050,372 at December 31, 2011.

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THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

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, 2011 and 2010.

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.

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THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

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, 2011 and 2010:

Assets at Fair Value as of December 31, 2011

	Level 1	Level 2	Level 3	Total
Collective Trust Funds	$	$ 6,389,478	$	$ 6,389,478
Mutual Funds:				
Index funds	1,395,919			1,395,919
Growth funds	3,228,971			3,228,971
Fixed income funds	1,525,008			1,525,008
Total mutual funds	6,149,898			6,149,898
Common stocks	369,891			369,891
Self-directed brokerage accounts	364,042			364,042
	$ 6,883,831	$ 6,389,478	$	$ 13,273,309

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

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THE ST. JOE COMPANY 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE 4 FAIR VALUE MEASUREMENTS Continued

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31:

2011