

NEWS RELEASE

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PANAMA CITY – BAY COUNTY INTERNATIONAL AIRPORT RECEIVES FINAL FEDERAL PERMIT NEEDED FOR AIRPORT RELOCATION

Airport Relocation Project Enters Construction Phase

Panama City, Florida – (August 16, 2007) – The Panama City – Bay County International Airport and Industrial District (Airport Authority) announced today that its airport relocation project is entering the construction phase now that the U.S. Army Corps of Engineers has issued the final necessary federal permit, completing the permitting process. The new airport will be located in western Bay County north of County Road 388 and east of State Road 79 on land being donated by The St. Joe Company (NYSE: JOE).

“With the permitting process now complete, we have entered the construction phase of the project,” said Airport Authority Chairman Joe Tannehill. “We intend to move expeditiously to a groundbreaking.”

“The receipt of this permit marks yet another major milestone in the decade long effort to bring better air service to Bay County and all of Northwest Florida,” said Tannehill. “We have moved a giant step closer to providing this community the opportunity for better air service and more competitive fares; the opportunity to attract new business, industry and jobs to our region; and the opportunity to protect West Bay and preserve tens of thousands of acres for public use and enjoyment.”

Under the terms of the Section 404 permit, The St. Joe Company is providing a conservation easement on 9,609 acres for the mitigation of airport construction impacts. The land, located southeast of the airport site, will become part of the West Bay Preservation Area. This easement will become permanent upon the commencement of construction of the airport. St. Joe is also donating 4,000 acres for the new airport site.

All Major State and Federal Permits for Airport Relocation Now in Hand

“We have now completed both the state and federal permitting process, and we have honored our commitment to protect and enhance West Bay as part of the airport relocation process,” said Tannehill.

Previously, the Airport Authority had received all necessary permits from the state of Florida, selected a project construction manager and secured financial commitments from the state of Florida and the Federal Aviation Administration (FAA). The Airport Authority has received bids for the first phase of airport construction and will select a contractor shortly. In addition, the Airport Authority is working to complete negotiations for the sale of the existing airport.

Rigorous Process Ensured Net Environmental Benefit

In evaluating the Airport Authority's permit application, the USACE was required to consider 1) what cumulative impacts the project would have on the environment if the permits were approved, and 2) if practicable alternatives that would impact fewer wetlands exist.

In issuing the Section 404 permit, the USACE concurred with the Florida Department of Environmental Protection's (FDEP) analysis. In its analysis, FDEP cited a number of net ecosystem benefits that will result from the project, including:

- The conservation and permanent protection of significant contiguous portions of the West Bay region, including bay shoreline, wetlands, streams, uplands and the overall watershed;
- A wetlands function lift significantly in excess of that needed to compensate for functional losses (impacts);
- A mitigation plan that significantly exceeds both state and federal requirements for all possible current and future impacts; and
- An effort to restore a large contiguous tract of uplands and wetlands to approximate historical conditions more suitable for dependent species native to the area.

Environmental Protection is a Key Benefit of Airport Relocation

“Local environmental groups and the State of Florida opposed expansion of the current airport in the mid-1990s because of the threat it presented to the St. Andrews Bay system,” said Tannehill. “They sought to create a 'win-win' plan for the future by protecting the bay and relocating the airport. Their objective became the Airport Authority's objective. And by working together, West Bay, one of the most pristine bays in Florida, will have important permanent protections in place to ensure future generations will be able to enjoy it, as we have.”

Dozens of public meetings and many hours of dedicated work by local citizens, local and national environmentalists, the Bay County Commission and the State of Florida produced the West Bay Area Sector Plan, one of the largest land plans of its kind in the United States. During the years of planning, the Florida Audubon, The Nature Conservancy, the Bay Environmental Study Team (BEST), 1000 Friends of Florida and Florida Wildlife Federation and other local environmental leaders and

organizations participated in creating a plan and policies for the sector plan that will protect the water quality, habitat and scenic beauty of West Bay forever.

In addition to the sector planning process, the Airport Authority entered into an Ecosystem Management Agreement (EMA) with the FDEP. The EMA includes a comprehensive mitigation plan for the environmental impacts of the relocation and construction the airport.

The EMA was reached using Florida's innovative Ecosystem Team Permitting approach, a process whereby environmental impacts associated with the airport relocation were avoided or minimized, and a comprehensive mitigation plan was developed through consensus building between the Airport Authority, regulators, and other stakeholders, including local environmental organizations.

The ecological portion of the mitigation plan is also the result of an interagency comprehensive regional planning effort in which the U.S. Army Corps of Engineers, the Florida Department of Community Affairs, the Florida Department of Environmental Protection, Northwest Florida Water Management District, the Florida Department of Agriculture and Consumer Services, the Florida Fish and Wildlife Conservation Commission, the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, The St. Joe Company and the Airport Authority participated.

Relocation of the Panama City – Bay County International Airport

The Airport Authority is nearing completion of a ten-year process to relocate the Panama City – Bay County airport. In the late 1980s, the Airport Authority began an effort to address significant deficiencies at the existing airport, including non-standard runway safety areas. When local environmentalists and the Florida Department of Environmental Protection objected to extending the existing runway system into Goose Bayou, a particularly environmentally sensitive part of St. Andrews Bay, the Airport Authority began considering relocating the airport.

After completion of a feasibility study in 2000 and a site selection study in 2001, the Airport Authority identified a new site for the airport in northwestern Bay County (West Bay) on land owned by The St. Joe Company.

Following the FAA's selection of the site, the Airport Authority partnered with the State of Florida, Bay County and St. Joe in an innovative planning process authorized by Florida law known as "optional sector planning." The process included numerous public meetings, data gathering, analysis and visioning for the future. The plan was approved by Bay County and the State of Florida in 2002 and detailed specific area plans were also approved in 2003.

The sector plan incorporates approximately 78,000 acres and of particular significance is that the boundary of the plan includes an entire bay system (West Bay) thereby allowing unprecedented planning to protect an entire watershed. The purpose of

the plan was to ensure that appropriate land uses were placed near the airport and that appropriate environmental protection measures were built into the plan. The plan is conceptual and guides future development and conservation.

One of the most innovative elements of the plan, in addition to the airport and economic development provisions, is the proposed West Bay Preservation Area. The West Bay Preservation Area was designed by local and state environmental leaders to preserve the health and habitat of West Bay forever. This watershed scale plan will preserve approximately 41,000 acres and, when fully implemented, will provide for habitat corridors, open space and stream protection.

Simplified, the objective of the West Bay Preservation Area is to maintain West Bay in its present, pristine state forever. Its vision, especially when compared to the development that has occurred on Florida's other bay front lands, holds the potential to be one of the most significant conservation measures in Florida history. The plan has won statewide praise including the "2007 Promising Practices Award" from the Council for Sustainable Florida.

In 2004, the FAA began preparing a Draft Environmental Impact Statement considering two-dozen alternatives for addressing the deficiencies at the existing airport. In May 2006 the FAA issued its Final Environmental Impact Statement, identifying relocation to the West Bay Site as its Preferred Alternative. In September 2006, the FAA issued its Record of Decision recommending and approving relocation of the Panama City airport to the proposed site in West Bay. There is currently a judicial challenge to the FAA's ROD; however, the ROD remains in force.

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