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

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

February 23, 2011  
Date of Report (Date of earliest event reported)

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**The St. Joe Company**  
(Exact Name of Registrant as Specified in its Charter)

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Florida  (State or Other Jurisdiction of Incorporation)	1-10466  (Commission File Number)	59-0432511  (I.R.S. Employer Identification No.)
133 South WaterSound Parkway WaterSound, FL (Address of Principal Executive Offices)		32413 (Zip Code)
	(850) 588-2300 (Registrant's Telephone Number, Including Area Code)	
	Not Applicable (Former Name or Former Address, if Changed Since Last Report)	

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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-4(c))
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### **Item 5.01. Changes in Control of Registrant.**

Reference is made to the information set forth under Item 5.02 of this Current Report on Form 8-K. The disclosure contained in Item 5.02 is hereby incorporated by reference into this Item 5.01. Without constituting a determination by The St. Joe Company (“St. Joe” or the “Company”) as to the occurrence or non-occurrence of a change in control of St. Joe in any other context, the change in the composition of the Board of Directors (the “Board”) of St. Joe described in Item 5.02 of this Current Report on Form 8-K may, for purposes of this Item 5.01, be deemed to have resulted in a change in control of St. Joe within the meaning of “control” in Rule 12b-2 of the Securities Exchange Act of 1934, as amended.

### **Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On February 25, 2011, Wm. Britton Greene, a member of the Board, tendered to the Board his resignation as a director of the Company, effective immediately, and his resignation as President and Chief Executive Officer of the Company, effective as of a date selected by the Company, no later than the earlier of the filing by the Company of the Form 10-K for the year ended December 31, 2010 or midnight, eastern time, on March 3, 2011 (the “Effective Time”). On February 25, 2011, John S. Lord, Walter L. Revell and Michael L. Ainslie, members of the Board, each tendered to the Board their resignations from the Board, effective at the Effective Time. The decision of Messrs. Greene, Lord, Revell and Ainslie to resign from the Board was not a result of any disagreement with St. Joe or the Board. Messrs. Greene, Lord, Revell and Ainslie resigned from the Board and Mr. Greene resigned as President and Chief Executive Officer of the Company in order to avoid a consent solicitation commenced by Fairholme to remove all the members of the Board of Directors of St. Joe and elect four Fairholme appointees to the Board.

On February 25, 2011, the Board voted to fill the vacancies created by the resignations of Messrs. Greene, Lord, Revell and Ainslie by electing Bruce R. Berkowitz, Charles M. Fernandez, Howard S. Frank and Governor Charles J. Crist, who were previously proposed by Fairholme (the “Fairholme Appointees”), to serve as directors of St. Joe, effective at the Effective Time. The Fairholme Appointees were elected as directors in order to avoid a consent solicitation commenced by Fairholme to remove all the members of the Board of Directors of St. Joe and elect the four Fairholme Appointees to the Board. It has not yet been determined on which committees of the Board the Fairholme Appointees will serve.

A copy of the press release dated February 28, 2011 announcing the management and board changes is filed as Exhibit 99.1 hereto and is incorporated by reference herein.

On February 25, 2011, the Company entered into a Separation Agreement (the “Separation Agreement”) with Wm. Britton Greene in connection with his resignation as President and Chief Executive Officer of the Company and as a director of the Company. Subject to Mr. Greene’s execution and non-revocation of the two general releases of claims as described below, the Company agreed to provide the following payments and benefits to Mr. Greene:

- (i) a cash lump sum of \$2,920,000 six months after the effective date of his resignation as President and Chief Executive Officer of the Company (the “Termination Date”);
- (ii) a pro rata annual bonus of \$118,000, as a cash lump sum at the same time the Company pays other executive bonuses for calendar year 2011, but no later than March 15, 2012;
- (iii) \$1,053,225, which the parties agree represents additional benefits payable under the Company’s Supplemental Executive Retirement Plan had he continued to be employed with the Company during the 36 months following the Termination Date, payable six months after the Termination Date;
- (iv) (A) the COBRA premium for medical and dental insurance for him and his family under COBRA for the lesser of 18 months after the Termination Date or the date on which he becomes ineligible for COBRA continuation coverage (the “COBRA Coverage Period”), provided that he will reimburse the Company each month in the amount that an employee participating in the medical and dental insurance plan would be required to contribute (the “Employee Contribution”), and (B) if Mr. Greene has not become eligible for coverage under the healthcare insurance plan of another employer, a lump sum payment at the end of the COBRA Coverage Period equal to six times the monthly premium to provide substantially the same benefits minus six months of the Employee Contribution;
- (v) the premiums for basic life and disability insurance policies for a period of 24 months after the Termination Date;
- (vi) up to \$20,000 as reimbursement for outplacement services during the 18-month period following the Termination Date;
- (vii) up to \$75,000 as reimbursement to defray the cost of relocation expenses actually incurred if Mr. Greene relocates from his present residence in WaterColor, Florida to a location more than 50 miles from WaterColor, Florida within 24 months following the Termination Date;
- (viii) as of February 25, 2011, all of Mr. Greene’s outstanding restricted stock

awards under the 2009 Equity Incentive Plan (excluding his February 7, 2011 performance-vesting restricted stock award), constituting 106,068 of Mr. Greene's unvested shares, became fully vested and non-forfeitable, provided that, with his February 7, 2011 performance-vesting restricted stock award, 50% of the initial grant of 45,226 restricted shares (or 22,613 restricted shares) became fully vested and non-forfeitable;

(ix) with respect to any restricted stock that does not become fully vested and exercisable on or before the Termination Date, Mr. Greene is entitled to vesting, payment and exercisability in accordance with the terms of the governing equity plan and award agreement;

(x) establish a "rabbi trust" with an independent financial institution as trustee and fully fund the payments described in clauses (i), (ii), (iii) and (vii) (a copy of the trust agreement is filed as Exhibit 10.2 hereto and is incorporated by reference herein);

(xi) up to \$150,000 for any and all legal fees and disbursements incurred by Mr. Greene in connection with negotiating, entering into, or implementing, the arrangements set forth in the Separation Agreement; and

(xii) a gross-up payment for any excise taxes imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code").

Under the Separation Agreement, Mr. Greene is entitled to continue to receive his annual salary until the Termination Date. Mr. Greene agreed to execute a general release of claims against the Company as of February 25, 2011 and a second release on the Termination Date, and to refrain from competing with the business of St. Joe for a period of one year following his resignation. The Separation Agreement also provides for indemnification and D&O insurance coverage for a period of six years after the Termination Date.

A copy of the Separation Agreement is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

St. Joe maintains indemnification agreements with its directors and officers to provide for the indemnification of and the advancing of expenses to the respective director or officer. On February 25, 2011, the Company and certain of its executives and directors, including William S. McCalmont, the Company's Executive Vice President and Chief Financial Officer, and directors Michael L. Ainslie, Hugh M. Durden, Thomas A. Fanning, Delores Kesler, John S. Lord and Walter L. Revell, entered into an amendment to each of their indemnification agreements (the "Amendment to Indemnification Agreement") to provide that the Company will maintain directors' and officer's liability coverage for at least six years following the date on which the indemnified party ceases to serve as an officer or director of the Company that is no less favorable to the indemnified party in any respect than the coverage then provided to other officers and directors of the Company and the coverage as in effect on March 1, 2011. A copy of the form of Amendment to Indemnification Agreement is filed as Exhibit 10.3 hereto and is incorporated by reference herein.

The Company has previously entered into employment agreements with certain executives, including Mr. McCalmont, which provide for, among other things, the payment of legal fees and expenses incurred by the executive under certain terms and conditions as set forth therein. On February 25, 2011, the Company and each of these executives entered into a letter agreement (the "Letter Agreement") pursuant to which the Company will advance to each of the executives all legal fees and expenses incurred as a result of any claim brought by the executive or the Company or any person acting or purporting to act on behalf of or for the benefit of the Company during the period commencing on February 25, 2011 and ending on the second anniversary thereof to enforce or challenge the validity or enforceability of any provision of the executive's employment agreement. A copy of the form of Letter Agreement is filed as Exhibit 10.4 hereto and is incorporated by reference herein.

The Company maintains a Supplemental Executive Retirement Plan (the "SERP") and The St. Joe Company Pension Plan (the "Pension Plan"), in which certain designated executives, including Messrs. Greene and McCalmont, participate. On February 23, 2011, the Company amended the Pension Plan to increase the benefits payable from the Pension Plan and simultaneously reduce benefits payable from the SERP in order to take advantage of the surplus of funds in the Pension Plan. The increase in benefits under the Pension Plan for any active participant in the SERP was in an amount up to the smallest of: (i) such participant's SERP account balance; (ii) the amount permitted under Section 401(a)(4) of the Code; or (iii) the amount permitted under Section 415 of the Code. The increase in benefits under the Pension Plan for Mr. Greene and Mr. McCalmont will be their current SERP account balance, which at December 31, 2010 was \$797,349 and \$179,809, respectively.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

- 10.1 Separation Agreement, dated February 25, 2011, by and between the Company and Wm. Britton Greene.
- 10.2 The St. Joe Company Trust Under Separation Agreement F.B.O. Wm. Britton Greene, dated February 25, 2011, by and between the Company and SunTrust Banks, Inc.
- 10.3 Form of Amendment to Indemnification Agreement, dated February 25, 2011.
- 10.4 Form of Letter Agreement, dated February 25, 2011.
- 99.1 Press Release dated February 28, 2011.

**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.

Dated: February 28, 2011

**THE ST. JOE COMPANY**

By: /s/ Reece B. Alford  
Name: Reece B. Alford  
Title: Senior Vice President  
Corporate Counsel and Secretary

## EXHIBIT INDEX

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**SEPARATION AGREEMENT**

**THIS SEPARATION AGREEMENT** is entered into as of February 25, 2011 (the "**Effective Date**"), by and between Wm. Britton Greene (the "**Executive**") and The St. Joe Company, a Florida corporation (the "**Company**").

**WHEREAS**, the Company and the Executive (the "**Parties**") have entered into an Employment Agreement dated as of July 27, 2006, as amended (the "**Employment Agreement**"); and

**WHEREAS**, the Board of Directors of the Company (the "**Board**") and the Executive have agreed that the Executive's employment with the Company shall terminate, and that the Executive shall resign from his positions as Chief Executive Officer of the Company effective as of a date selected by the Company, not later than the earlier of the filing by the Company of the Form 10-K for the year ended December 31, 2010 or Midnight Eastern time on March 3, 2011 (the "**Termination Date**"), and as a member of the Board effective as of the Effective Date.

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Company and the Executive hereby agree as follows:

**1. Definitions**

"**Affiliate**" means, with respect to any Person, any other Person controlling, controlled by, or under direct or indirect common control with such Person. For the purposes of this definition "control", when used with respect to any specified Person, shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled by" shall have the meanings correlative to the foregoing.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Person**" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association or joint venture.

**2. Termination of Employment**

**2.1** The Executive's employment by the Company, and any and all titles, positions and appointments the Executive holds with the Company and its Affiliates, whether as an officer or employee (including, without limitation, as Chief Executive Officer of the) shall cease as of the Termination Date. The Executive hereby resigns, effective as of the Effective Date, from the Board of Directors of the Company and any of its Affiliates.

2.2 As of the Termination Date, the Executive shall also have a “separation from service” with the Company within the meaning of Code Section 409A and the regulations thereunder, and notwithstanding anything in this Agreement to the contrary, he shall have no duties or responsibilities after the Termination Date that are inconsistent with having had such a separation from service as of the Termination Date.

### **3. Compensation and Other Benefits**

3.1 The Executive shall continue to receive his annual base salary, at the annual rate of \$730,000 per annum (“Base Salary”), for his employment through the Termination Date, in accordance with the Company’s regular payroll practices for its senior executives, as in effect from time to time.

3.2 The Company shall also provide the following payments and benefits to the Executive:

(a) pay to the Executive, in a cash lump sum on the first business day following the end of the six month period following the Termination Date, an amount equal to \$2,920,000;

(b) pay to the Executive a pro rata annual bonus of \$118,000, as a cash lump sum at the same time the Company pays other executive bonuses for calendar year 2011, but no later than March 15, 2012;

(c) pay to the Executive \$1,053,225 on the first business day following the end of the six month period following the Termination Date;

(d) provided that Executive elects to continue his and his family’s medical and dental insurance under COBRA, pay Executive’s COBRA premium for the lesser of eighteen (18) months following the Termination Date or the date on which the Executive becomes ineligible for COBRA continuation coverage. The Executive shall be responsible to reimburse the Company, on a monthly basis, for an amount equal to the employee contribution that would be required of an employee participating in the medical and dental insurance plan, as in effect from time-to-time (the “Employee Contribution”). If, at the end of the eighteen (18) month period, the Executive has not become eligible for coverage under the healthcare insurance plan or another employer, the Company shall pay to the Executive, on the first business day that is at least eighteen (18) months after the Termination Date, in a single lump sum, an amount equal to six (6) times the monthly premium for medical and dental insurance coverage providing substantially the same benefits as the medical and dental insurance coverage provided to the Executive and his family under COBRA as in effect at the end of the eighteen (18) month period, less an amount equal to six (6) months of the Employee Contribution. Provided that the Executive elects to convert the basic life and disability insurance policies, the Company will pay the premiums for those policies for a period of twenty-four (24) months following the Termination Date. The Company will continue to provide any supplemental life or disability



insurance benefit in effect as of the Effective Date for a period of twenty-four (24) months following the Termination Date;

(e) pay up to \$20,000 as reimbursement for outplacement services, upon the Executive's presentation to the Company of proper documentation supporting expenditures for outplacement services during the 18 months period following the Termination Date;

(f) reimburse the Executive up to \$75,000 to defray the cost of relocation expenses actually incurred by the Executive if the Executive relocates from his present residence in WaterColor, Florida to a location more than fifty (50) miles from WaterColor, Florida within twenty-four months following the Termination Date. The Executive shall submit invoices and/or receipts for all expenses for which he seeks reimbursement no later than the end of the twenty-fifth month following the Termination Date, and the Company shall reimburse the Executive for all reimburseable expenses up to \$75,000 within ten (10) business days of its receipt of invoices and/or receipts for the expenses actually incurred. The reimburseable expenses shall include professional packing, moving and temporary storage of household items and vehicles, closing costs and commissions on the sale of the WaterColor residence, and closing costs on the acquisition of a newly-acquired primary residence;

(g) as of the Effective Date, (i) all of the Executive's outstanding stock options and restricted stock awards under the Company's 1999 Stock Incentive Plan, (ii) all of the Executive's outstanding stock options and restricted stock awards under the Company's 2009 Equity Incentive Plan, excluding the February 7, 2011 performance-vesting restricted stock award (the "2011 Performance Award"), (iii) with respect to the 2011 Performance Award, the greater of 22,613 shares (fifty (50) percent of the 2011 Performance Award) or the number of shares described in Section 4(d)(ii) of Exhibit A to the 2011 Performance Award, and (iv) all of the Executive's accrued benefits under the Company's Supplemental Executive Retirement Plan, shall all be fully vested and non-forfeitable;

(h) as of the Termination Date, to the extent that any of the Executive's stock option and restricted stock awards is not, and has not become, fully vested and exercisable on or before such date, whether under the terms of this Agreement or otherwise, the Executive shall be entitled to vesting, payment and exercisability of the unvested or unexercised portion of such awards to the fullest extent permitted under the terms of the governing stock plan and award documents, as each is in effect on the Effective Date, that apply to award recipients who have "retired", taken "retirement", or the equivalent, under such awards. Any determination by the Board, its Compensation Committee or any other person that the Executive has engaged in conduct that would cause the unvested or unexercised portion of any such award to be forfeited prior to vesting or exercise shall be subject to de novo review in accordance with Section 10.12 of this Agreement;

(i) establish a "rabbi trust" with an independent financial institution as trustee, and fully fund such trust for the payments described in Sections 3.2(a), 3.2(b), 3.2(c), and 3.2(f), as soon as practicable after the Effective Date, but no later than March 1, 2011;

(j) promptly pay, or reimburse the Executive for, any and all legal fees and disbursements incurred by him in connection with negotiating, entering into, or implementing, the arrangements set forth in this Agreement, up to a maximum amount of \$150,000; provided, however, that “implementing” shall not include any legal fees and disbursements incurred by the Executive in connection with any claim arising out of or relating to this Agreement; and

(k) If any payments to the Executive or on the Executive’s behalf under this Section 3.2 are due prior to the expiration of the revocation period of the releases described in Section 4.1 of this Agreement, such payments shall be made on the first business day following the end of the revocation period; provided, however, that if such payments are required to be made to a third party, the Executive shall be responsible to make such payments in a timely manner and the Executive will be reimbursed by the Company.

**3.3 Return of Payments.** Anything in this Agreement to the contrary notwithstanding, all payments and benefits to the Executive under Sections 3.2(a) through (f) shall be returned to the Company promptly if (i) the Executive willfully and materially breaches his obligations under Sections 5.1, 5.5, and 5.6 of this Agreement (the “Restrictions”) within two years after the Termination Date, (ii) such breach of the Restrictions has not been cured on 20 days written notice from the Company to the Executive requesting cure, and (iii) such uncured breach causes significant harm to the Company. In addition, all payments and benefits to the Executive under Sections 3.2(a) through (f) shall remain subject to recoupment by the Company to the extent required under the Sarbanes-Oxley Act of 2002 and/or the Dodd-Frank Act.

#### **4. Effect of Termination**

**4.1 Mutual Release.** The Executive shall execute and deliver to the Company a general release of claims in the form attached hereto as Exhibit A (the “First Mutual Release”) no sooner than the Effective Date and no later than the twenty-first (21st) day after the Effective Date. The Executive shall also execute and deliver to the Company a general release of claims in the form attached hereto as Exhibit B (the “Second Mutual Release”) no sooner than the Termination Date and no later than the twenty-first (21st) day after the Termination Date. If the Executive fails to timely execute and deliver the First Mutual Release or the Second Mutual Release, or if the Executive timely revokes the First Mutual Release or the Second Mutual Release, the Company shall not be obligated to provide any of the payments and/or benefits set forth in Section 3.2(a) through (e). Any action required to be taken by the Executive in this Section 4.1 shall be taken by the Executive’s executor(s) or legal representative(s) in the case of the Executive’s death or legal incapacity. The Company shall also execute and deliver to the Executive the First Mutual Release on the Effective Date, and execute and deliver the Second Mutual Release no sooner than the Termination Date and no later than the fifth (5th) day after the Termination Date.

**4.2 Mutual Non-Disparagement.** The Executive and the Company each agree that they will not make any intentionally negative or disparaging comments about the other, except as permitted under Section 4.4 of this Agreement.

**4.3 Return of Property.** On or before the Termination Date, the Executive shall return to the Company all of the Company's property of which he is in possession, including, without limitation, any material and documentation that constitutes Confidential Information, credit cards, computers, and keys.

**4.4 Permissible Disclosures and Retained Documents.** Notwithstanding anything in this Agreement or elsewhere to the contrary, nothing shall preclude:

(a) the Executive or the Company from making truthful statements, or from disclosing documents or information, (A) when required by applicable law, regulation, order, or the like, (B) in connection with any proceeding to enforce the terms of this Agreement, (C) in confidence to any professional for the purpose of securing professional advice, or (D) in the case of the Executive, in connection with performing his duties for the Company or its Affiliates, or

(b) the Executive from retaining and using, both during and after the Employment Period, his rolodex (and electronic equivalents); documents and information relating to his personal entitlements and obligations; and his personal files (to the extent that such files do not contain Confidential Information).

**4.5 Company Arrangements.** The Executive shall be entitled to any other or additional benefits in accordance with the then-applicable terms of any applicable plan, program, governance document, agreement, or arrangement of the Company or any of its Affiliates (each a "Company Arrangement"; collectively, "Company Arrangements"), such payments and benefits, if due as of the Effective Date, to be provided within thirty (30) days thereafter and, if due after the Effective Date, to be provided promptly when due. For avoidance of doubt, payments due to the Executive under the Company's Supplemental Executive Retirement Plan shall be made at the time(s), and in the amount(s), required under the Company's Supplemental Executive Retirement Plan and the Executive's elections thereunder.

## **5. Executive's Commitment to the Company**

**5.1 Confidentiality.** The Executive shall not, prior to and for two years after the Termination Date (and for an indefinite period for Confidential Information composed of trade secrets of the Company), disclose any Confidential Information to any Person for any reason or purpose whatsoever, other than in connection with the performance of the Executive's duties under this Agreement. The term "Confidential Information" shall mean all confidential information of or relating to the Company and any of its Affiliates, including, without limitation, financial information and data business plans and information regarding prospects and opportunities, but does not include any information that is or becomes public knowledge by means other than the Executive's breach or nonobservance of the Executive's obligations described in this Section 5.1. Notwithstanding the foregoing, the Executive may disclose such Confidential Information as he may be legally required to do so on the advice of counsel in connection with any legal or regulatory proceeding; provided, however, that the Executive shall provide the Company with prior written notice of any such required or potentially required disclosure and shall cooperate with the Company and use his best efforts under such

circumstances (at the Company's sole expense) to obtain appropriate confidential treatment of any such Confidential Information that may be so required to be disclosed in connection with any such legal or regulatory proceeding.

**5.2 Litigation.** The Executive agrees to cooperate fully with the Company, or its assignee, and counsel for the Company, or its assignee, in any and all matters involving litigation, administrative proceedings, arbitration or governmental investigations. The Executive's cooperation shall include being reasonably available for, without limitation, interviews, depositions, and trial testimony. To the extent that the Executive's cooperation involves travel, the Company or its assignee will reimburse the Executive for reasonable travel expenses. To the extent that the Executive's cooperation reasonably leads him to incur out-of-pocket expenses, including without limitation, attorney's fees, the Company or its assignee will reimburse such expenses, provided they are reasonably incurred and supported by reasonable documentation. The Executive will make available, at the expense of the Company or its assignee, copies of all documents and files reasonably requested by the Company in connection with this duty of cooperation, excluding only those documents and files which are subject to any attorney-client privilege work product doctrine, or other legal protection from disclosure that is held solely by the Executive in his individual capacity, as opposed to any privilege or legal protection from disclosure held by the Company.

**5.3 Compliance with Securities Laws.** The Executive agrees not to directly or indirectly buy or sell the Company's stock or other securities as long as he possesses "material nonpublic information" as that term is defined by interpretations of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder. Without limiting the generality of the foregoing, the Executive further agrees to abide by the Company's insider trading policy as in effect on the Effective Date until two business days after the public release of the financial results for the first fiscal quarter of fiscal year 2011.

**5.4 Other Positions.** The Executive shall resign as of the Termination Date from any administrative roles in any agreements sponsored by the Company and its Affiliates and will execute all instruments and documents requested by the Company to effectuate this and the termination of employment and of other duties and positions as described in Section 2.1 of this Agreement.

**5.5 Non-Compete.** The Executive agrees not to directly or indirectly compete with the business of the Company and its successors and assigns for a period of one year following the Termination Date. The term "not compete" as used herein shall mean that the Executive shall not own, manage, operate, consult or be an executive in any business or legal entity that is in the commercial, hotel and/or residential real estate development business that competes with the Company or any of its Affiliates anywhere in Florida or Georgia. Notwithstanding the foregoing, the Executive may own up to 5% of any stock or security that is publicly traded on any national securities exchange or other market system. "Compete" shall be defined as engaging in commercial, hotel and/or residential real estate development projects where total annual development costs for all such projects in Florida and/or Georgia meet or exceed \$50,000,000.

The Company and the Executive acknowledge the reasonableness of this covenant not to compete and the reasonableness of the geographic area and duration of time which are a part of said covenant. This covenant not to compete is contemplated to protect the Company's legitimate business interests.

**5.6 Non-Solicitation.** The Executive agrees, for a period of one year from the Termination Date, that the Executive will not, without the prior written approval of the Company, directly or indirectly: (i) solicit for hire any employees of the Company or any Affiliate, or (ii) induce any employee of the Company or any Affiliate to terminate their relationship with the Company or Affiliate. The foregoing will not apply to individuals hired as a result of the use of an independent employment agency (so long as the agency was not directed to solicit a particular individual) or as a result of the use of a general solicitation not specifically directed to the Company or its Affiliate's employees.

**5.7 Injunctive Relief.** The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and would be irreparably harmed, if the Executive breaches or threatens to breach any of the provisions of this Section 5. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 5, and to specific performance of each of the terms of this Section 5 in addition to any other legal or equitable remedies that the Company may have, including those set forth in Section 3.3. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 5, raise the defense that the Company has an adequate remedy at law.

**5.8 Special Severability.** The terms and provisions of this Section 5 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. Furthermore to the extent any term or provision of this Section 5 would be declared invalid due to its duration, geographic scope or other term, it is the intent of the parties that the duration, geographic scope or other term be reformed to conform to the fullest extent that would be enforceable, and that the term or provision be so enforced.

## **6. Successors**

**6.1 The Executive.** This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive, other than by will or the laws of descent and distribution or as described in this Section 6.1. This Agreement shall inure to the benefit of and be enforceable by the Executive's heirs, beneficiaries and/or legal representatives. The Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive any compensation or benefit hereunder following the Executive's death by giving written notice thereof to the Company. In the event of the Executive's death or a judicial determination of his incompetence, references in this Agreement to the Executive shall be deemed, where appropriate, to refer to his beneficiary(ies), estate(s), executor(s) or other legal representative(s).

**6.2 The Company.** This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

**6.3 Successors.** The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, and the Executive will consent to such successor's assumption. As used in this Agreement, "Company" shall mean the Company as previously defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

## **7. Additional Payments**

**7.1 Excise Tax Payments.** Anything in this Agreement or any other Company Arrangement to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of the Executive, whether paid, distributed or vested pursuant to this Agreement or otherwise (a "Payment"), is or will be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The Company will attempt to minimize any Excise Tax, provided however, that no such minimization attempts shall include any acceleration of any payments, and provided further that if the Payments result in an Excise Tax and reducing the Payments eliminates the Excise Tax, then the Executive agrees to reduce the Payments (by up to 10%, and by first reducing or eliminating the portion of the Payments which are payable in cash and then by reducing non-cash Payments) until they do not trigger an Excise Tax. If any Excise Tax would still exist after the aforementioned reduction in the Payments, then there shall be no reduction in the Payments.

**7.2 Calculation of Gross-Up Payments.** Subject to the provisions of Section 7.3, all determinations required to be made under this Section 7, including the amount of a Gross-Up Payment, shall be made by KPMG LLP or another mutually agreeable nationally recognized accounting firm (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of (i) the Executive's notice to the Company of a claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment, (ii) the Company's reporting or withholding for the Excise Tax, or (iii) such earlier or later time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. As a result of the uncertainty in the application of Section 4999 of the Code at the time of a determination

by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Company exhausts (or does not pursue) its remedies pursuant to Section 7.3 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

**7.3 Contested Payments.** The Parties agree that, based upon the facts presently known to them, they believe no Excise Tax is payable by the Executive based on this Agreement or any other Company Arrangement. The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but not later than 20 business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(a) give the Company any information reasonably requested by the Company relating to such claim;

(b) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(c) cooperate with the Company in good faith in order effectively to contest such claim; and

(d) permit the Company to participate in any proceedings relating to such Claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 7.3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one

or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority. In the event that the Company elects to, or directs the Executive to, contest any claim by the Internal Revenue Service that, if successful, would require payment by the Company of the Gross-Up Payment under this Section 7, then in no event shall the Executive be entitled to the payment of such Gross-Up Payment until such claim and all administrative appeals, proceedings, hearings and conferences before any agency, tribunal, court, or taxing authority, including, but not limited to, the Internal Revenue Service, in respect of such claim have been exhausted.

**7.4 Refunds.** If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 7.3, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 7.3) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 7.3, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

**7.5 Payment of Gross-Up Payments.** Notwithstanding any provision of this Agreement to the contrary, any Gross-Up Payment due to the Executive under this Agreement shall not be made until the Termination Date. The Executive shall be paid the Gross-Up Payment due to him under this Agreement, if any, in a single sum, within five days after the later of (i) the expiration of the 30-day period following the date on which Executive provided notice to the Company of a claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment, (ii) the date on which the Company has exhausted, abandoned or resolved all administrative appeals, proceedings, hearings and conferences in which the claim was or could be contested, or (iii) the Company's reporting or withholding for the Excise Tax, subject to Section 7.6 below. All Gross-Up Payments by the Company to the Executive under this Agreement shall be paid in any event no later than the last day of the Executive's taxable year following the taxable year in which the Executive remits the taxes to which a payment to the Executive by the Company relates.



## **7.6 Code Section 409A**

(a) This Agreement and the amounts payable hereunder are intended to qualify for an exemption from, or alternatively to comply with the requirements of, Section 409A of the Code, and shall be interpreted in accordance with such intent. Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute “deferred compensation” for purposes of Section 409A of the Code would otherwise be payable or distributable under this Agreement or otherwise by reason of the Executive’s separation from service, then if and to the extent necessary to comply with Code Section 409A (i) if the payment or distribution of such amount or benefit is payable in a lump sum, such payment or distribution will be delayed until the first day following the six-month anniversary of the Executive’s termination of service, and (ii) if the payment or distribution of such amount or benefit is payable over time, the amount that would otherwise be payable during the six-month period immediately following the Executive’s termination of service will be accumulated and paid to the Executive, without interest, on the first day following the six-month anniversary of the Executive’s termination of service (or, if earlier, the date of his death), whereupon the normal payment schedule will resume.

(b) With respect to the continuation of medical coverage after the Termination Date, if deemed necessary or advisable to secure an exemption from Code Section 409A, the Company shall impute income to the Executive for such medical coverage through the period that ends on the earlier of (i) the end of the Company’s obligation to provide such coverage, or (ii) December 31 of the second calendar year following the year in which the Termination Date occurs. Immediately prior to such December 31 deadline, the Company shall satisfy its remaining obligation under the Agreement, if any, with respect to such medical coverage by paying to the Executive a lump sum in cash equal to the estimated present value of such remaining coverage, based on the Company’s COBRA rates as then in effect, and such payment shall be imputed as income to the Executive.

(c) The payment of each amount payable under this Agreement shall be deemed a separate “payment” for purposes of Section 409A of the Code.

## **8. Full Settlement; Mitigation**

The Company’s obligation to make the payments provided for in, and otherwise to perform its obligations under, this Agreement shall not be affected by any set-off, counter-claim, recoupment, defense or other claim, right or action that the Company may have against the Executive or others other than a claim, right or action for fraud after the individual is judicially determined to have committed such action. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced, regardless of whether the Executive obtains other employment.

## **9. Indemnification**

**9.1 Indemnification.** If the Executive is made a party, is threatened to be made a party, or reasonably anticipates being made a party, to any proceeding by reason of the fact that he is or was a director, officer, member, employee, agent, manager, trustee, consultant or representative of the Company or any of its Affiliates or is or was serving at the request of the Company or any of its Affiliates, or in connection with his service hereunder, as a director, officer, member, employee, agent, manager, trustee, consultant or representative of another Person, or if any claim is made, is threatened to be made, or is reasonably anticipated to be made, that arises out of or relates to the Executive's service in any of the foregoing capacities, then the Executive shall promptly be indemnified and held harmless, to the fullest extent permitted by law with respect to him individually, against any and all costs, expenses, liabilities and losses (including, without limitation, attorneys' and other professional fees and charges, judgments, interest, expenses of investigation, penalties, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement, incurred or suffered by the Executive in connection therewith or in connection with seeking to enforce his rights under this Section 9.1, and such indemnification shall continue even after the Effective Date and shall inure to the benefit of the Executive's heirs, executors and administrators. The Executive shall be entitled to prompt advancement of any and all costs and expenses (including, without limitation, attorneys' and other professional fees and charges) incurred by him personally in connection with any such proceeding or claim, or in connection with seeking to enforce his rights under this Section 9.1, to the fullest extent permitted by law with respect to him individually, any such advancement to be made within fifteen (15) days after the Executive gives written notice, supported by reasonable documentation, requesting such advancement. Such notice shall include an undertaking by the Executive to repay the amount advanced if he is ultimately determined not to be entitled to indemnification against such costs and expenses. Nothing in this Agreement shall operate to limit or extinguish any right to indemnification, advancement of expenses, or contribution that the Executive would otherwise have (including, without limitation, by agreement or under applicable law). For the avoidance of doubt, the provisions of this Section 9.1 shall not apply to any claim by or against the Executive arising out of or relating to this Agreement, other than an action by the Executive to enforce his right under this Section 9.1 or an action by the Company seeking declaratory relief concerning its duties under this Section 9.1.

**9.2 Liability Insurance.** For at least six (6) years after the Termination Date, the Executive shall be entitled to officers' and directors' liability insurance coverage that is no less favorable to the Executive in any respect than (x) the coverage then provided to other directors and officers of the Company (as such coverage may be amended from time to time for such directors and officers) and (y) the coverage in effect for the Executive as of the Effective Date.

## **10. Miscellaneous**

**10.1 Applicable Law.** This Agreement shall, to the extent not superseded by federal law, be governed by and construed in accordance with the laws of the State of Florida, without regard to principles of conflict of laws.

**10.2 Amendments/Waiver.** This Agreement may not be amended, waived, or modified otherwise than by a written agreement that specifies the provision of this Agreement being amended, waived or modified, and that is executed by the parties to this Agreement or their respective successors and legal representatives. No waiver by either party to this Agreement of any breach of any term, provision or condition of this Agreement by the other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, or any prior or subsequent time.

**10.3 Inconsistencies.** In the event of any inconsistency between any provision of this Agreement and any provision of any other Company Arrangement, the provisions of this Agreement shall, to the extent more favorable to the Executive, control unless the Executive otherwise agrees in a signed writing that expressly refers to the provision of this Agreement whose control he is waiving.

**10.4 Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given when received by hand-delivery to the other party, by overnight courier, or by registered or certified mail, return receipt requested, postage prepaid, addressed, addressed as follows:

If to the Executive:

Wm. Britton Greene  
At the Executive's principal residence  
as set forth in the Company's records.

With a copy to:

Morrison Cohen LLP  
909 Third Avenue, 27<sup>th</sup> Floor  
New York, NY 10022  
Attn: Robert M. Sedgwick, Esq.

If to the Company:

The Compensation Committee of the Board of Directors of The St. Joe Company  
c/o The St. Joe Company  
133 South WaterSound Parkway  
WaterSound, FL 32413

With a copy to:

Latham & Watkins LLP  
355 S. Grand Ave.  
Los Angeles, CA 90071-1560  
Attn: James D.C. Barrall

or to such other addresses as either party furnishes to the other in writing in accordance with this Section 10.4. Notices and communications shall be effective when actually received by the addressee.

**10.5 Withholding.** The Company may withhold from any amounts payable under this Agreement such taxes as shall be required to be withheld pursuant to any applicable law or regulation.

**10.6 Strict Compliance.** The Executive's or Company's failure to insist upon strict compliance with any provisions of, or to assert, any right under, this Agreement shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

**10.7 Enforceability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by an arbitrator or a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**10.8 Captions: Counterparts.** The captions of this Agreement are for convenience of reference only, are not part of the terms of this Agreement and shall have no force or effect in the application or interpretation thereof. This Agreement may be executed in several counterparts, each of which shall be deemed an original and said counterparts shall constitute but one and the same instrument. Signatures delivered by facsimile (including, without limitation, by "pdf") shall be deemed effective for all purposes.

**10.9 Entire Agreement.** This Agreement contains the entire agreement between the parties to this Agreement concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto. Specifically this Agreement replaces and supersedes in its entirety any prior employment and/or severance agreement between the Company and the Executive, but it does not replace any obligation of the Company or its Affiliates that is preserved under this Agreement.

**10.10 Survivorship.** The obligations of the Company and the Executive under this Agreement shall survive the Termination Date.

**10.11 Assignment.** Except as provided in Section 6.1, the rights and benefits of the Executive under this Agreement may not be anticipated, assigned, alienated or subject to the attachment, garnishment, levy, execution or other legal or equitable process except as required by law. Any attempt by the Executive to so anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void.

**10.12 Arbitration.** Any claim arising out of or relating to this Agreement, any other agreement between the Executive and the Company or its Affiliates, any Company Arrangement, the Executive's employment with the Company, or the termination thereof (collectively, "Covered Claims") shall (except to the extent otherwise provided in Section 5.7 with respect to certain requests for injunctive relief) be resolved by binding confidential arbitration, to be held in Panama City, Florida, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect and this Section 10.12. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Executive shall be entitled to prompt advancement of any and all costs and expenses (including, without limitation, attorneys' fees and other professional fees and charges) incurred by him in connection with any such Covered Claim, or in connection with seeking to enforce his rights under this Section 10.12. Any such advancement to be made within 15 days after the Executive gives written notice, supported by reasonable documentation, requesting such advancement; provided, however, that to the extent that it is determined through arbitration that the Executive's claims were frivolous and without reasonable basis, the Executive shall promptly reimburse the Company for all costs and expenses advanced to the Executive in respect of such Covered Claim. Pending the resolution of any Covered Claim, the Executive (and his beneficiaries) shall continue to receive all payments and benefits due under this Agreement or otherwise, except to the extent that the arbitrator(s) otherwise provide.

**IN WITNESS WHEREOF**, the Executive has hereunto set his hand and, pursuant to the authorization of its Board, the Company has caused this Agreement to be executed in its name and on its behalf by a duly authorized officer, as of the date set forth above.

**THE ST. JOE COMPANY**

/s/ Hugh M. Durden

\_\_\_\_\_

Name: Hugh M. Durden

Title: Chairman of the Board

**EXECUTIVE**

/s/ Wm. Britton Greene

\_\_\_\_\_

Wm. Britton Greene

**Exhibit A**  
**FIRST MUTUAL RELEASE**

1. **Release by the Executive.** In consideration of the payments and benefits to be made under Sections 3.2(a) through (f) of the Separation Agreement (the "Agreement") dated as of February 25, 2011 between The St. Joe Company (the "Company") and Wm. Britton Greene (the "Executive"), with the intention of binding the Executive and the Executive's heirs, executors, administrators and assigns (the "Executive Parties"), the Executive does hereby release, remise, acquit and forever discharge the Company and each of its subsidiaries (the "Company Affiliated Group"), their present and former officers, directors, executives, agents, attorneys, employees and employee benefits plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing, but specifically excluding Bruce R. Berkowitz, Charles Fernandez, Fairholme Capital Management, LLC, and Fairholme Funds, Inc. (collectively, the "Company Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected which the Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any of the Company Released Parties in any capacity, including, without limitation, any and all claims (i) arising out of or in any way connected with the Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity, or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, salary or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort, and (iv) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices), any and all claims based on the Executive Retirement Income Security Act of 1974 ("ERISA"), any and all claims arising under the civil rights laws of any federal, state or local jurisdiction, including, without limitation, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans with Disabilities Act ("ADA"), Sections 503 and 504 of the Rehabilitation Act, the Family and Medical Leave Act, the Age Discrimination in Employment Act ("ADEA"), the Florida Law Against Discrimination and any and all claims under any whistleblower laws or whistleblower provisions of other laws excepting only:

- (a) rights of the Executive provided under or preserved by this First Mutual Release and the Agreement;
- (b) rights of the Executive relating to equity awards and shares held by the Executive as of the Termination Date (as defined in the Agreement);
- (c) the right of the Executive to receive COBRA continuation coverage in accordance with applicable law;

(d) rights to indemnification the Executive may have

(i) under applicable corporate law or the Agreement,

(ii) under the by-laws or certificate of incorporation of any Company Released Party, or

(iii) as an insured under any director's and officer's liability insurance policy now or previously in force;

(e) claims (i) for benefits under any health, disability, retirement, deferred compensation, life insurance or other similar employee benefit plan or arrangement of the Company Affiliated Group and (ii) for earned but unused vacation pay through the Termination Date in accordance with applicable Company policy; and

(f) claims for the reimbursement of unreimbursed business expenses incurred prior to the Termination Date pursuant to applicable Company policy.

(g) To the extent that this Section 1 is not enforceable against any of the Executive Parties, the Executive agrees to promptly indemnify and hold the Company harmless from any liability, costs or obligations with respect to any claims (including, without limitation, any attorney fees or other charges incurred in defending any such claims).

## **2. Release by Company.**

(a) The Company, on its own behalf and on behalf of each of the other Company Released Parties, hereby releases the Executive Parties from any and all claims that the Company Released Parties had or may ever have against the Executive Parties from the beginning of time and up to and including the date that Company has executed, and delivered, this Release.

(b) Notwithstanding the foregoing, the release granted under Section 2(a) specifically excludes (i) the violation of any federal, state or local statutory and/or public policy right or entitlement that, by applicable law, is not waivable; (ii) any claim based on willful misconduct by the Executive (with willful misconduct defined in this context to mean misconduct that is known by the Executive not to be in the interest of the Company); (iii) any claim for breach of this First Mutual Release or the Agreement by the Executive; (iv) any personal charges of the Executive on any Company credit card account; (v) the Company's right to recoup payments to the Executive, to the extent required under the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act; and (vi) any wrongful act or omission occurring after the date that the Company has executed, and delivered, this First Mutual Release.

(c) To the extent that this Section 2 is not enforceable against any Company Released Party, the Company agrees to promptly indemnify and hold the Executive harmless from any liability, costs or obligations with respect to any claims (including, without limitation, any attorney fees or other charges incurred in defending any such claims) released by this Release.



3. **No Admissions.** The Company and the Executive acknowledge and agree that the releases provided in Section 1 and 2 are not to be construed in any way as an admission of any liability whatsoever by any Company Released Party or by the Executive, any such liability being expressly denied.
4. **Application to all Forms of Relief.** This First Mutual Release applies to any relief for released claims no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages for pain or suffering, costs and attorney's fees and expenses.
5. **Specific Waiver.** The Executive specifically acknowledges that his or her acceptance of the terms of this First Mutual Release is, among other things, a specific waiver of his or her right, claims and causes of action under Title VII, ADEA, ADA and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything herein purport, to be a waiver of any right or claim or cause of action which by law the Executive is not permitted to waive.
6. **No Complaints or Other Claims.** The Executive acknowledges and agrees that he has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal.
7. **Voluntariness.** The Executive agrees that he is relying solely upon his own judgment; that the Executive is over 18 years of age and is legally competent to sign this First Mutual Release; that the Executive is signing this First Mutual Release of his own free will; that the Executive has read and understood the First Mutual Release before signing it; and that the Executive is signing this First Mutual Release in exchange for consideration that he believes is satisfactory and adequate.
8. **Legal Counsel.** The Executive acknowledges that he has been informed of the right to consult with legal counsel of his choice and has done so.
9. **Complete Agreement/Severability.** This First Mutual Release together with the Agreement constitutes the complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, negotiations, or discussions relating to the subject matter of this First Mutual Release. All provisions and portions of this First Mutual Release are severable. If any provision or portion of this First Mutual Release or the application of any provision or portion of the First Mutual Release shall be determined to be invalid or unenforceable to any extent or for any reason, all other provisions and portions of this First Mutual Release shall remain in full force and shall continue to be enforceable to the fullest and greatest extent permitted by law.

10. **Acceptance.** The Executive acknowledges that he has been given a period of twenty-one (21) days within which to consider this First Mutual Release, unless applicable law requires a longer period, in which case the Executive shall be advised of such longer period and such longer period shall apply. The Executive may accept this First Mutual Release at, any time within this period of time by signing the First Mutual Release and returning it to the Company, and if he signs this agreement prior to the expiration of the twenty-one (21) day period, he waives the balance of that period. This First Mutual Release shall also become null and void if not countersigned by the Company, and delivered to the Executive, no later than the Termination Date (as defined in the Agreement).

11. **Revocability.** This First Mutual Release shall not become irrevocable as against the Executive until seven (7) calendar days after the Executive signs it. The Executive may revoke his acceptance of this First Mutual Release at any time within that seven (7) calendar day period by sending written notice to the Company. Such notice must be received by the Company within the seven calendar day period, in order to be effective and, if so received, would void this First Mutual Release for all purposes.

12. **Governing Law.** Except for issues or matters as to which federal law is applicable, this First Mutual Release shall be governed by and construed and enforced in accordance with the laws of the State of Florida without giving effect to the conflicts of law principles thereof.

[Signature Page to Follow]

Please indicate your acceptance of this First Mutual Release by signing and dating this release and returning it to the Company. A duplicate of this release is enclosed for your records. This First Mutual Release may also be executed in several counterparts, each of which shall be deemed an original and said counterparts shall constitute but one and the same instrument. Signatures delivered by facsimile by either parties (including, without limitation, by "pdf") shall be effective for all purposes.

ACCEPTED AND AGREED:

/s/ Wm. Britton Greene  
Wm. Britton Greene  
Date: 2/25/11

The St. Joe Company

By: /s/ Hugh M. Durden  
Name: Hugh M. Durden  
Title: Chairman  
Date: Feb 28, 2011

**Exhibit B**  
**SECOND MUTUAL RELEASE**

1. **Release by the Executive.** In consideration of the payments and benefits to be made under Sections 3.2(a) through (f) of the Separation Agreement (the "Agreement") dated as of February 25, 2011 between The St. Joe Company (the "Company") and Wm. Britton Greene (the "Executive"), with the intention of binding the Executive and the Executive's heirs, executors, administrators and assigns (the "Executive Parties"), the Executive does hereby release, remise, acquit and forever discharge the Company and each of its subsidiaries (the "Company Affiliated Group"), their present and former officers, directors, executives, agents, attorneys, employees and employee benefits plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing, but specifically excluding Bruce R. Berkowitz, Charles Fernandez, Fairholme Capital Management, LLC, and Fairholme Funds, Inc. (collectively, the "Company Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected which the Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any of the Company Released Parties in any capacity, including, without limitation, any and all claims (i) arising out of or in any way connected with the Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity, or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, salary or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort, and (iv) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices), any and all claims based on the Executive Retirement Income Security Act of 1974 ("ERISA"), any and all claims arising under the civil rights laws of any federal, state or local jurisdiction, including, without limitation, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans with Disabilities Act ("ADA"), Sections 503 and 504 of the Rehabilitation Act, the Family and Medical Leave Act, the Age Discrimination in Employment Act ("ADEA"), the Florida Law Against Discrimination and any and all claims under any whistleblower laws or whistleblower provisions of other laws excepting only:

- (a) rights of the Executive provided under or preserved by this Second Mutual Release and the Agreement;
- (b) rights of the Executive relating to equity awards and shares held by the Executive as of the Termination Date (as defined in the Agreement);
- (c) the right of the Executive to receive COBRA continuation coverage in accordance with applicable law;

(d) rights to indemnification the Executive may have

(i) under applicable corporate law or the Agreement,

(ii) under the by-laws or certificate of incorporation of any Company Released Party, or

(iii) as an insured under any director's and officer's liability insurance policy now or previously in force;

(e) claims (i) for benefits under any health, disability, retirement, deferred compensation, life insurance or other similar employee benefit plan or arrangement of the Company Affiliated Group and (ii) for earned but unused vacation pay through the Termination Date in accordance with applicable Company policy; and

(f) claims for the reimbursement of unreimbursed business expenses incurred prior to the Termination Date pursuant to applicable Company policy.

(g) To the extent that this Section 1 is not enforceable against any of the Executive Parties, the Executive agrees to promptly indemnify and hold the Company harmless from any liability, costs or obligations with respect to any claims (including, without limitation, any attorney fees or other charges incurred in defending any such claims).

## **2. Release by Company.**

(a) The Company, on its own behalf and on behalf of each of the other Company Released Parties, hereby releases the Executive Parties from any and all claims that the Company Released Parties had or may ever have against the Executive Parties from the beginning of time and up to and including the date that Company has executed, and delivered, this Release.

(b) Notwithstanding the foregoing, the release granted under Section 2(a) specifically excludes (i) the violation of any federal, state or local statutory and/or public policy right or entitlement that, by applicable law, is not waivable; (ii) any claim based on willful misconduct by the Executive (with willful misconduct defined in this context to mean misconduct that is known by the Executive not to be in the interest of the Company); (iii) any claim for breach of this Second Mutual Release or the Agreement by the Executive; (iv) any personal charges of the Executive on any Company credit card account; (v) the Company's right to recoup payments to the Executive, to the extent required under the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act; and (vi) any wrongful act or omission occurring after the date that the Company has executed, and delivered, this Second Mutual Release.

(c) To the extent that this Section 2 is not enforceable against any Company Released Party, the Company agrees to promptly indemnify and hold the Executive harmless from any liability, costs or obligations with respect to any claims (including, without limitation, any attorney fees or other charges incurred in defending any such claims) released by this Release.

3. **No Admissions.** The Company and the Executive acknowledge and agree that the releases provided in Section 1 and 2 are not to be construed in any way as an admission of any liability whatsoever by any Company Released Party or by the Executive, any such liability being expressly denied.
4. **Application to all Forms of Relief.** This Second Mutual Release applies to any relief for released claims no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages for pain or suffering, costs and attorney's fees and expenses.
5. **Specific Waiver.** The Executive specifically acknowledges that his or her acceptance of the terms of this Second Mutual Release is, among other things, a specific waiver of his or her right, claims and causes of action under Title VII, ADEA, ADA and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything herein purport, to be a waiver of any right or claim or cause of action which by law the Executive is not permitted to waive.
6. **No Complaints or Other Claims.** The Executive acknowledges and agrees that he has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal.
7. **Voluntariness.** The Executive agrees that he is relying solely upon his own judgment; that the Executive is over 18 years of age and is legally competent to sign this Second Mutual Release; that the Executive is signing this Second Mutual Release of his own free will; that the Executive has read and understood the Second Mutual Release before signing it; and that the Executive is signing this Second Mutual Release in exchange for consideration that he believes is satisfactory and adequate.
8. **Legal Counsel.** The Executive acknowledges that he has been informed of the right to consult with legal counsel of his choice and has done so.
9. **Complete Agreement/Severability.** This Second Mutual Release together with the Agreement constitutes the complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, negotiations, or discussions relating to the subject matter of this Second Mutual Release. All provisions and portions of this Second Mutual Release are severable. If any provision or portion of this Second Mutual Release or the application of any provision or portion of the Second Mutual Release shall be determined to be invalid or unenforceable to any extent or for any reason, all other provisions and portions of this Second Mutual Release shall remain in full force and shall continue to be enforceable to the fullest and greatest extent permitted by law.

10. **Acceptance.** The Executive acknowledges that he has been given a period of twenty-one (21) days within which to consider this Second Mutual Release, unless applicable law requires a longer period, in which case the Executive shall be advised of such longer period and such longer period shall apply. The Executive may accept this Second Mutual Release at, any time within this period of time by signing the Second Mutual Release and returning it to the Company, and if he signs this agreement prior to the expiration of the twenty-one (21) day period, he waives the balance of that period. This Second Mutual Release shall also become null and void if not countersigned by the Company, and delivered to the Executive, no later than the Termination Date (as defined in the Agreement).

11. **Revocability.** This Second Mutual Release shall not become irrevocable as against the Executive until seven (7) calendar days after the Executive signs it. The Executive may revoke his acceptance of this Second Mutual Release at any time within that seven (7) calendar day period by sending written notice to the Company. Such notice must be received by the Company within the seven calendar day period, in order to be effective and, if so received, would void this Second Mutual Release for all purposes.

12. **Governing Law.** Except for issues or matters as to which federal law is applicable, this Second Mutual Release shall be governed by and construed and enforced in accordance with the laws of the State of Florida without giving effect to the conflicts of law principles thereof.

[Signature Page To Follow]

Please indicate your acceptance of this Second Mutual Release by signing and dating this release and returning it to the Company. A duplicate of this release is enclosed for your records. This Second Mutual Release may also be executed in several counterparts, each of which shall be deemed an original and said counterparts shall constitute but one and the same instrument. Signatures delivered by facsimile by either parties (including, without limitation, by "pdf") shall be effective for all purposes.

ACCEPTED AND AGREED:

\_\_\_\_\_  
Wm. Britton Greene  
Date: \_\_\_\_\_

The St. Joe Company  
By: \_\_\_\_\_  
Name:  
Title:  
Date: \_\_\_\_\_



**THE ST. JOE COMPANY  
TRUST UNDER SEPARATION AGREEMENT  
F.B.O.  
WM. BRITTON GREENE**

This Agreement is made this 25th day of February, 2011, by and between The St. Joe Company, a Florida corporation ("**Company**"), and SunTrust Banks, Inc., a Georgia corporation ("**Trustee**").

WHEREAS, Company and Mr. Wm. Britton Greene ("**Executive**") have entered into a certain Separation Agreement, dated as of February 25, 2011 (the "**Separation Agreement**");

WHEREAS, Company has incurred or expects to incur liability under the terms of the Separation Agreement with respect to Executive;

WHEREAS, Company wishes to establish a trust (hereinafter called "**Trust**") and to contribute to the Trust assets that shall be held therein, subject to the claims of Company's creditors in the event of Company's Insolvency, as herein defined, until paid to Executive and his beneficiaries in such manner and at such times as specified in the Separation Agreement;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement; and

WHEREAS, it is the intention of Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Separation Agreement.

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

**Section 1. Establishment Of Trust**

(a) Company hereby deposits with Trustee such amounts as set forth in the Payment Schedule (defined in Section 2(a) herein) which shall become the principal of the Trust to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

(b) The Trust hereby established shall be irrevocable.

(c) The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Executive and general creditors as herein set forth. Executive and his beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Separation Agreement and this Trust Agreement shall be mere unsecured contractual rights of Executive and his beneficiaries against Company. Any assets held by the

Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency (as defined in Section 3(a) herein).

(e) Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. Neither Trustee nor Executive or his beneficiary shall have any right to compel such additional deposits.

**Section 2. Payments to Executive and His Beneficiaries.**

(a) The payment schedule, attached as Exhibit A hereto (the "**Payment Schedule**"), sets forth the amounts, and dates, of payments to be made by Trustee. The Payment Schedule may not be amended without Executive's prior written consent. Except as otherwise provided herein, Trustee shall make payments to Executive and his beneficiaries in accordance with such Payment Schedule. Trustee shall make provision for the reporting and withholding of any federal, state or local taxes, as described on the Payment Schedule, and Trustee shall pay amounts withheld to the appropriate taxing authorities, unless Company certifies to Trustee that such amounts have been reported, withheld and paid directly by Company.

(b) The entitlement of Executive and/or his beneficiaries to benefits under the Payment Schedule, if disputed by Company, shall be determined in accordance with Section 10.12 of the Separation Agreement

(c) Company may make payment of benefits directly to Executive or his beneficiaries as they become due under the terms of the Separation Agreement. Company shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to Executive or his beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Agreement, Company shall make the balance of each such payment as it falls due. Trustee shall notify Company where principal and earnings are not sufficient.

**Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary When Company Is Insolvent.**

(a) Trustee shall cease payment of benefits to Executive and his beneficiaries if Company is Insolvent. Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of Company shall have the duty to inform Trustee in writing of Company's Insolvency.

(2) If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee shall determine whether Company is

Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Executive or his beneficiaries. In such a situation, Trustee may ask the Board of Directors of Company for a resolution and/or the Chief Executive Officer of Company for an affidavit that Company is not Insolvent. Trustee may rely on such resolution or affidavit without further investigation if the document(s) unequivocally state Company is not Insolvent. If the Board of Directors or the Chief Executive Officer of Company fails to provide the requested documentation, Trustee may treat Company as insolvent until clear and convincing evidence to the contrary is available.

(3) Unless Trustee has actual knowledge of Company's Insolvency, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Company is Insolvent. Trustee may in all events rely on such evidence concerning Company's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company's solvency.

(4) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Executive or his beneficiaries and shall hold the assets of the Trust for the benefit of Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Executive or his beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Separation Agreement or otherwise.

(5) Trustee shall resume the payment of benefits to Executive or his beneficiaries in accordance with Section 2 of this Trust Agreement only after Trustee receives written notification from the Board of Directors or Chief Executive Officer of Company that Company is not Insolvent.

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Executive or his beneficiaries under the terms of the Separation Agreement for the period of such discontinuance, less the aggregate amount of any payments made to Executive or his beneficiaries by Company in lieu of the payments provided for hereunder during any such period of discontinuance.

#### **Section 4. Payments to Company.**

Except as provided in Section 3 hereof, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Executive and his beneficiaries pursuant to the terms of the Separation Agreement.

#### **Section 5. Investment Authority.**

Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by Company. All rights associated with assets of the Trust shall be exercised by Trustee or the person designated by Trustee, and shall in no event be exercisable by or rest with Executive.

**Section 6. Disposition of Income.**

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

**Section 7. Accounting by Trustee.**

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between Company and Trustee. Within forty-five (45) days following the close of each calendar year and within forty-five (45) days after the resignation of Trustee, Trustee shall deliver to Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such resignation, as the case may be.

**Section 8. Responsibility of Trustee.**

(a) Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by Company which is contemplated by, and in conformity with, the terms of the Separation Agreement or this Trust and is given in writing by Company. In the event of a dispute between Company and a party, Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) Trustee may consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder.

(c) Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(d) Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(e) However, notwithstanding the provisions of Section 8(d) above, Trustee may loan to Company the proceeds of any borrowing against an insurance policy held as an asset of the Trust.

(f) Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

(g) Company shall indemnify Trustee, and defend it and hold it harmless from and against any and all direct liabilities, losses, claims, suits or expenses (including attorney's fees) of whatsoever kind and nature that may be imposed upon, asserted against, or incurred by Trustee at any time by reason of its carrying out its responsibilities or providing services hereunder or by reason of any act or failure to act under this Trust Agreement, except to the extent that any such liability, loss, claim, suit or expense arises directly from Trustee's negligence or misconduct in the performance of responsibilities specifically allocated to it under this Trust Agreement. The provisions of this subsection (h) shall survive the termination of this Trust Agreement.

(i) Trustee shall indemnify Company, and defend it and hold it harmless from and against any and all direct liabilities, losses, claims, suits or expenses (including attorney's fees) of whatsoever kind and nature that may be imposed upon, asserted against or incurred by, Company at any time directly by reason of Trustee's negligence or misconduct in the performance of responsibilities specifically allocated to it under this Trust Agreement. The provisions of this subsection (i) shall survive termination of this Trust Agreement.

**Section 9. Compensation and Expenses of Trustee.**

Company shall pay all administrative and Trustee's fees and expenses (as set forth in Exhibit B attached hereto).

**Section 10. Resignation of Trustee.**

(a) Trustee may resign at any time by written notice to Company, which shall be effective thirty (30) days after receipt of such notice unless Company and Trustee agree otherwise.

(b) Upon resignation of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within thirty (30) days after receipt of notice of resignation or transfer, unless Company extends the time limit.

(c) Trustee may not be removed by Company at any time.

(d) If Trustee resigns, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation under paragraph (a) of this section.

**Section 11. Appointment of Successor.**

(a) If Trustee resigns in accordance with Section 10(a) or (b) hereof, Company shall appoint any third party, such as a bank trust department or other party that may be granted

corporate trustee powers under state law, as a successor to replace Trustee upon resignation. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

(b) The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8 hereof. The successor Trustee shall not be responsible for and Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

**Section 12. Amendment or Termination.**

(a) This Trust Agreement may be amended by a written instrument executed by Trustee and Company, provided, that no amendment that is adverse to Executive or his beneficiaries shall be effective without his prior written consent.

(b) The Trust shall not terminate until the date on which Company's obligation to make all benefit payments under the Separation Agreement have been satisfied, provided, that Trustee receives written notification from Executive that such payments have been made to Executive thereunder. All assets in the Trust at termination shall be returned to Company.

**Section 13. Miscellaneous.**

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Executive and his beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without regard to principles of conflict of laws.

(d) Company and Trustee hereby each represents and warrants to the other that it has full authority to enter into this Trust Agreement upon the terms and conditions hereof and that the individual executing this Trust Agreement on its behalf has the requisite authority to bind Company or Trustee to this Trust Agreement.

(e) This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument and may be sufficiently evidenced by one counterpart.

(f) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Trustee:

Department Manager  
Employee Benefit Solutions  
200 S. Orange Ave, FL-ORL-2102, SOAB 10  
Orlando, FL 32801

If to Company:

The St. Joe Company  
133 South WaterSound Parkway  
WaterSound, FL 32413  
Attention: Corporate Counsel

If to Executive:

Wm. Britton Greene  
243 Western Lake Drive  
WaterColor, FL 32456

with a copy to:

Morrison Cohen LLP  
909 Third Avenue  
New York, New York 10022  
Attention: Robert M. Sedgwick

(g) In the event of Executive's death or a judicial determination of his incapacity, references in this Trust Agreement to Executive shall be deemed to be references to his estate, beneficiaries, executor(s), or other legal representative, as appropriate.

**Section 14. Effective Date.**

The effective date of this Trust Agreement shall be February 25, 2011.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement as of the date first above written.

**“COMPANY”**

THE ST. JOE COMPANY, a Florida corporation

By: /s/ William S. McCalmont \_\_\_\_\_

Name: William S. McCalmont

Title: EVP & CFO

**“TRUSTEE”**

SUNTRUST BANKS, INC., a Georgia corporation

By: /s/ Kara L. Humphrey \_\_\_\_\_

Name: Kara L. Humphrey

Title: AVP & Client Manager



**Exhibit A**  
**Payment Schedule**  
**To**  
**The St. Joe Company Trust under Separation Agreement**  
**F.B.O. Wm. Britton Greene**

1. Pay to Executive \$2,920,000 (less required tax withholdings), in a cash lump sum, on September 2, 2011 (or the first business day following the end of the six month anniversary following the "Termination Date" under the Separation Agreement, if earlier).

2. Pay to Executive \$118,000 (less required tax withholdings), in a cash lump sum, at the same time Company pays other executive bonuses for calendar year 2011, but no later than March 15, 2012.

3. Pay to Executive \$1,053,225 (less required tax withholdings), in a cash lump sum, on September 2, 2011 (or the first business day following the end of the six month anniversary following the "Termination Date" under the Separation Agreement, if earlier).

4. Pay to Executive up to \$75,000 to defray the cost of relocation expenses actually incurred by Executive if Executive relocates his present residence in WaterColor, Florida to a location more than fifty (50) miles from WaterColor, Florida within twenty-four months following the Termination Date. Executive shall submit to Company invoices and/or receipts for all expenses for which he seeks reimbursement no later than April 30, 2013 (with a copy to Trustee), and Trustee shall reimburse Executive for all reimbursable expenses up to \$75,000 within ten (10) business days of Company's receipt of invoices and/or receipts for the expenses actually incurred. The reimbursable expenses shall include professional packing, moving and temporary storage of household items and vehicles, closing costs and commissions on the sale of the WaterColor residence, and closing costs on the acquisition of the newly-acquired primary residence.

5. Remit the employee portion of payroll taxes for the foregoing, to the IRS or other applicable tax authority, with respect to items 1. through 3., above, when due.

**Exhibit B**  
**Schedule of Fees and Expenses**

**FORM OF AMENDMENT TO  
INDEMNIFICATION AGREEMENT**

This **AMENDMENT** to the Indemnification Agreement (the "**Agreement**") entered into as of February 25, 2011, by and between [\_\_\_\_\_] (the "**Executive**") and **THE ST. JOE COMPANY**, a Florida corporation (the "**Company**"), shall be effective February 25, 2011.

**WHEREAS**, the Company and the Executive previously entered into the Agreement in order for the Company to provide for the indemnification and the advancing of expenses to the Executive as set forth in the Agreement;

**WHEREAS**, the Company and the Executive have the power to further amend the Agreement and now wish to do so;

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Executive and the Company, intending to be legally bound, hereby amend the Agreement as follows:

1. Section 8 of the Agreement is hereby amended and restated in its entirety as follows:

**"8. Liability Insurance.**

The Company shall, while the Indemnified Party is employed or otherwise provides services to the Company as an officer or director of the Company and for a period of at least six (6) years thereafter, maintain an insurance policy or policies providing directors' and officers' liability insurance meeting the requirements established by the Board from time to time. Indemnified Party shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any director or officer of the Company, whether or not the Company would have the power to indemnify Indemnified Party against such liability under the provisions of this Agreement or applicable law. Notwithstanding anything in this Agreement to the contrary, any such coverage provided hereunder to the Indemnified Party following the date on which the Indemnified Party ceases to be an officer or director of the Company shall be no less favorable to the Indemnified Party in any respect than (x) the coverage then provided to other officers and directors of the Company (as such coverage may be amended from time to time for such officers and directors) and (y) the coverage as in effect on March 1, 2011."

2. The Agreement, as amended hereby, shall remain in full force and effect.

*[Signature page follows]*

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**IN WITNESS WHEREOF**, the Indemnified Party and the Company have executed and delivered this Amendment on the date(s) set forth below, but effective as of the date set forth above.

**THE ST. JOE COMPANY**

Date: February 26, 2011

By: \_\_\_\_\_

Rusty Bozman  
Senior Vice President, Corporate  
Development

**INDEMNIFIED PARTY**

Date: February \_\_, 2011

\_\_\_\_\_  
[Name]  
[Title]

[Insert The St. Joe Company letterhead]

February 25, 2011

[Name]

[Address]

Re: **Letter Agreement**

Dear [\_\_\_\_]:

This "**Letter Agreement**" is entered into by and between you and The St. Joe Company (the "**Company**"), as of the date set forth above. For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, including without limitation any continued service by you to the Company after the date hereof, you and the Company agree as follows:

1. Notwithstanding anything in the Employment Agreement by and between you and the Company, dated as of \_\_\_\_\_, and amended as of \_\_\_\_\_ (the "**Employment Agreement**"), to the contrary, including, without limitation Section 13.12 thereof, the Company shall advance to you all legal fees and expenses (including, without limitation, reasonable attorneys' fees) which you may incur as a result of any claim brought by you or the Company or any person acting or purporting to act on behalf of or for the benefit of the Company during the period commencing on the date hereof and ending on the second anniversary thereof (the "**Term**") (regardless of the outcome thereof), whether in mediation, arbitration or litigation, to enforce or challenge the validity or enforceability of any provision of the Employment Agreement or any guarantee of performance thereof (including as a result of any contest by you about the amount of any payment pursuant to Section 10 of the Employment Agreement) (a "**Covered Dispute**"), within ten business (10) days after receipt by the Company of a written request for such advance, provided, that you shall repay the amount of any advance(s) pursuant to this Letter Agreement if it shall be finally determined that your claims or defenses had no reasonable basis in fact or law. The Company and you agree that you shall be entitled to equitable and/or injunctive relief in the event of any failure by the Company timely to advance such legal fees and expenses in accordance with the preceding sentence.
  2. Upon the expiration of the Term, the provisions of the Employment Agreement concerning reimbursement of legal fees shall govern the parties obligations with respect to the payment, advancement and/or recoupment of any legal fees and expenses in a Covered Dispute.
  3. This Letter Agreement, together with the Employment Agreement constitute the entire agreement between the parties with respect to the
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payment, advancement and recoupment of legal fees and expenses with respect to a Covered Dispute. Neither party may rely upon any prior negotiations, representations or agreements, with respect to the subject matter hereof. This Letter Agreement may be modified only in a written instrument signed by you and an authorized representative of the Company that specifies it is modifying this Letter Agreement.

*[Signature page follows]*

Please indicate your acceptance of the foregoing in the space indicated below and return the executed Letter to the Company.

Very truly yours,

The St. Joe Company  
a Florida corporation

By: \_\_\_\_\_  
Name: Rusty Bozman  
Title: Senior Vice President, Corporate Development

Accepted and agreed this  
\_\_ day of February, 2011

\_\_\_\_\_  
[Name]



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The St. Joe Company  
133 South WaterSound Parkway  
WaterSound, Florida 32413  
866-417-7133

**FOR IMMEDIATE RELEASE**

**THE ST. JOE COMPANY ANNOUNCES NEW BOARD OF DIRECTORS**

**St. Joe CEO to Resign, Company to Begin Search for New CEO**

**Fourth Quarter and Full Year 2010 Results Conference Call Cancelled**

**WaterSound, FL** — February 28, 2011 — The St. Joe Company (NYSE: JOE) today announced that it has reached an understanding with its largest shareholder, The Fairholme Fund (FAIRX), a series of Fairholme Funds, Inc., on certain corporate governance matters.

Britt Greene has resigned from the Company's Board of Directors, effective immediately, and he will step down from the positions of President and CEO later this week. St. Joe will commence a search process and expects to engage an executive search firm to identify potential candidates to serve as CEO on a permanent basis.

Hugh Durden, Chairman of the St. Joe Board of Directors, said, "Britt has been instrumental in the growth and development of St. Joe over the past thirteen years. We are grateful for his many valuable contributions to the Company and wish him the best in his future endeavors."

Recognizing the desire of St. Joe shareholders for the Company to pursue a different course, Michael L. Ainslie, John S. Lord and Walter L. Revell have also agreed to resign from the St. Joe Board of Directors later this week.

St. Joe will add four new directors previously proposed by Fairholme. The St. Joe Board of Directors will consist of Bruce R. Berkowitz, Governor Charles J. Crist, Charles M. Fernandez, Howard S. Frank, Hugh M. Durden, Thomas A. Fanning, and Delores M. Kesler. St. Joe also expects to engage an executive search firm to assist in identifying at least one additional independent director.

Mr. Durden added, "St. Joe is committed to acting in the best interests of shareholders, and in light of the feedback the Board of Directors has received, we are taking steps to change the Company's governance and leadership. We look forward to working with the new members of the Board to build shareholder value and advance St. Joe's leadership position in the Northwest Florida real estate market."

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In connection with the governance and leadership changes announced today, Fairholme has indicated that it will not be soliciting written consents or proxies to effect further changes to the St. Joe Board.

The Company also announced today that it will not hold its previously scheduled conference call regarding its fourth quarter and full year 2010 earnings on Tuesday, March 1, 2011.

## BIOGRAPHIES

**Bruce R. Berkowitz** is the Founder, Managing Member and Chief Investment Officer of Fairholme Capital Management, L.L.C., and President and a Director of Fairholme Funds, Inc. Mr. Berkowitz has served as a Director of Fairholme Funds, Inc. since 1999. He has also served as a Director of White Mountains Insurance Group, Ltd., AmeriCredit Corporation and TAL.

**Governor Charles J. Crist** is the 44th Governor of the State of Florida and served as Governor from 2007 to 2011. Governor Crist previously served as Attorney General of Florida from 2003 to 2007 and Education Commissioner of Florida from 2001 to 2003. Governor Crist also served as a Senator in the Florida Senate. Governor Crist, a member of the Florida Counsel of 100, is currently an attorney with the law firm of Morgan & Morgan and a Distinguished Professorial Lecturer at Stetson University College of Law.

**Charles M. Fernandez** is the President of Fairholme Capital Management, L.L.C. and Vice President and a Director of Fairholme Funds, Inc. Mr. Fernandez is also a member of the Board of Directors of Miami Children's Hospital Foundation. Mr. Fernandez was a Director of Lakeview Health Systems, LLC, a privately held healthcare company specializing in rehabilitation until October 2009 and served as President until 2007. Mr. Fernandez was also the Chief Executive Officer of Big City Radio, Inc. and held various positions with IVAX Corporation until 2003, serving most recently as a Director and Chairman of the Audit Committee of the Board of Directors.

**Howard S. Frank** is the Chief Operating Officer and Vice Chairman of the Board of Directors of Carnival Corporation & plc, the largest cruise vacation group in the world, and is responsible for directing corporate-wide business development strategies. Mr. Frank joined Carnival Corporation as Senior Vice President — Finance and Chief Financial Officer in July 1989 and has served as the company's Vice Chairman and Chief Operating Officer since January 1998. Mr. Frank is a past Chairman and current Vice Chairman of the Board of Trustees for the New World Symphony and currently serves as Independent Director on the board of directors of Fairholme Funds, Inc.

**Hugh M. Durden** has served as Chairman of the Board of the Company since August 2008, and he served as Lead Director from 2003 to 2008. He has also served as Chairman of The Alfred I. duPont Testamentary Trust since January 2005. From 1972 until 2000, he was an executive with Wachovia Corporation, serving as President of Wachovia Corporate Services from 1994 to 2000. He is a director of The Nemours Foundation, Chairman of the EARTH University Investment Committee and a director of Web.com Group, Inc., a website design and internet services company.

**Thomas A. Fanning** is the Chairman of the Board, President and Chief Executive Officer of Southern Company. Mr. Fanning has worked for Southern Company for 29 years and was most recently Chief Operating Officer until August 2010, previously serving as its Executive Vice President and Chief Financial Officer from 2003 through 2007. Mr. Fanning also serves as a trustee of the Southern Center for International Studies and as a member of The Georgia Institute

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of Technology Alexander Tharpe Athletic Board and Management College Board. Mr. Fanning has current executive experience in a large, complex organization operating in a highly regulated industry. Especially important are the extensive skills he has acquired in the areas of financial reporting and risk assessment and oversight.

**Delores M. Kesler** has served as Chairman of ATS Services, Inc., a human resource solutions company, and Chairman and Chief Executive Officer of Adium, LLC, a capital investment company, since 1997. Ms. Kesler is also a founder of Accustaff, Inc. (now MPS Group, Inc.), a strategic staffing, consulting and outsourcing company, and served as its Chairman and Chief Executive Officer from 1978 until her retirement in 1997. Ms. Kesler currently serves as the Chairman of the Board of PSS World Medical, Inc., a distributor of medical products.

#### **About St. Joe**

The St. Joe Company, a publicly held company currently based in WaterSound, is one of Florida's largest real estate development companies and Northwest Florida's largest private landowner. St. Joe is primarily engaged in real estate development and sales, with significant interests in timber. More information about the Company can be found on its website at [www.joe.com](http://www.joe.com).

#### **Forward-Looking Statements**

Statements in this press release that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about our beliefs, plans, goals, expectations and intentions. Forward-looking statements involve risk and uncertainty, and there can be no assurance that the results described in such statements will be realized. Such statements are based on our current expectations and we undertake no obligation to publicly update or reissue any forward-looking statements. Risk factors that may cause the actual results to differ are described in this press release and in various documents we have filed with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2009, and our Quarterly Reports on Form 10-Q.

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