

Panama City – Bay County International Airport

NEWS RELEASE

Contact:

Randy Curtis

Executive Director

(850) 673 - 6751 ext: 203

Panama City – Bay County Airport and Industrial District Approves Contract to Sell Current Airport Site For \$56.5 Million Plus Transfer Fees

Panama City, FL (Oct. 10, 2007) -- The Panama City – Bay County Airport and Industrial District (Airport Authority) today announced it has approved a contract to sell the current airport site to a subsidiary of Leucadia National Corporation of New York (NYSE: LUK) for \$56.5 million in cash and significant revenues from transfer fees from the sale of future properties developed on site. The airport is being relocated to a site in northwestern Bay County to be donated to the Airport Authority by The St. Joe Company (NYSE: JOE). The current airport site is approximately 700 acres adjacent to North Bay in Panama City.

“This is the final piece of the puzzle; our financial plan for the new airport is in place,” said Bill Cramer, Airport Authority vice chairman and lead negotiator for the property sale. “We can now move forward aggressively to meet our goals to create a new airport with improved air service, provide an opportunity for economic development and create an environmental jewel for the entire region.”

The purchaser of the airport site is Community Airport Redevelopment, LLC (CAR), which is 90% owned by Leucadia National Corporation. Leucadia developed Rosemary Beach and Draper Lake in Florida, among numerous other properties. The remaining 10% of CAR is owned by WMR Capital Corporation, a Delaware corporation which has developed more than 30 residential, commercial and office real estate projects including Willow Creek Plantation in Okaloosa County, Florida, and Noventa Ocho in Walton County, Florida.

Upon execution of the contract, CAR will place \$56.5 million into an escrow account. Transfer fees will provide the Airport Authority with 0.05% of the sales price on most properties on the current site sold by CAR over the next 90 years. These fees were previously estimated to total some \$38 million over the first 30 years of the agreement with additional fees collected during the final 60 years.

“This is the right deal for the citizens of Bay County,” said Cramer. “It provides significant cash now and provides the opportunity for the Airport Authority to share substantially in the success of new development on the current airport site. The escrow account will provide security for the Airport Authority to obtain the short-term financing needed to move the new airport construction forward immediately.”

When the new airport is opened, the escrowed cash from the sale agreement will transfer to the Airport Authority and title transfer to the current site to CAR.

In March, the Airport Authority identified PCA Development, LLC, of Pittsburgh, PA, as the probable high bidder for the current airport site, but Cramer said at that time that talks would continue with other bidders in case negotiations with PCA failed to reach a satisfactory conclusion.

“As negotiations continued, questions arose regarding important financing and performance details in the PCA bid,” Cramer said. “CAR came forward with an offer with very strong financial backing. CAR met our requirements for creating an excellent financial package for the sale of the current property.”

An environmental remediation fund has been established for the current airport site. CAR will purchase an insurance policy for the Airport Authority to cover any unknown environmental issues.

Leucadia National Corporation is a diversified holding company involved in real estate development, telecommunications, manufacturing, timber, health care services, mining, insurance, investments and wineries. WMR Capital Corporation is owned by Wayne M. Rogers who also owns an investment strategy firm and serves as chief executive officer and chairman of Stop-n-Save, LLC, which owns and operates convenience stores throughout the Southeast.

“Both Leucadia and WMR have developed world-class properties in Florida and around the United States where they met and exceeded very high environmental and aesthetic standards,” Cramer said. “We believe they will work closely with the community to create a real asset for Panama City and Bay County.”

The Airport Authority will have no direct role in the development of the property. Development of the site will be subject to regulations governing developments of regional impact (DRI's), which provide regional and state oversight in addition to Panama City and Bay County oversight processes.

The Airport Authority expects to break ground on the new airport this fall and complete the new facility in late 2009 or early 2010.

Facilities for the new airport will be built initially on some 1,300 acres of a 4,000 acre site donated by The St. Joe Company. Plans call for the new facility to have one 8,400-foot runway, a 5,000-foot crosswind runway, seven gates and a 100,000 square-foot terminal building. There is ample room for expansion as the need arises.

The airport project is part of the much larger West Bay Sector Plan which incorporates some 75,000 acres, including areas for commercial, industrial and residential development. Importantly, more than 40,000 acres, or more than 60 square miles, will be permanently preserved as a conservation area. This unprecedented, regional environmental benefit will be available to Florida residents and visitors for hiking, fishing, kayaking, bird watching and other non-invasive activities.

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