
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported):

July 27, 2006

The St. Joe Company

(Exact name of registrant as specified in its charter)

Florida

1-10466

59-0432511

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

245 Riverside Avenue, Suite 500, Jacksonville,
Florida

32202

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

904-301-4200

Not Applicable

Former name or former address, if changed since last report

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))
-

Item 1.01 Entry into a Material Definitive Agreement.

Amendment of 2002 Note Purchase Agreements

On July 28, 2006, the Company entered into the Second Amendment to Note Purchase Agreements with certain noteholders of the Company's outstanding \$67,000,000 6.66% Senior Notes, Series B, due February 7, 2007, \$15,000,000 7.02% Senior Notes, Series C, due February 7, 2009 and \$75,000,000 7.37% Senior Notes, Series D, due February 7, 2012 (collectively, the "2002 Notes"). The Second Amendment modifies certain covenants in the original Note Purchase Agreements dated February 7, 2002, as amended by the First Amendment to Note Purchase Agreements dated June 8, 2004 (collectively, the "2002 Note Purchase Agreements").

The Second Amendment provides for the modification of certain covenants of the 2002 Note Purchase Agreements. The Second Amendment, among other things, replaces the definition for "consolidated net worth" with a new definition for "consolidated adjusted net worth," increases the maximum allowable leverage ratio and increases the maximum allowable unencumbered assets ratio. The effectiveness of the covenant modifications contained in the Second Amendment is subject to certain conditions, including, but not limited to, the Company's prepayment of its outstanding \$25,000,000 4.97% Senior Notes, Series E, due June 8, 2009 and \$75,000,000 5.31% Senior Notes, Series F, due June 8, 2011 (collectively, the "2004 Notes"), and the payment of a fee to all of the holders of the 2002 Notes. The Company has entered into a new Credit Agreement to provide funding for the repayment of the 2004 Notes (see description below).

A copy of the Second Amendment is filed as Exhibit 10.1 hereto. The foregoing description of the Second Amendment does not purport to be complete, and is qualified in its entirety by reference to the full text of the Second Amendment, which is incorporated by reference herein. You should also refer to the full text of (1) the Note Purchase Agreement dated as of February 7, 2002 filed as Exhibit 10.25 of the Company's annual report on Form 10-K for the year ended December 31, 2003, and (2) the First Amendment to Note Purchase Agreement dated June 8, 2004, filed herewith as Exhibit 10.2.

Entry into Credit Agreement with Bank of America, N.A. for \$100,000,000 Term Loan

On July 28, 2006, the Company entered into a \$100 million Credit Agreement (the "Credit Agreement") with Bank of America, N.A., as Administrative Agent and lender and Banc of America Securities LLC, as Arranger, Book Manager and Syndication Agent. The Credit Agreement provides for a \$100 million term loan that matures on January 31, 2007. The term of the loan may be extended for an additional six months at the Company's election and upon the payment of an extension fee. The Company has not yet borrowed any funds under the Credit Agreement. If the Company has not drawn any funds under the Credit Agreement on or before December 31, 2006, the Credit Agreement will expire. The proceeds of any borrowings under the Credit Agreement may be used only for the prepayment of the Company's outstanding senior notes. Bank of America, N.A. may elect to syndicate a portion of the loan. Certain subsidiaries of the Company have entered into a guaranty agreement in connection with the Credit Agreement.

The variable interest rate on the credit facility for each interest period is generally based on either (1) an adjusted LIBOR rate plus the applicable interest margin (ranging from 0.4% to 1.0%), determined based on the ratio of the total indebtedness of the Company to its total asset value, or (2) the prime rate or federal funds rate plus 0.5%. Interest is payable either monthly or on the last day of the applicable one, two or three month interest period, depending on the type of interest rate selected by the Company. Principal outstanding under the loan is payable on the maturity date.

The Credit Agreement contains financial covenants relating to leverage, fixed charge coverage and net worth. Other covenants contained in the facility restrict, among other things, certain investments, mergers, asset dispositions, guarantees, debt, liens, acquisitions, affiliate transactions and restricted payments. These covenants, terms and provisions are substantially the same as those contained in the Company's existing \$250 million revolving credit facility with Wachovia Bank, N.A. and the other lenders party thereto.

The Credit Agreement contains customary events of default. If any event of default occurs and is continuing, the lenders holding more than 50% of the outstanding principal amount under the loan may accelerate amounts due under the Credit Agreement (except for a bankruptcy event of default, in which case such amounts will automatically become due and payable).

A copy of the Credit Agreement is filed as Exhibit 10.3 hereto. The foregoing description of the Credit Agreement does not purport to be complete, and is qualified in its entirety by reference to the full text of the Credit Agreement, which is incorporated by reference herein.

From time to time, Bank of America, N.A., Banc of America Securities, LLC and their affiliates have provided, and may in the future provide, investment banking and commercial banking services and general financial and other services to the Company for which they have in the past received, and may in the future receive, customary fees.

Entry into New Executive Employment Agreements

On July 27, 2006, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") approved a new form of Executive Employment Agreement to be entered into effective as of July 27, 2006 by each of the Company's executive officers and certain other senior officers, excluding Peter S. Rummell, Chairman, Chief Executive Officer and President. The Executive Employment Agreement provides for a one year term that automatically renews for additional one year periods. During the employment period, the executive will be entitled to receive at least the base salary in effect for the executive on the date of the Executive Employment Agreement, together with guaranteed participation in the Company's annual bonus plan and other incentive, retirement and savings plans. The Company will also pay for an annual physical and, for the executive officers, up to \$10,000 per year for financial planning expenses.

If the executive's employment is terminated by the Company other than for cause or due to death or disability, or by the executive for good reason, the executive will be entitled to receive the following benefits: (1) a lump sum payment equal to 1.5 times the sum of the executive's base salary plus the executive's targeted annual bonus; (2) a pro rata portion of the annual bonus the executive would have earned in that year; (3) 18 months of health and welfare benefits; and (4) reimbursement of up to \$20,000 for outplacement services.

If the executive's employment is terminated during the two year period following a change of control by the Company other than for cause or by the executive for good reason, the executive will receive the following benefits: (1) a lump sum payment equal to two times the sum of the executive's base salary plus the

executive's targeted annual bonus; (2) a pro rata portion of the annual bonus the executive would have earned in that year; (3) an amount calculated based on hypothetical continued service by the executive for a period of two or three years (depending on the level of executive) for purposes of determining benefits payable under the Company's retirement plan and supplemental retirement plan, but only to the extent such amount would exceed the executive's actual benefit under the plans; (4) continued health and welfare benefits through the conclusion of the two year period after the change of control; (5) reimbursement of up to \$20,000 for outplacement services; and (6) a gross-up amount for any required excise tax payments. These benefits will also be payable to the executive in the event that the executive is terminated in anticipation of a change of control event.

The Executive Employment Agreement also requires the executive to comply with certain restrictive covenants. The executive cannot (1) disclose any confidential information about the Company for two years following termination; (2) directly or indirectly compete with the Company for one year following termination; (3) solicit employees of the Company for one year following termination; and (4) make any negative or disparaging comments about the Company.

A copy of the form of Executive Employment Agreement is filed as Exhibit 10.4 hereto. The foregoing description of the form of Executive Employment Agreement does not purport to be complete, and is qualified in its entirety by reference to the full text of the form of Executive Employment Agreement, which is incorporated by reference herein.

Grants of Restricted Stock to Executive Officers

At its meeting on July 27, 2006, the Compensation Committee also approved awards of restricted stock to the following executive officers in connection with the Company's succession planning: 30,648 shares to Wm. Britton Greene, President, St. Joe Towns & Resorts and St. Joe Commercial, and 21,891 shares to each of Anthony M. Corriggio, Chief Financial Officer, Christopher T. Corr, Senior Vice President-Strategic Planning and J. Everitt Drew, President, St. Joe Land Company.

The restricted stock is being issued under a stock incentive plan previously approved by the Company's shareholders. The restricted stock for Messrs. Greene, Corr and Drew will vest in two equal installments on the third and fourth anniversaries of the date of grant. Mr. Corriggio's shares will vest in four equal annual installments commencing on the first anniversary of the date of grant. Vesting may be accelerated upon a change of control, death or disability. Unvested shares are subject to forfeiture upon termination of employment.

Amendment of Outstanding Restricted Stock Agreements and Stock Option Agreements

The Company has previously entered into Restricted Stock Agreements and Stock Option Agreements in connection with grants of shares of restricted stock and stock options to employees and directors under the Company's various stock incentive plans. These agreements provided that any unvested shares of restricted stock or stock options would not accelerate and become vested after a change in control "Corporate Event" until the earlier of 360 days after the Corporate Event or the termination of the participant's employment without cause. A Corporate Event is defined in the Restricted Stock Agreements and Stock Option Agreements to include (a) the consummation of a merger or similar transaction as a result of which the Company's stockholders own 50% or less of the surviving entity's voting securities after such merger or similar transaction, (b) the sale, transfer, exchange or other disposition of all or substantially all of the Company's assets, or (c) the liquidation or dissolution of the Company.

At its meeting on July 27, 2006, the Compensation Committee approved an amendment to each of the Company's outstanding Restricted Stock Agreements and Stock Option Agreements, which amendment provides for the immediate acceleration of unvested shares of restricted stock and stock options on the date of a Corporate Event involving the Company.

This amendment will apply to all Company employees, including the Company's executive officers and directors, who hold unvested shares of restricted stock and stock options.

Adoption of New Forms of Restricted Stock Agreement and Stock Option Agreement

At its meeting on July 27, 2006, the Compensation Committee adopted new forms of Restricted Stock Agreement and Stock Option Agreement for use in connection with future grants of shares of restricted stock and stock options under the Company's stock incentive plans. The new forms of agreements are substantially similar to the existing forms of agreements. The new forms provide for immediate accelerated vesting in the event of death, disability or a change in control Corporate Event (as described above). If a participant's employment with the Company terminates, all unvested shares of restricted stock and stock options will be forfeited and canceled. In the case of retirement (after five continuous years of service with the Company and attainment of age 55, or as otherwise determined by the Compensation Committee), a participant's unvested restricted shares and stock options will continue to vest according to the original vesting schedule so long as such participant does not work on a full-time basis for a third party. Restricted Shares and Stock Options may not be transferred by the participant.

A copy of the form of Restricted Stock Agreement is filed as Exhibit 10.5 hereto, and a copy of the form of Stock Option Agreement is filed as Exhibit 10.6 hereto. The foregoing description of the forms of Restricted Stock Agreement and Stock Option Agreement does not purport to be complete, and is qualified in its entirety by reference to the full text of these agreements, which are incorporated by reference herein.

Item 1.02 Termination of a Material Definitive Agreement.

In connection with entering into the Executive Employment Agreements described under Item 1.01 under the caption "Entry into New Executive Employment Agreements" (which disclosure is incorporated herein by reference), the following agreements between the Company and its executive officers were terminated effective as of July 27, 2006:

- (1) Severance Agreement between Wm. Britton Greene and the Company, dated January 5, 2005 (refer to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004).
- (2) Severance Agreement between Anthony M. Corriggio and the Company, dated March 14, 2005 (refer to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated March 18, 2005).
- (3) Severance Agreement between Christopher T. Corr and the Company, dated March 1, 2002 (refer to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005).
- (4) Severance Agreement between J. Everitt Drew and the registrant, dated December 3, 2004 (refer to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005).
- (5) Severance Agreement between Christine M. Marx and the Company dated as of March 24, 2003 (refer to Exhibit 99.04 to the Company's Form 10-Q for the quarter ended March 31, 2003).
- (6) Employment Agreement of Michael N. Regan, dated November 3, 1997 (refer to Exhibit 10.17 of the Company's registration statement on Form S-1 (File 333-89146)).
- (7) Severance Agreement of Mr. Regan (refer to Exhibit 10.07 to the Company's registration statement on Form S-3 (File No. 333-42397)).

The descriptions of these agreements contained in the Company's Proxy Statement for its 2006 Annual Meeting of Shareholders under the caption "Executive Compensation and Other Information – Employment Contracts and Change in Control Agreements" is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure under Item 1.01 of this report under the captions "Amendment of 2002 Note Purchase Agreements" and "Entry into a Credit Agreement with Bank of America, N.A. for \$100,000,000 Term Loan" is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

- 10.1 Second Amendment to Note Purchase Agreements dated July 28, 2006, by and among the Company and certain holders of the Company's 2002 Senior Notes party thereto.
 - 10.2 First Amendment to Note Purchase Agreements dated June 8, 2004, by and among the Company and certain holders of the Company's 2002 Senior Notes party thereto.
 - 10.3 Credit Agreement dated July 28, 2006 by and among the Company, Bank of America, N.A. and Banc of America Securities, LLC.
 - 10.4 Form of Executive Employment Agreement
 - 10.5 Form of Restricted Stock Agreement adopted July 27, 2006
 - 10.6 Form of Stock Option Agreement adopted July 27, 2006
-

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.

The St. Joe Company

July 31, 2006

By: */s/ Peter S. Rummell*

Name: Peter S. Rummell

Title: Chairman, Chief Executive Officer and President

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Second Amendment to Note Purchase Agreements dated July 28, 2006, by and among the Company and certain holders of the Company's 2002 Senior Notes party thereto.
10.2	First Amendment to Note Purchase Agreements dated June 8, 2004, by and among the Company and certain holders of the Company's 2002 Senior Notes party thereto.
10.3	Credit Agreement dated July 28, 2006 by and among the Company, Bank of America, N.A. and Banc of America Securities, LLC.
10.4	Form of Executive Employment Agreement
10.5	Form of Restricted Stock Agreement adopted July 27, 2006.
10.6	Form of Stock Option Agreement adopted July 27, 2006

THE ST. JOE COMPANY

SECOND AMENDMENT
Dated as of July 28, 2006

to

NOTE PURCHASE AGREEMENTS
Dated as of February 7, 2002

Re: \$18,000,000 5.64% Senior Secured Notes, Series A, due February 7, 2005

\$67,000,000 6.66% Senior Secured Notes, Series B, due February 7, 2007

\$15,000,000 7.02% Senior Secured Notes, Series C, due February 7, 2009

\$75,000,000 7.37% Senior Secured Notes, Series D, due February 7, 2012

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENTS

THIS SECOND AMENDMENT dated as of July 28, 2006 (the or this "*Second Amendment*") to the Note Purchase Agreements each dated as of February 7, 2002 is between THE ST. JOE COMPANY, a Florida corporation (the "*Company*"), and each of the institutions which is a signatory to this Second Amendment (collectively, the "*Noteholders*").

RECITALS:

A. The Company and each of the Noteholders, together with Provident Mutual Life Insurance Company and Provident Mutual Life and Annuity Company of America, have heretofore entered into separate and several Note Purchase Agreements each dated as of February 7, 2002, as amended by the First Amendment to Note Purchase Agreements dated as of June 8, 2004 (collectively, as amended, the "*Note Agreements*"). The Company has heretofore issued (a) \$18,000,000 in aggregate principal amount of its 5.64% Senior Secured Notes, Series A, due February 7, 2005, (b) \$67,000,000 in aggregate principal amount of its 6.66% Senior Secured Notes, Series B, due February 7, 2007, (c) \$15,000,000 in aggregate principal amount of its 7.02% Senior Secured Notes, Series C, due February 7, 2009 and (d) \$75,000,000 in aggregate principal amount of its 7.37% Senior Secured Notes, Series D, due February 7, 2012 (collectively, the "*Notes*") pursuant to the Note Agreements. The Noteholders who are signatories hereto are the holders of more than 51% of the outstanding principal amount of the Notes.

B. The Company and the Noteholders now desire to amend the Note Agreements in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Agreements, as amended hereby, unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this Second Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

NOW, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this Second Amendment set forth in **Section 3.1** hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company and the Noteholders do hereby agree as follows:

Section 1. Amendments.

Section 1.1. Section 10.1 of the Note Agreement shall be and is hereby amended in its entirety to read as follows:

"Section 10.1. Consolidated Adjusted Net Worth. The Company and its Subsidiaries will at all times keep and maintain Consolidated Adjusted Net Worth at an amount not less than (a) \$735,000,000 *plus* (b) an amount equal to one hundred percent (100%) of net proceeds from any issuance by the Company of shares of its Capital Stock or other equity interest occurring after the Closing. Without limiting the foregoing, the exercise by a present or former employee, officer or director of any stock option or equity based compensation issued pursuant to a stock incentive plan, stock option plan or other equity based compensation plan or arrangement shall in no event be deemed or construed to constitute the issuance of shares of the Capital Stock of the Company."

Section 1.2. Section 10.2 of the Note Agreement shall be and is hereby amended in its entirety to read as follows:

“Section 10.2. *Leverage Ratio*. The Company and its Subsidiaries will not as at the end of each fiscal quarter permit the ratio of Consolidated Indebtedness to Consolidated Total Assets to exceed 0.55 to 1.00.”

Section 1.3. Section 10.3 of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

“Section 10.3. *Unencumbered Assets Ratio*. The Company and its Subsidiaries will not permit as at the end of each fiscal quarter the ratio of Unsecured Indebtedness to Unencumbered Assets to exceed 0.55 to 1.00.”

Section 1.4. Section 10.5(a)(iv)(1) of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

“(1) the ratio of Consolidated Indebtedness to Consolidated Total Assets as at such date shall not exceed 0.55 to 1.00; and”

Section 1.5. The definition of “Consolidated Net Worth” contained in Schedule B to the Note Agreements shall be and is deleted from Schedule B to the Note Agreement and a new definition “Consolidated Adjusted Net Worth” shall be added in alphabetical order to Schedule B to the Note Agreements:

““*Consolidated Adjusted Net Worth*” means, as of the date of any determination thereof, the net worth of the Company and its Subsidiaries as determined in accordance with GAAP; *provided* that notwithstanding the foregoing GAAP-based definition, for purposes of any determination of Consolidated Adjusted Net Worth pursuant to **Section 10.1**, all Timberland shall be valued at \$750.00 per acre.”

Section 2. Representations and Warranties of the Company.

Section 2.1. To induce the Noteholders to execute and deliver this Second Amendment (which representations shall survive the execution and delivery of this Second Amendment), the Company represents and warrants to the Noteholders that:

(a) this Second Amendment has been duly authorized, executed and delivered by it and this Second Amendment constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(b) the Note Agreements, as amended by this Second Amendment, constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable against it in accordance with their respective terms, except as enforcement may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(c) the execution, delivery and performance by the Company of this Second Amendment (i) does not require the consent or approval of any governmental or regulatory body or agency, and (ii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, including, without limitation, the Bank Credit Agreement, or (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (ii)(A)(3) of this **Section 2.1(c)**;

(d) as of the date hereof and after giving effect to this Second Amendment, no Default or Event of Default has occurred which is continuing; and

(e) all the representations and warranties contained in Section 5 of the Note Agreements are true and correct in all material respects with the same force and effect as if made by the Company on and as of the date hereof, except the representations and warranties set forth in Sections 5.3 and 5.4, in the final two sentences of Section 5.9 and in the first sentence of Section 5.15 which are true and correct as of the date of the issuance of the Notes.

Section 3. Conditions to Effectiveness of This Second Amendment.

Section 3.1. This Second Amendment shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) executed counterparts of this Second Amendment, duly executed by the Company and the holders of at least 51% of the outstanding principal of the Notes, shall have been delivered to the Noteholders;

(b) the Noteholders shall have received a copy of the resolutions of the Board of Directors of the Company authorizing the execution, delivery and performance by the Company of this Second Amendment, certified by its Secretary or an Assistant Secretary;

(c) on or before December 31, 2006, the Noteholders shall have received evidence satisfactory to them and their special counsel that the 2004 Notes have been paid in full;

(d) the representations and warranties of the Company set forth in **Section 2** hereof are true and correct on and with respect to the date hereof and the execution and delivery by the Company of this Second Amendment shall constitute certification of the same;

(e) the Noteholders shall have received the favorable opinion of counsel to the Company as to the matters set forth in **Sections 2.1(a), 2.1(b)** and **2.1(c)** hereof, which opinion shall be in form and substance satisfactory to the Noteholders; and

(f) each holder of a Note shall have received a non-refundable fee equal to 0.10% of the aggregate outstanding principal amount of the Notes held by such holder.

Upon receipt of all of the foregoing, this Second Amendment shall become effective.

SECTION 4. PAYMENT OF NOTEHOLDERS' COUNSEL FEES AND EXPENSES.

Section 4.1. The Company agrees to pay upon demand, the reasonable fees and expenses of Chapman and Cutler LLP, counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this Second Amendment.

Section 5. Miscellaneous.

Section 5.1. This Second Amendment shall be construed in connection with and as part of each of the Note Agreements, and except as modified and expressly amended by this Second Amendment, all terms, conditions and covenants contained in the Note Agreements and the Notes are hereby ratified and shall be and remain in full force and effect.

Section 5.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Second Amendment may refer to the Note Agreements without making specific reference to this Second Amendment but nevertheless all such references shall include this Second Amendment unless the context otherwise requires.

Section 5.3. The descriptive headings of the various Sections or parts of this Second Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

***Section 5.4.* This Second Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.**

Section 5.5. The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this Second Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

[Remainder of Page Intentionally Blank]

The St. Joe Company

By _____ /s/ Stephen W. Solomon
Its _____ Senior Vice President and Treasurer

Accepted and Agreed to:

Thrivent Financial for Lutherans (f/k/a Aid Association for Lutherans)

By

Name:
Title:

Allstate Life Insurance Company

By /s/ Robert B. Bodett

Name: Robert B. Bodett

By /s/ Jerry D. Zinkula

Name: Jerry D. Zinkula

Authorized Signatories

First Colony Life Insurance Company

By /s/ Scott Sell
Name: Scott Sell
Title: Investment Officer

Genworth Life Insurance

Company (f/k/a General Electric Capital Assurance Company)

By /s/ Scott Sell
Name: Scott Sell
Title: Investment Officer

Genworth Life and Annuity

Insurance Company (f/k/a GE Life and Annuity Assurance Company)

By /s/ Scott Sell
Name: Scott Sell
Title: Investment Officer

Nationwide Life Insurance Company of America (f/k/a Provident Mutual Life Insurance Company)

By

Name:
Title:

Nationwide Life and Annuity Company of America (f/k/a Provident Mutual Life and Annuity Company of America)

By

Name:
Title:

Nationwide Life and Annuity Insurance Company

By

Name:
Title:

Nationwide Life Insurance Company

By

Name:
Title:

Teachers Insurance and Annuity Association of America

By /s/ Loren S. Archibald

Name: Loren S. Archibald
Managing Director

TIAA-CREF Life Insurance Company

By: Teachers Insurance and Annuity Association of America, as Investment Manager

By /s/ Loren S. Archibald

Name: Loren S. Archibald
Managing Director

United of Omaha Life Insurance Company

By

Name:

Title:

Each of the undersigned hereby confirms its continued guaranty of the obligations of the Company under the Note Agreements, as amended hereby, pursuant to the terms of the Subsidiary Guaranty Agreement dated as of February 7, 2002, on this 28th day of July, 2006.

280 Interstate North, L.L.C.
(Manager)

5660 NND, L.L.C.
(Manager)

Apalachicola Northern Railroad Company
(Senior Vice President)

Arvida Housing L.P., Inc.
(Senior Vice President)

Arvida Mid-Atlantic Homes, Inc.
(Senior Vice President)

C Ridge One, L.L.C.
(Manager)

Crooked Creek Real Estate Company
(Senior Vice President)

Crooked Creek Utility Company
(Senior Vice President)

Deer Point I & II, LLC
(Manager)

Georgia Timber, LLC
(Senior Vice President)

Georgia Wind I, LLC
(Manager)

Georgia Wind II, LLC
(Manager)

Georgia Wind III, LLC
(Manager)

McNeill Burbank Homes, LLC
(Senior Vice President)

Millenia Park One, L.L.C.
(Manager)

Monteith Holdings, LLC
(Senior Vice President)

Overlook I & II, LLC
(Manager)

Paradise Pointe, LLC
(Senior Vice President)

Park Point Land, LLC
(Manager)

PSJ Waterfront, LLC
(Manager)

Riverside Corporate Center, L.L.C.
(Manager)

Saussy Burbank, Inc.
(Senior Vice President)

SGW, Inc.
(Senior Vice President)

Southhall Center, L.L.C.
(Manager)

Southwood Real Estate, Inc.
(Senior Vice President)

St. James Island Utility Company
(Senior Vice President)

St. Joe Central Florida Contracting, Inc.
(Senior Vice President)

St. Joe Commercial, Inc.
(Senior Vice President)

St. Joe Community Sales, Inc.
(Senior Vice President)

St. Joe Development, Inc.
(Senior Vice President)

St. Joe Finance Company
(Senior Vice President)

St. Joe Home Building, L.P.
By: St. Joe West Florida Contracting, Inc.,
General Partner
(Senior Vice President)

St. Joe Land Company
(Senior Vice President)

St. Joe Northeast Florida Contracting, Inc.
(Senior Vice President)

St. Joe Residential Acquisitions, Inc.
(Senior Vice President)

St. Joe Resorts & Clubs, L.L.C.
(Manager)

St. Joe Terminal Corporation
(Senior Vice President)

St. Joe Timberland Company of Delaware, L.L.C.
(Senior Vice President)

St. Joe Towns & Resorts, L.P.
By: St. Joe/Arvida Company, Inc.,
General Partner
(Senior Vice President)

St. Joe Utilities Company
(Senior Vice President)

St. Joe West Florida Contracting, Inc.

(Senior Vice President)

St. Joe-Southwood Properties, Inc.
(Senior Vice President)

St. Joe/Arvida Company, Inc.
(Senior Vice President)

Sunshine State Cypress, Inc.
(Senior Vice President)

Talisman Sugar Company
(Senior Vice President)

The Port St. Joe Marina, Inc.
(Senior Vice President)

Watercolor Vacation Rentals, Inc.
(Senior Vice President)

Watersound Vacation Rentals, Inc.
(Senior Vice President)

By: /s/ Stephen W. Solomon
Stephen W. Solomon, as its Manager or Senior Vice
President, as the case may be

ST. JOE CAPITAL I, INC.
By: /s/ David F. Childers III
David F. Childers III
President

RESIDENTIAL COMMUNITY TITLE COMPANY
By: /s/ Mark D. Lassman
Mark D. Lassman
President and Treasurer

FIRST AMENDMENT
Dated as of June 8, 2004

to

NOTE PURCHASE AGREEMENTS
Dated as of February 7, 2002

Re: \$18,000,000 5.64% Senior Secured Notes, Series A, due February 7, 2005

\$67,000,000 6.66% Senior Secured Notes, Series B, due February 7, 2007

\$15,000,000 7.02% Senior Secured Notes, Series C, due February 7, 2009

\$75,000,000 7.37% Senior Secured Notes, Series D, due February 7, 2012

FIRST AMENDMENT TO NOTE PURCHASE AGREEMENTS

THIS FIRST AMENDMENT dated as of June 8, 2004 (the or this “*First Amendment*”) to the Note Purchase Agreements each dated as of February 7, 2002 is between THE ST. JOE COMPANY, a Florida corporation (the “*Company*”), and each of the institutions which is a signatory to this First Amendment (collectively, the “*Noteholders*”).

RECITALS:

A. The Company and each of the Noteholders, together with Provident Mutual Life Insurance Company and Provident Mutual Life and Annuity Company of America, have heretofore entered into separate and several Note Purchase Agreements each dated as of February 7, 2002 (collectively, the “*Note Agreements*”). The Company has heretofore issued (a) \$18,000,000 in aggregate principal amount of its 5.64% Senior Secured Notes, Series A, due February 7, 2005, (b) \$67,000,000 in aggregate principal amount of its 6.66% Senior Secured Notes, Series B, due February 7, 2007, (c) \$15,000,000 in aggregate principal amount of its 7.02% Senior Secured Notes, Series C, due February 7, 2009 and (d) \$75,000,000 in aggregate principal amount of its 7.37% Senior Secured Notes, Series D, due February 7, 2012 (collectively, the “*Notes*”) pursuant to the Note Agreements. The Noteholders are the holders of 100% of the outstanding principal amount of the Notes.

B. The Company and the Noteholders now desire to amend the Note Agreements in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Agreements, as amended hereby, unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this First Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

NOW, THEREFORE, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this First Amendment set forth in **Section 3.1** hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Company and the Noteholders do hereby agree as follows:

Section 1. Amendments.

Section 1.1. Section 10.1 of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

“*Section 10.1. Consolidated Net Worth.* The Company and its Subsidiaries will at all times keep and maintain Consolidated Net Worth at an amount not less than the sum of (a) \$425,000,000 plus (b) an amount equal to one hundred percent (100%) of net proceeds from any issuance by the Company of shares of its Capital Stock or other equity interest occurring after the Closing. Without limiting the foregoing, the exercise by a present or former employee, officer or director of any stock option or equity based compensation issued pursuant to a stock incentive plan, stock option plan or other equity based compensation plan or arrangement shall in no event be deemed or construed to constitute the issuance of shares of the Capital Stock of the Company.”

Section 1.2. Section 10.5(v) of the Note Agreements shall be and hereby is amended by deleting “.” at the end of such Section and replacing it with “; and” and by adding the following new Section 10.5(vi) of the Note Agreements immediately thereafter:

“(vi) Indebtedness evidenced by the 2004 Notes and the 2004 Subsidiary Guaranty.”

Section 1.3. Section 10.6(g) of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

“(g) (i) Liens of the Company and its Subsidiaries existing as of the date of Closing and described on Schedule 10.6 hereto and (ii) the Lien of the Pledge Agreement;”

Section 1.4. Section 11(f) of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

“(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$10,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company is in default in the performance of or compliance with any term of the 2004 Notes, the 2004 Note Purchase Agreements or any Additional Note Purchase Agreement and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$10,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iv) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (1) the Company or any Subsidiary has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$10,000,000, or (2) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Indebtedness; or

Section 1.5. The definitions of “Bank Credit Agreement” and “Unsecured Indebtedness” shall be and is hereby amended in its entirety to read as follows:

“*Bank Credit Agreement*” means that certain Second Amended and Restated Credit Agreement dated February 7, 2002 among the Company, the lenders named therein and Wachovia Bank, National Association as Administrative Agent, as amended by the First Amendment to Second Amended and Restated Credit Agreement dated as of May 7, 2003 and the Second Amendment to Second Amended and Restated Credit Agreement dated as of July 10, 2003, and as further amended, modified, refinanced or supplemented.

“*Unsecured Indebtedness*” means all Indebtedness of the Company or its Subsidiaries which is not secured by a Lien on any asset of the Company or any of its Subsidiaries other than Lien of the Pledge Agreement.”

Section 1.6. The following shall be added as new definitions in alphabetical order to Schedule B of the Note Agreements:

“*Additional Note Purchase Agreement*” means a note purchase agreement substantially similar to this Agreement, in each case ranking *pari passu* with the Notes issued hereunder.

“*2004 Notes*” means notes of the Company issued pursuant to the 2004 Note Purchase Agreements in an aggregate principal amount of \$100,000,000.

“*2004 Note Purchase Agreements*” means those certain note purchase agreements dated as of June 8, 2004 between the Company and the purchasers named in Schedule A thereto, respectively.

“*2004 Subsidiary Guaranty*” means that certain subsidiary guaranty agreement dated as of June 8, 2004 in favor of the holders of the 2004 Notes.”

Section 2. Representations and Warranties of the Company.

Section 2.1. To induce the Noteholders to execute and deliver this First Amendment (which representations shall survive the execution and delivery of this First Amendment), the Company represents and warrants to the Noteholders that:

(a) this First Amendment has been duly authorized, executed and delivered by it and this First Amendment constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally;

(b) the Note Agreements, as amended by this First Amendment, constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable against it in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally;

(c) the execution, delivery and performance by the Company of this First Amendment (i) has been duly authorized by all requisite corporate action and, if required, shareholder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, including, without limitation, the Bank Credit Agreement, or

(B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii)(A)(3) of this **Section 2.1(c)**;

(d) as of the date hereof and after giving effect to this First Amendment, no Default or Event of Default has occurred which is continuing; and

(e) all the representations and warranties contained in Section 5 of the Note Agreements are true and correct in all material respects with the same force and effect as if made by the Company on and as of the date hereof, except the representations and warranties set forth in Section 5.3, in the final two sentences of Section 5.9 and in the first sentence of Section 5.15 which are true and correct as of the date of the issuance of the Notes.

Section 3. Conditions to Effectiveness of This First Amendment.

Section 3.1. This First Amendment shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) executed counterparts of this First Amendment, duly executed by the Company and the holders of at least 51% of the outstanding principal of the Notes, shall have been delivered to the Noteholders; and

(b) the representations and warranties of the Company set forth in **Section 2** hereof are true and correct on and with respect to the date hereof.

Upon receipt of all of the foregoing, this First Amendment shall become effective.

SECTION 4. PAYMENT OF NOTEHOLDERS' COUNSEL FEES AND EXPENSES.

Section 4.1. The Company agrees to pay upon demand, the reasonable fees and expenses of Chapman and Cutler LLP, counsel to the Noteholders, in connection with the negotiation, preparation, approval, execution and delivery of this First Amendment.

Section 5. Miscellaneous.

Section 5.1. This First Amendment shall be construed in connection with and as part of each of the Note Agreements, and except as modified and expressly amended by this First Amendment, all terms, conditions and covenants contained in the Note Agreements and the Notes are hereby ratified and shall be and remain in full force and effect.

Section 5.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this First Amendment may refer to the Note Agreements without making specific reference to this First Amendment but nevertheless all such references shall include this First Amendment unless the context otherwise requires.

Section 5.3. The descriptive headings of the various Sections or parts of this First Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

***Section 5.4.* This First Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.**

Section 5.5. The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this First Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

[Remainder of Page Intentionally Blank]

The St. Joe Company

By /s/ Stephen W. Solomon

Its: Senior Vice President

Accepted and Agreed to:

Thrivent Financial for Lutherans (f/k/a Aid Association for Lutherans)

By /s/ Glen J. Vanic
Name: Glen J. Vanic
Title: Portfolio Manager

Allstate Life Insurance Company

By /s/ Jeffrey Cannon

Name: Jeffrey Cannon

By /s/ Jerry D. Zinkula

Name: Jerry D. Zinkula

Authorized Signatories

First Colony Life Insurance Company

By /s/ Scott A. Sell

Name: Scott A. Sell

Title: Investment Officer

General Electric Capital Assurance Company

By /s/ Scott A. Sell

Name: Scott A. Sell

Title: Investment Officer

GE Life and Annuity Assurance Company

By /s/ Scott A. Sell

Name: Scott A. Sell

Title: Investment Officer

Nationwide Life Insurance Company of America (f/k/a Provident Mutual Life Insurance Company)

By /s/ Joseph P. Young

Name: Joseph P. Young

Title: Authorized Signatory

Nationwide Life and Annuity Company of America (f/k/a Provident Mutual Life and Annuity Company of America)

By /s/ Joseph P. Young

Name: Joseph P. Young

Title: Authorized Signatory

Nationwide Life and Annuity Insurance Company

By /s/ Joseph P. Young

Name: Joseph P. Young

Title: Authorized Signatory

Nationwide Life Insurance Company

By /s/ Joseph P. Young

Name: Joseph P. Young

Title: Authorized Signatory

Teachers Insurance and Annuity Association of America

By /s/ John Goodreds

Name: John Goodreds

Director

TIAA-CREF Life Insurance Company

By: Teachers Insurance and Annuity Association of America, as Investment Manager

By /s/ John Goodreds

Name: John Goodreds
Director

United of Omaha Life Insurance Company

By

/s/ Edwin H. Garrison, Jr.

Name: Edwin H. Garrison, Jr.

Title: First Vice President

Each of the undersigned hereby confirms its continued guaranty of the obligations of the Company under the Note Agreements, as amended hereby, pursuant to the terms of the Subsidiary Guaranty Agreement dated as of February 7, 2002, on this 8th day of June, 2004.

1133 D.C., L.L.C.

1750 K, L.L.C.

280 Interstate North, L.L.C.

5660 NND, L.L.C.

Advantis Construction Company

Advantis Real Estate Services Company

Apalachicola Northern Railroad Company

Arvida Capital Contracting, Inc.

Arvida Central Florida Contracting, Inc.

Arvida Community Sales, Inc.

Arvida Housing L.P., Inc.

Arvida Mid-Atlantic Contracting, Inc.

Arvida Mid-Atlantic Homes, Inc.

Arvida Northeast Florida Contracting, Inc.

Arvida Resorts & Clubs, L.L.C.

Arvida West Florida Contracting, Inc.

Beacon Square, L.L.C.

C Ridge One, L.L.C.

Crooked Creek Real Estate Company

Crooked Creek Utility Company

Georgia Wind I, LLC

Georgia Wind II, LLC

Georgia Wind III, LLC

Goodman-Segar-Hogan-Hoffler, L.P.

By: Advantis Real Estate Services Company Its General Partner

McNeill Burbank Homes, LLC

Millenia Park One, L.L.C.
Monteith Holdings, LLC
Overlook I &II, LLC
PSJ Waterfront, LLC
Residential Community Title Company
Riverside Corporate Center, L.L.C.
Saussy Burbank, Inc.
SGW, Inc.
Southhall Center, L.L.C.
Southwood Real Estate, Inc.
St. James Island Utility Company
St. Joe Capital I, Inc.
St. Joe Commercial Development, Inc.
St. Joe Commercial, Inc.
St. Joe Deerwood Park, L.L.C.
St. Joe Development, Inc.
St. Joe Finance Company
St. Joe Land Company
St. Joe Residential Acquisitions, Inc.
St. Joe Terminal Company
St. Joe Timberland Company Of Delaware, L.L.C.
St. Joe Utilities Company
St. Joe/Alhambra Development Company
St. Joe/Alhambra Management Company
St. Joe/Arvida Company, Inc.
St. Joe/Central Florida Development, Inc.
St. Joe/Central Florida Management, Inc.
St. Joe/CNL Plaza, Inc.
St. Joe-Arvida Home Building, L.P.
By: Arvida West Florida Contracting, Inc. Its General Partner
St. Joe-Southwood Properties, Inc.
Sunshine State Cypress, Inc.
Talisman Sugar Corporation
The Port St. Joe Marina, Inc.
Watercolor Realty, Inc.
Watersound Realty, Inc.

By: /s/ Stephen W. Solomon

Stephen W. Solomon, its President, Executive
Vice President, Senior Vice President, Vice
President or Manager as the case may be.

CREDIT AGREEMENT

Dated as of July 28, 2006

by and among

THE ST. JOE COMPANY,

as Borrower,

BANC OF AMERICA SECURITIES LLC

as Arranger

and

as Book Manager

AND

as Syndication Agent

BANK OF AMERICA, N.A.

as Administrative Agent,

and

THE FINANCIAL INSTITUTIONS NOW OR HEREAFTER SIGNATORIES HERETO
AND THEIR ASSIGNEES PURSUANT TO SECTION 12.5,

as Lenders

THIS CREDIT AGREEMENT (this "Agreement") dated as of July 28, 2006 by and among THE ST. JOE COMPANY, a corporation formed under the laws of the State of Florida (the "Borrower"), BANC OF AMERICA SECURITIES LLC as Arranger, Book Manager and Syndication Agent (the "Syndication Agent"), BANK OF AMERICA, N.A. as Agent (the "Agent"), and each of the financial institutions initially a signatory hereto together with their assignees pursuant to Section 12.5.

WHEREAS, Borrower has requested, and the Lender has agreed to provide a credit facility (the "Loan") in the amount of One Hundred Million and 00/100 Dollars (\$100,000,000.00) to the Borrower, on the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS

Section 1.1. Definitions.

In addition to terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Agreement:

"Accession Agreement" means an Accession Agreement substantially in the form of Annex I to the Guaranty.

"Additional Costs" has the meaning given that term in Section 4.1.

"Adjusted EBITDA" means, for any given period, (a) the EBITDA of the Borrower and its Subsidiaries determined on a consolidated basis for such period, minus (b) Capital Reserves.

"Adjusted LIBOR Rate" has the meaning set forth in the Note.

"Adjusted Asset Value" means Total Asset Value determined exclusive of assets that are owned by Excluded Subsidiaries or Unconsolidated Affiliates.

"Affiliate" means any Person (other than the Agent or any Lender): (a) directly or indirectly controlling, controlled by, or under common control with, the Borrower; (b) directly or indirectly owning or holding ten percent (10.0%) or more of any Equity Interest in the Borrower; or (c) ten percent (10.0%) or more of whose voting stock or other Equity Interest is directly or indirectly owned or held by the Borrower. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with") means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract or otherwise. The Affiliates of a Person shall include any officer or director of such Person. In no event shall the Agent or any Lender be deemed to be an Affiliate of the Borrower.

“**Agent**” means Bank of America, N.A., as contractual representative for the Lenders under the terms of this Agreement, and any of its successors.

“**Agent-Related Persons**” means Agent, together with its Affiliates (including Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such persons and its Affiliates.

“**Aggregate Commitments**” means the Commitments of all the Lenders.

“**Agreement Date**” means the date as of which this Agreement is dated.

“**Amenity**” means an amenity (such as a pool, golf course, club house, sporting club, marina, bait shop, amusement facility or the like) directly associated with a project of the Borrower in the ordinary course of business and consistent with past practices.

“**Applicable Law**” means all applicable provisions of constitutions, statutes, laws, rules, regulations and orders of all governmental bodies and all orders and decrees of all courts, tribunals and arbitrators.

“**Applicable Margin**” means the percentage rate set forth below corresponding to the ratio of Total Indebtedness to Total Asset Value as determined in accordance with Section 9.1. in effect at such time:

<u>Level</u>	<u>Total Indebtedness to Total Asset Value</u>	<u>Applicable Margin for LIBOR Loans</u>	<u>Applicable Margin for Base Rate Loans</u>
1	< 0.10 to 1.00	0.40%	0.0%
2	> 0.10 to 1.00 and < 0.15 to 1.00	0.50%	0.0%
3	> 0.15 to 1.00 and < 0.25 to 1.00	0.55%	0.0%
4	> 0.25 to 1.00 and < 0.35 to 1.00	0.625%	0.0%
5	> 0.35 to 1.00 and < 0.40 to 1.00	0.75%	0.0%
6	> 0.40 to 1.00	1.00%	0.0%

The Applicable Margin shall be determined by the Agent from time to time, based on the range into which the ratio of Total Indebtedness to Total Asset Value as set forth in the Compliance Certificate most recently delivered by the Borrower pursuant to Section 8.3. then falls in the levels in the table set forth above (each a “Level”). Any adjustment to the Applicable Margin shall be effective (a) in the case of a Compliance Certificate delivered in connection with quarterly financial statements of the Borrower delivered pursuant to Section 8.1., as of the date 45 days following the end of the last day of the applicable fiscal quarter covered by such Compliance Certificate, (b) in the case of a Compliance Certificate delivered in connection with annual financial statements of the Borrower delivered pursuant to Section 8.2., as of the date 90 days following the end of the last day of the applicable fiscal year covered by such Compliance Certificate, and (c) in the case of any other Compliance Certificate, as of the date 5 Business Days following the Agent’s request for such Compliance Certificate. If the Borrower fails to deliver a Compliance Certificate pursuant to Section 8.3., the Applicable Margin shall equal the percentages corresponding to Level 6 until the date of the delivery of the required Compliance Certificate. As of the Agreement Date, and thereafter until changed as provided above, the Applicable Margin is determined based on Level 2.

“**Arranger**” means Banc of America Securities LLC, together with its successors and permitted assigns.

“**Assignee**” has the meaning given that term in Section 12.5(d).

“**Assignment and Acceptance Agreement**” means an Assignment and Acceptance Agreement among a Lender, an Assignee and the Agent, substantially in the form of **Exhibit “A.”**

“**Base Rate**” has the meaning set forth in the Note.

“**Base Rate Loan**” means a portion of the Loan bearing interest at a rate based on the Base Rate.

“**Benefit Arrangement**” means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

“**Borrower**” has the meaning set forth in the introductory paragraph hereof and shall include the Borrower’s successors and permitted assigns.

“**Business Day**” means (a) any day other than a Saturday, Sunday or other day on which banks in Tampa, Florida are authorized or required to close and (b) with reference to a LIBOR Loan, any such day that is also a day on which dealings in Dollar deposits are carried out in the London interbank market.

“**Capital Reserves**” means, for any period and with respect to a Property, an amount equal to (a) \$0.40 per square foot for office Properties and \$0.15 per square foot for retail or industrial Properties times (b) a fraction, the numerator of which is the number of days in such period and the denominator of which is 365. Any portion of a Property leased under a ground lease to a

third party that owns the improvements on such portion of such Property shall not be included in determinations of Capital Reserves. If the term Capital Reserves is used without reference to any specific Property, then the amount shall be determined on an aggregate basis with respect to all Properties of the Borrower and its Subsidiaries and a proportionate share of all Properties of all Unconsolidated Affiliates.

“Capitalization Rate” means eight and three quarters percent (8.75%).

“Capitalized Lease Obligation” means an obligation under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP. The amount of a Capitalized Lease Obligation is the capitalized amount of such obligation as would be required to be reflected on a balance sheet of the applicable Person prepared in accordance with GAAP as of the applicable date.

“Cash Equivalents” means: (a) securities issued, guaranteed or insured by the United States of America or any of its agencies with maturities of not more than one year from the date acquired; (b) time deposits and certificates of deposit with maturities of not more than one year from the date acquired issued by a United States federal or state chartered commercial bank of recognized standing, or a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, acting through a branch or agency, which bank has capital and unimpaired surplus in excess of \$500,000,000 and which bank or its holding company has a short-term commercial paper rating of at least A-2 or the equivalent by S&P or at least P-2 or the equivalent by Moody’s; (c) reverse repurchase agreements with terms of not more than seven days from the date acquired, for securities of the type described in clause (a) above and entered into only with commercial banks having the qualifications described in clause (b) above; (d) commercial paper issued by any Person incorporated under the laws of the United States of America or any State thereof and rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody’s, in each case with maturities of not more than one year from the date acquired; and (e) investments in money market funds registered under the Investment Company Act of 1940, as amended, which have net assets of at least \$500,000,000 and at least 85% of whose assets consist of securities and other obligations of the type described in clauses (a) through (d) above.

“Commercial Property” means any operating Property that is operating, or is to be developed, as retail, office, industrial or multifamily apartments for rent.

“Compliance Certificate” has the meaning given that term in Section 8.3.

“Construction” means Commercial Properties and Properties being developed as condominiums, in each undergoing vertical development. Construction shall be valued as the sum of (i) the fully-budgeted costs for the construction of a given parcel of real property (including, without limitation, reserves for construction interest and operating deficits, tenant improvements, leasing commissions, and infrastructure costs (but exclusive of the cost of improvements to be paid by tenants or parties other than the Borrower or its Subsidiaries)), as reasonably determined by the Borrower in good faith, plus (ii) the value of such parcel of real property determined as provided in the definition of “Land”. The phrase “vertical development” shall not be construed to mean development of infrastructure of a Property.

“Construction-in-Process” means cash expenditures for improvements (including indirect costs internally allocated and development costs) determined in accordance with GAAP on all Properties that are under development or are scheduled to commence development within twelve months from any date of determination.

“Continue”, **“Continuation”** and **“Continued”** each refers to the continuation of a LIBOR Loan from one Interest Period to another Interest Period pursuant to the terms of the Note.

“Convert”, **“Conversion”** and **“Converted”** each refers to the conversion of a portion of the Loan of either Base Rate Principal or LIBOR Rate Principal to the other type of Loan pursuant to the terms of the Note.

“Credit Document” means this Agreement, the Note, the Guaranty, and each other document or instrument now or hereafter executed and delivered by a Loan Party in connection with, pursuant to or relating to this Agreement.

“Credit Event” means any of the following: (a) the making (or deemed making) of the Loan, (b) the Continuation of a LIBOR Loan, and (c) the Conversion of a Base Rate Loan into a LIBOR Loan.

“Credit Rating” means the rating assigned by a Rating Agency to the senior unsecured long term Indebtedness of a Person.

“Debt Service” means, for any period, the sum of (a) Interest Expense for such period, and (b) all regularly scheduled principal payments made with respect to Indebtedness of the Borrower and its Subsidiaries during such period, other than any balloon, bullet, early repayment or similar principal payment which, in each case, repays such Indebtedness in full. Debt Service shall include a proportionate share of items (a) and (b) of all Unconsolidated Affiliates.

“Default” means any of the events specified in Section 10.1., whether or not there has been satisfied any requirement for the giving of notice, the lapse of time, or both.

“Defaulting Lender” means a Lender that fails to pay its Pro Rata Share of a Payment Amount within five (5) Business Days after notice from Agent, until such Lender cures such failure as permitted in this Agreement.

“Defaulting Lender Amount” means the Defaulting Lender’s Pro Rata Share of a Payment Amount.

“Defaulting Lender Payment Amounts” means a Defaulting Lender Amount plus interest from the date such Defaulting Lender Amount was funded by Agent and/or an Electing Lender, as applicable, to the date such amount is repaid to Agent and/or such Electing Lender, as applicable, at the rate per annum applicable to such Defaulting Lender Amount under the Loan or otherwise at the Base Rate.

“Derivatives Contract” means any and all Hedge Agreements and any other rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement. Not in limitation of the foregoing, the term “Derivatives Contract” includes any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement, including any such obligations or liabilities under any such master agreement.

“Derivatives Termination Value” means, in respect of any one or more Derivatives Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Derivatives Contracts, (a) for any date on or after the date such Derivatives Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Derivatives Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Derivatives Contracts (which may include the Agent or any Lender).

“Development Property” means a Commercial Property currently under development that has not achieved an Occupancy Rate of at least 80%, or on which the improvements (other than tenant improvements on unoccupied space) related to the development have not been completed. A Development Property on which all improvements (other than tenant improvements on unoccupied space) related to the development of such Property have been completed for at least 12 months shall cease to constitute a Development Property notwithstanding the fact that such Property has not achieved an Occupancy Rate of at least 80%.

“Dispute” means any controversy, claim or dispute between or among the parties to this Agreement, including any such controversy, claim or dispute arising out of or relating to (a) this Agreement, (b) any other Credit Document, (c) any related agreements or instruments, or (d) the transaction contemplated herein or therein (including any claim based on or arising from an alleged personal injury or business tort).

“Dollars” or **“\$”** means the lawful currency of the United States of America.

“EBITDA” means, with respect to a Person for any period (without duplication): (a) net income (loss) of such Person for such period determined on a consolidated basis, in accordance with GAAP, exclusive of the following (but only to the extent included in determination of such net income (loss)): (i) depreciation and amortization; (ii) Interest Expense; (iii) income tax expense; and (iv) extraordinary or non-recurring gains and losses; plus (b) such Person’s pro rata share of EBITDA of its Unconsolidated Affiliates. EBITDA shall be adjusted to remove any impact from straight line rent leveling adjustments required under GAAP.

“Effective Date” means the later of: (a) the Agreement Date; and (b) the date on which all of the conditions precedent set forth in Section 5.1 shall have been fulfilled or waived in writing by the Requisite Lenders.

“Eligible Assignee” means any Person who is, at the time of determination: (i) a Lender or an affiliate of a Lender; (ii) a commercial bank, trust, trust company, insurance company, investment bank or pension fund organized under the laws of the United States of America, or any state thereof, and having total assets in excess of \$5,000,000,000; (iii) a savings and loan association or savings bank organized under the laws of the United States of America, or any state thereof, and having a tangible net worth of at least \$500,000,000; or (iv) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and having total assets in excess of \$10,000,000,000, provided that such bank is acting through a branch or agency located in the United States of America. Notwithstanding the foregoing, while an Event of Default under subsection (a), (b), (e), (f) or (g) of Section 10.1. exists, “Eligible Assignee” shall mean any Person that is not an individual.

“Eligible Property” means a Property which satisfies all of the following requirements: (a) such Property is (i) developed as an office, retail, residential home, or industrial property, (ii) a Development Property or (iii) Land; (b) the Property is owned, or leased under a Ground Lease, entirely by the Borrower and/or a Guarantor; (c) neither such Property, nor any interest of the Borrower or any Subsidiary therein, is subject to any Lien (other than Permitted Liens of the types described in clauses (a) through (e) of the definition of Permitted Liens) or to a Negative Pledge; (d) if such Property is owned or leased by a Guarantor (i) none of the Borrower’s direct or indirect ownership interest in such Guarantor is subject to any Lien (other than Permitted Liens of the types described in clauses (a) through (e) of the definition of Permitted Liens) or to a Negative Pledge; and (ii) the Borrower directly, or indirectly through a Subsidiary, has the right to take the following actions without the need to obtain the consent of any Person: (x) to sell, transfer or otherwise dispose of such Property and (y) to create a Lien on such Property as security for Indebtedness of the Borrower or such Guarantor, as applicable; and (e) such Property is free of all structural defects or major architectural deficiencies (if developed), title defects, environmental conditions or other adverse matters except for defects,

deficiencies, conditions or other matters individually or collectively which are not material to the profitable operation of such Property.

“Environmental Laws” means any Applicable Law relating to environmental protection or the manufacture, storage, remediation, disposal or clean-up of Hazardous Materials including, without limitation, the following: Clean Air Act, 42 U.S.C. § 7401 et seq.; Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; National Environmental Policy Act, 42 U.S.C. § 4321 et seq.; regulations of the Environmental Protection Agency and any applicable rule of common law and any judicial interpretation thereof relating primarily to the environment or Hazardous Materials.

“Equity Interest” means, with respect to any Person, any share of capital stock of (or other ownership or profit interests in) such Person, any warrant, option or other right for the purchase or other acquisition from such Person of any share of capital stock of (or other ownership or profit interests in) such Person, any security convertible into or exchangeable for any share of capital stock of (or other ownership or profit interests in) such Person or warrant, right or option for the purchase or other acquisition from such Person of such shares (or such other interests), and any other ownership or profit interest in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such share, warrant, option, right or other interest is authorized or otherwise existing on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as in effect from time to time.

“ERISA Group” means the Borrower, any Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Subsidiary, are treated as a single employer under Section 414 of the Internal Revenue Code.

“Event of Default” means any of the events specified in Section 10.1., provided that any requirement for notice or lapse of time or any other condition has been satisfied.

“Excluded Subsidiary” means any Subsidiary (a) holding title to assets which are or are to become collateral for any Secured Indebtedness of such Subsidiary and (b) which is prohibited from Guarantying the Indebtedness of any other Person pursuant to (i) any document, instrument or agreement evidencing such Secured Indebtedness or (ii) a provision of such Subsidiary’s organizational documents which provision was included in such Subsidiary’s organizational documents as a condition to the extension of such Secured Indebtedness.

“Federal Funds Rate” means, for any day, the rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Agent by federal funds dealers selected by the Agent on such day on such transaction as determined by the Agent.

“Fees” means the fees and commissions provided for or referred to in Section 3.4 and any other fees payable by the Borrower hereunder or under any other Credit Document.

“Financial Officer” means, with respect to the Borrower, the chief financial officer, principal accounting officer, controller, treasurer or assistant treasurer of the Borrower.

“Fixed Charges” means, for any period, the sum of (a) Interest Expense of the Borrower and its Subsidiaries determined on a consolidated basis for such period, (b) all regularly scheduled principal payments made with respect to Indebtedness of the Borrower and its Subsidiaries during such period, other than any balloon, bullet or similar principal payment which repays such Indebtedness in full, and (c) all Preferred Dividends paid during such period. The Borrower’s pro rata share of the Fixed Charges of Unconsolidated Affiliates of the Borrower shall be included in determinations of Fixed Charges.

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

“Governmental Approvals” means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

“Governmental Authority” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau, commission, board, department or other entity (including, without limitation, the Federal Deposit Insurance

Corporation, the Comptroller of the Currency or the Federal Reserve Board, any central bank or any comparable authority) or any arbitrator with authority to bind a party at law.

“Ground Lease” means a ground lease containing the following terms and conditions: (a) a remaining term (exclusive of any unexercised extension options) of 40 years or more from the Agreement Date; (b) the right of the lessee to mortgage and encumber its interest in the leased property without the consent of the lessor; (c) the obligation of the lessor to give the holder of any mortgage Lien on such leased property written notice of any defaults on the part of the lessee and agreement of such lessor that such lease will not be terminated until such holder has had a reasonable opportunity to cure or complete foreclosures, and fails to do so; (d) reasonable transferability of the lessee’s interest under such lease, including ability to sublease; and (e) such other rights customarily required by mortgagees making a loan secured by the interest of the holder of the leasehold estate demised pursuant to a ground lease.

“Guarantor” means any Person that is a party to the Guaranty as a “Guarantor” and in any event shall include each Material Subsidiary (unless an Excluded Subsidiary).

“Guaranty”, “Guaranteed”, “Guarantying” or to “Guarantee” as applied to any obligation means and includes: (a) a guaranty (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), directly or indirectly, in any manner, of any part or all of such obligation, or (b) an agreement, direct or indirect, contingent or otherwise, and whether or not constituting a guaranty, the practical effect of which is to assure the payment or performance (or payment of damages in the event of nonperformance) of any part or all of such obligation whether by: (i) the purchase of securities or obligations, (ii) the purchase, sale or lease (as lessee or lessor) of property or the purchase or sale of services primarily for the purpose of enabling the obligor with respect to such obligation to make any payment or performance (or payment of damages in the event of nonperformance) of or on account of any part or all of such obligation, or to assure the owner of such obligation against loss, (iii) the supplying of funds to or in any other manner investing in the obligor with respect to such obligation, or (iv) the supplying of funds to or investing in a Person on account of all or any part of such Person’s obligation under a Guaranty of any obligation or indemnifying or holding harmless, in any way, such Person against any part or all of such obligation. As the context requires, “Guaranty” shall also mean the Guaranty to which the Guarantors are parties substantially in the form of **Exhibit “B.”**

“Hazardous Materials” means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws as “hazardous substances”, “hazardous materials”, “hazardous wastes”, “toxic substances” or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, “TCLP” toxicity or “EP toxicity”; (b) oil, petroleum or petroleum derived substances, natural gas, natural gas liquids or synthetic gas and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; (d) asbestos in any form; (e) toxic mold; and (f) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty parts per million.

“Hedge Agreement” means any interest or foreign currency rate swap, cap, collar, option, hedge, forward rate or other similar agreement or arrangement designed to protect against fluctuations in interest rates or currency exchange rates.

“Indebtedness” means, with respect to a Person, at the time of computation thereof, all of the following (without duplication): (a) all obligations of such Person in respect of money borrowed (other than trade debt incurred in the ordinary course of business which is not more than 30 days past due); (b) all obligations of such Person, whether or not for money borrowed (i) represented by notes payable, or drafts accepted, in each case representing extensions of credit, (ii) evidenced by bonds, debentures, notes or similar instruments, or (iii) constituting purchase money indebtedness, conditional sales contracts, title retention debt instruments or other similar instruments, upon which interest charges are customarily paid or that are issued or assumed as full or partial payment for property or services rendered; (c) Capitalized Lease Obligations of such Person; (d) all reimbursement obligations (contingent or otherwise) of such Person in respect of letters of credit or acceptances (whether or not the same have been presented for payment); (e) all Off-Balance Sheet Obligations of such Person; (f) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Mandatorily Redeemable Stock issued by such Person or any other Person, valued at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; (g) all obligations of such Person in respect of any purchase obligation, repurchase obligation, takeout commitment or forward equity commitment, in each case evidenced by a binding agreement (excluding any such obligation to the extent the obligation can be satisfied by the issuance of Equity Interests (other than Mandatorily Redeemable Stock)); (h) net obligations under any Derivatives Contract not entered into as a hedge against existing Indebtedness, in an amount equal to the Derivatives Termination Value thereof; (i) all Indebtedness of other Persons which such Person has Guaranteed or is otherwise recourse to such Person (except for guaranties of customary exceptions for fraud, misapplication of funds, environmental indemnities and other similar exceptions to nonrecourse liability); (j) all Indebtedness of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness or other payment obligation; and (k) such Person’s pro rata share of the Indebtedness of any Unconsolidated Affiliate of such Person. Indebtedness of any Person shall include Indebtedness of any partnership or joint venture in which such Person is a general partner or joint venturer to the extent of such Person’s pro rata share of the ownership of such partnership or joint venture (except if such Indebtedness, or portion thereof, is recourse to such Person, in which case the greater of such Person’s pro rata portion of such Indebtedness or the amount of the recourse portion of the Indebtedness, shall be included as Indebtedness of such Person). The Loan shall constitute Indebtedness of the Borrower.

“Intellectual Property” has the meaning given that term in Section 6.1.(s).

“Interest Expense” means, for any period, without duplication, (a) total interest expense of the Borrower and its Subsidiaries, including capitalized interest not funded under a construction loan interest reserve account, determined on a consolidated basis in accordance with GAAP for such period, plus (b) the Borrower’s pro rata share of Interest Expense of Unconsolidated Affiliates for such period.

“Interest Period” has the meaning set forth in the Note.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Investment” means, with respect to any Person, any acquisition or investment (whether or not of a controlling interest) by such Person, by means of any of the following: (a) the purchase or other acquisition of any Equity Interest in another Person, (b) a loan, advance or extension of credit to, capital contribution to, Guaranty of Indebtedness of, or purchase or other acquisition of any Indebtedness of, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute the business or a division or operating unit of another Person. Any binding commitment to make an Investment in any other Person, as well as any option of another Person to require an Investment in such Person, shall constitute an Investment. Except as expressly provided otherwise, for purposes of determining compliance with any covenant contained in a Credit Document, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“Investment Grade Rating” means a Credit Rating of BBB-/Baa3 (or equivalent) or higher from either Rating Agency.

“Land” means (i) land on which no development (other than improvements that are not material or are temporary in nature) has occurred and (ii) land on which a project is currently under development so long as the calculation of Total Asset Value does not include any NOI attributable to such Property. For purposes of this Agreement, Land shall be valued as follows:

(a) \$50,000 per acre for acreage related to the Borrower’s Towns and Resorts segment which is either entitled or currently in the entitlement process;

(b) \$2,000 per acre for acreage related to the Borrower’s Towns and Resorts segment which is neither entitled nor currently in the entitlement process;

(c) \$8,000 per acre for acreage related to the Borrower’s Land Company segment which is either entitled or currently in the entitlement process;

(d) \$1,500 per acre for acreage related to the Borrower’s Land Company segment which is neither entitled nor currently in the entitlement process;

(e) \$40,000 per acre for acreage related to Borrower’s Commercial segment which is either entitled or currently in the entitlement process;

(f) \$1,750 per acre for acreage related to Borrower’s Commercial segment which is neither entitled or in the entitlement process;

(g) \$1,500 per acre for acreage classified by the Borrower as ANRR Right-of-Way, Conservation/Mitigation, Corporate, Mitigation, or Overlap; and

(h) \$1,200 per acre for acreage classified by the Borrower as Timberland or not elsewhere classified by the Borrower.

For the avoidance of doubt, a project is deemed entitled when all major discretionary governmental land-use approvals have been received. The Borrower, the Agent and each of the Lenders acknowledge that an entitled project may require additional permits for development and/or build-out and also may be subject to legal challenge. The per acre values set forth above will be reviewed on each anniversary date of the Agreement Date and adjusted as requested by the Borrower and consented to by the Requisite Lenders or as otherwise reasonably determined by the Requisite Lenders in good faith after consultation with the Borrower.

“Lender” means each financial institution from time to time party hereto as a “Lender” together with its respective successors and permitted assigns.

“Lending Office” means, for each Lender the office of such Lender specified as such on its signature page hereto or in the applicable Assignment and Acceptance Agreement, or such other office of such Lender of which such Lender may notify the Agent in writing from time to time.

“Level” has the meaning given that term in the definition of the term “Applicable Margin.”

“LIBOR” has the meaning set forth in the Note.

“LIBOR Loan” means a portion of the Loan bearing interest at a rate based on LIBOR.

“LIBOR Margin” has the meaning set forth in the Note.

“LIBOR Rate” has the meaning set forth in the Note.

“LIBOR Reserve Percentage” has the meaning set forth in the Note.

“Lien” as applied to the property of any Person means: (a) any security interest, encumbrance, mortgage, deed to secure debt, deed of trust, assignment of leases and rents, pledge, lien, charge or lease constituting a Capitalized Lease Obligation, conditional sale or other title retention agreement, or other security title or encumbrance of any kind in respect of any property of such Person, or upon the income, rents or profits therefrom; (b) any arrangement, express or implied, under which any property of such Person is transferred, sequestered or otherwise identified for the purpose of subjecting the same to the payment of Indebtedness or performance of any other obligation in priority to the payment of the general, unsecured creditors of such Person; (c) the filing of any financing statement under the Uniform Commercial Code or its equivalent in any jurisdiction, other than any precautionary filing not otherwise constituting or giving rise to a Lien, including a precautionary filing of a financing statement (i) in respect of a lease not constituting a Capitalized Lease Obligation pursuant to Section 9-505 (or a successor provision) of the Uniform Commercial Code or its equivalent as in effect in an applicable jurisdiction or (ii) in connection with a sale or other disposition of accounts or other assets not prohibited by this Agreement in a transaction not otherwise constituting or giving rise to a Lien; and (d) any agreement by such Person to grant, give or otherwise convey any of the foregoing.

“Loan” means the \$100,000,000 credit facility made available to the Borrower under the terms set forth in this Credit Agreement.

“Loan Party” means each of the Borrower and each other Person who guarantees all or a portion of the Obligations and/or who pledges any collateral security to secure all or a portion of the Obligations. Schedule 1.1 sets forth the Loan Parties in addition to the Borrower as of the Agreement Date.

“Mandatorily Redeemable Stock” means, with respect to any Person, any Equity Interest of such Person which by the terms of such Equity Interest (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than an Equity Interest to the extent redeemable in exchange for common stock or other equivalent common Equity Interests at the option of the issuer of such Equity Interest), (b) is convertible into or exchangeable or exercisable for Indebtedness or Mandatorily Redeemable Stock, or (c) is redeemable at the option of the holder thereof, in whole or in part (other than an Equity Interest which is redeemable solely in exchange for common stock or other equivalent common Equity Interests), in each case on or prior to the date on which the Loan is scheduled to be due and payable in full.

“Margin Stock” has the meaning given that term in Regulation U of the Board of Governors of the Federal Reserve System.

“Material Adverse Effect” means a materially adverse effect on (a) the business, assets, liabilities, condition (financial or otherwise), results of operations or performance of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower or any other Loan Party to perform its obligations under any Credit Document to which it is a party, (c) the validity or enforceability of any of the Credit Documents, (d) the rights and remedies of the Lenders and the Agent under any of the Credit Documents or (e) the timely payment of the principal of or interest on the Loan or other amounts payable in connection therewith.

“Material Contract” means any contract or other arrangement (other than Credit Documents), whether written or oral, to which the Borrower, any Subsidiary or any other Loan Party is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect.

“Material Subsidiary” means any Subsidiary to which more than \$50,000,000 of Total Asset Value is attributable.

“Moody’s” means Moody’s Investors Service, Inc., and its successors.

“Multiemployer Plan” means at any time a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

“Negative Pledge” means, with respect to a given asset, any provision of a document, instrument or agreement (other than any Credit Document) which prohibits or purports to prohibit the creation or assumption of any Lien on such asset as security for Indebtedness of the Person owning such asset or any other Person; provided, however, that an agreement that conditions a Person’s ability to encumber its assets upon the maintenance of one or more specified ratios that limit such Person’s ability to encumber its assets but that do not generally prohibit the encumbrance of its assets, or the encumbrance of specific assets, shall not constitute a Negative Pledge.

“Net Operating Income” or **“NOI”** means, for any Commercial Property and for a given period, the sum of the following (without duplication and determined on a consistent basis with prior periods): (a) rents and other revenues received in the ordinary course from such Commercial Property (including proceeds of rent loss or business interruption insurance but excluding pre-paid rents and revenues and security deposits except to the extent applied in satisfaction of tenants’ obligations for rent) minus (b) all expenses paid (excluding interest but including an appropriate accrual for property taxes and insurance) related to the ownership, operation or maintenance of such Commercial Property, including but not limited to property taxes, assessments and the like, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses, marketing expenses, and general and administrative expenses (including an appropriate allocation for legal, accounting, advertising, marketing and other expenses incurred in connection with such Commercial Property, but specifically excluding general overhead expenses of the Borrower or any Subsidiary and any property management fees) minus (c) the Capital Reserves for such Commercial Property as of the end of

such period minus (d) the greater of (i) the actual property management fee paid during such period and (ii) an imputed management fee in the amount of three percent (3.0%) of the gross revenues for such Commercial Property for such period.

“**Note**” means that certain promissory note or promissory notes of even date herewith, executed by the Borrower in favor of the Lender in the aggregate original principal amount of \$100,000,000.00, as the same may be amended, extended, supplemented or renewed from time to time.

“**Note Agreements**” means collectively, the 2002 Note Agreement, the 2004 Note Agreements and the 2005 Note Agreements.

“**Notice of Continuation**” means a notice in the form specified by Agent to be delivered to the Agent evidencing the Borrower’s request for the Continuation of a LIBOR Loan, all in accordance with the provisions of the Note.

“**Notice of Conversion**” means a notice in the form specified by Agent to be delivered to the Agent evidencing the Borrower’s request for the Conversion of a portion of the Loan in accordance with the provisions of the Note.

“**Obligations**” means, individually and collectively: (a) the aggregate principal balance of, and all accrued and unpaid interest on, all portions of the Loan; and (b) all other indebtedness, liabilities, obligations, covenants and duties of the Borrower and the other Loan Parties owing to the Agent or any Lender of every kind, nature and description, under or in respect of this Agreement or any of the other Credit Documents, including, without limitation, the Fees and indemnification obligations, whether direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any promissory note.

“**Occupancy Rate**” means, with respect to a Property at any time, the ratio, expressed as a percentage, of (a) the net rentable square footage of such Property actually occupied by tenants that are paying rent at rates not materially less than rates generally prevailing at the time the applicable lease was entered into, pursuant to binding leases as to which no monetary default has occurred and has continued unremedied for 30 or more days to (b) the aggregate net rentable square footage units of such Property. For purposes of the definition of “Occupancy Rate”, a tenant shall be deemed to actually occupy a Property notwithstanding a temporary cessation of operations for renovation, repairs or other temporary reason, or for the purpose of completing tenant build-out or that is otherwise scheduled to be open for business within 90 days of such date.

“**OFAC**” means U.S. Department of the Treasury’s Office of Foreign Assets Control and any successor Governmental Authority.

“**Off-Balance Sheet Obligations**” means liabilities and obligations of the Borrower, any Subsidiary or any other Person in respect of “off-balance sheet arrangements” (as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated under the Securities Act) which the Borrower would be required to disclose in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of the Borrower’s report on Form 10-Q or Form 10-K (or their equivalents) which the Borrower is required to file with the Securities and Exchange Commission (or any Governmental Authority substituted therefor).

“**Parking Transactions**” means certain structured facility and related transactions pursuant to which an unrelated developer entity will develop or purchase new real estate projects under the contractual direction and control of the Borrower. Each Parking Transaction will have substantially the following attributes: (i) up to 100% of the capital for such development will be financed by the unrelated developer entity through the issuance of a combination of Equity Interests and Indebtedness; (ii) the Borrower (or a Subsidiary of the Borrower) will lease the projects and will have the option to purchase the projects for cost; (iii) the Borrower may or may not Guaranty the Indebtedness issued by the unrelated developer entity and, in the case of a lease arrangement between the unrelated developer entity and a Subsidiary of the Borrower, may or may not Guaranty the lease obligations of such Subsidiary; and (iv) the Borrower expects that such purchases will be made when they can be matched with land sales to create a tax-free exchange.

“**Participant**” has the meaning given that term in Section 12.5.(c).

“**Payment Amount**” means an advance of the Loan, an unreimbursed Administrative Agent Advance, an unreimbursed Indemnified Cost, or any other amount that a Lender is required to fund under this Agreement.

“**PBGC**” means the Pension Benefit Guaranty Corporation and any successor agency.

“**Permitted Liens**” means, as to any Person: (a) Liens securing taxes, assessments and other charges or levies imposed by any Governmental Authority (excluding any Lien imposed pursuant to any of the provisions of ERISA or pursuant to any Environmental Laws) or the claims of materialmen, mechanics, carriers, warehousemen or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which are not at the time required to be paid or discharged under Section 7.6.; (b) Liens consisting of deposits or pledges made, in the ordinary course of business, in connection with, or to secure payment of, obligations under workers’ compensation, unemployment insurance or similar Applicable Laws; (c) Liens consisting of encumbrances in the nature of zoning restrictions, easements, and rights or restrictions of record on the use of real property, which do not materially detract from the value of such property or impair the intended use thereof in the business of such Person; (d) the rights of tenants under leases or subleases not interfering with the ordinary conduct of business of such Person; (e) Liens in favor of the Agent for the benefit of the Lenders; (f) Liens in favor of the Borrower or a Guarantor securing obligations owing by a Subsidiary to the Borrower or such Guarantor; and (g) Liens in existence as of the Agreement Date and set forth in Schedule 6.1. (f).

“**Person**” means an individual, corporation, partnership, limited liability company, association, trust or unincorporated organization, or a government or any agency or political subdivision thereof.

“**Plan**” means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (a) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (b) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

“**Preferred Dividends**” means, for any period and without duplication, all Restricted Payments paid during such period on Preferred Equity Interests issued by the Borrower or a Subsidiary. Preferred Dividends shall not include dividends or distributions (a) paid or payable solely in Equity Interests (other than Mandatorily Redeemable Stock) payable to holders of such class of Equity Interests, (b) paid or payable to the Borrower or a Subsidiary, or (c) constituting or resulting in the redemption of Preferred Equity Interests, other than scheduled redemptions not constituting balloon, bullet or similar redemptions in full.

“**Preferred Equity Interests**” means, with respect to any Person, Equity Interests in such Person which are entitled to preference or priority over any other Equity Interest in such Person in respect of the payment of dividends or distribution of assets upon liquidation or both.

“**Prime Rate**” has the meaning set forth in the Note.

“**Principal Office**” means the office of the Agent located at 101 East Kennedy Boulevard, Mail Code FL1-400-06-10, 6th Floor, Tampa, Florida 33602, or such other office of the Agent as the Agent may designate from time to time.

“**Pro Rata Share**” means, with respect to each Lender at any time, a fraction expressed as a percentage, the numerator of which is the amount of the Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate Commitments at such time or, if the Aggregate Commitments have been terminated, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the total outstanding amount of all portions of the Loan held by such Lender at such time and the denominator of which is the total outstanding amount of the Loan held by all Lenders at such time. The initial Pro Rata Share of each Lender named on the signature pages hereto is set forth opposite the name of that Lender on its respective signature page.

“**Property**” means any parcel of real property owned or leased (in whole or in part) or operated by the Borrower, any Subsidiary or any Unconsolidated Affiliate of the Borrower and which is located in a state of the United States of America or the District of Columbia.

“**Rating Agencies**” means S&P and Moody’s.

“**Register**” has the meaning given that term in Section 12.5.(e).

“**Regulatory Change**” means, with respect to any Lender, any change effective after the Agreement Date in Applicable Law (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks, including such Lender, of or under any Applicable Law (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any Governmental Authority or monetary authority charged with the interpretation or administration thereof or compliance by any Lender with any request or directive regarding capital adequacy.

“**Requisite Lenders**” means, as of any date, Lenders holding more than 50% of the principal amount of the aggregate outstanding Loan provided, that the portion of the aggregate outstanding Loan held by any Defaulting Lender shall be excluded for purposes of making a determination of Requisite Lenders.

“**Responsible Officer**” means (a) with respect to the Borrower, the chief executive officer, the president, the chief financial officer or any other Financial Officer of the Borrower, and any other officer or similar official thereof responsible for the administration of the obligations of the Borrower in respect of this Agreement and (b) with respect to any Subsidiary, the chief executive officer or the chief financial officer of such Subsidiary

“**Restricted Payment**” means: (a) any dividend or other distribution, direct or indirect, on account of any Equity Interest of the Borrower or any Subsidiary now or hereafter outstanding, except a dividend payable solely in Equity Interests of an identical or junior class to the holders of that class; (b) any redemption, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interest of the Borrower or any Subsidiary now or hereafter outstanding; and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any Equity Interests of the Borrower or any Subsidiary now or hereafter outstanding.

“**St. Joe Finance Company**” means St. Joe Finance Company, a Florida corporation, qualified as a REIT and capitalized primarily with promissory notes from the Borrower and certain Guarantors, which notes are secured by unrecorded mortgages on substantially all of the real property owned by the Borrower and such Guarantors.

“**Sanctioned Entity**” means (a) an agency of the government of, (b) an organization directly or indirectly controlled by, or (c) a Person resident in, in each case, a country that is subject to a sanctions program identified on the list maintained by the OFAC

and published from time to time, as such program may be applicable to such agency, organization or Person.

“**Sanctioned Person**” means a Person named on the list of Specially Designated Nationals or Blocked Persons maintained by the OFAC as published from time to time.

“**Secured Indebtedness**” means, with respect to a Person as of any given date, the aggregate principal amount of all Indebtedness of such Person outstanding at such date and that is secured in any manner by any Lien, and in the case of the Borrower, shall include (without duplication) the Borrower’s pro rata share of the Secured Indebtedness of its Unconsolidated Affiliates.

“**Securities Act**” means the Securities Act of 1933, as amended from time to time, together with all rules and regulations issued thereunder.

“**Significant Subsidiary**” means any Subsidiary to which more than \$25,000,000 of Total Asset Value is attributable.

“**Solvent**” means, when used with respect to any Person, that (a) the fair value and the fair salable value of its assets (excluding any Indebtedness due from any affiliate of such Person) are each in excess of the fair valuation of its total liabilities (including all contingent liabilities computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that could reasonably be expected to become an actual and matured liability); (b) such Person is able to pay its debts or other obligations in the ordinary course as they mature; and (c) such Person has capital not unreasonably small to carry on its business and all business in which it proposes to be engaged.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors.

“**Subsidiary**” means, for any Person, any corporation, partnership or other entity of which at least a majority of the Equity Interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other individuals performing similar functions of such corporation, partnership or other entity (without regard to the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person, and shall include all Persons the accounts of which are consolidated with those of such Person pursuant to GAAP and excluding the impact of Interpretation No. 46 of the Financial Accounting Standards Board.

“**Tangible Net Worth**” means Total Asset Value minus Total Indebtedness.

“**Taxes**” has the meaning given that term in Section 3.9.

“**Termination Date**” means January 31, 2007, or such later date to which the Termination Date may be extended pursuant to Section 2.7.

“**Total Asset Value**” means the sum of all of the following (without duplication) of the Borrower and its Subsidiaries on a consolidated basis determined in accordance with GAAP applied on a consistent basis: (a) with respect to each Commercial Property (other than a Development Property and a Property acquired during the most recent period of four consecutive fiscal quarters) owned by the Borrower or any Subsidiary, the quotient of (i) Net Operating Income attributable to such Commercial Property for the period of four consecutive fiscal quarters most recently ended divided by (ii) the Capitalization Rate, plus (b) the GAAP book value of Properties acquired during the most recent period of four consecutive fiscal quarters, plus (c) with respect to each Development Property and each other Property that is under development, Construction-in-Process until the earlier of the (i) one year anniversary date of project completion or (ii) the fiscal quarter after the Property achieves an Occupancy Rate of 80%, plus (d) the GAAP book value of all Amenities, plus (e) the value of Land as determined in accordance with the definition thereof, plus (f) the GAAP book value of all other Properties not otherwise included in any of the immediately preceding clauses (a) through (e), plus (g) the undepreciated GAAP book value of all other tangible assets of the Borrower, each of the Guarantors and their respective Subsidiaries that would, in accordance with GAAP, be classified as assets on a consolidated balance sheet of the Borrower, the Guarantors and their respective Subsidiaries as of such date. The Borrower’s pro rata share of assets held by Unconsolidated Affiliates will be included in Total Asset Value calculations consistent with the above described treatment for wholly owned assets. For purposes of determining Total Asset Value, Net Operating Income from Commercial Properties disposed of by the Borrower or any Subsidiary during the immediately preceding period of four consecutive fiscal quarters of the Borrower shall be excluded. For the purposes of calculating the value of undepreciated tangible assets under the immediately preceding clause (g), assets included in the Parking Transactions (whether or not such assets are consolidated for financial accounting purposes) shall be included, except to the extent that the Total Asset Value attributable to assets included in the Parking Transactions would exceed 10% of the Total Asset Value, in which case such excess shall be excluded.

“**Total Indebtedness**” means all Indebtedness of the Borrower and all Subsidiaries determined on a consolidated basis.

“**2002 Note Agreements**” means those separate Note Purchase Agreements dated as of February 7, 2002 by and between the Borrower and the initial 2002 noteholders, regarding \$18,000,000 of the Borrower’s 5.64% Senior Secured Notes, Series A due February 7, 2005, \$67,000,000 of the Borrower’s 6.66% Senior Secured Notes, Series B, due February 7, 2007, \$15,000,000 of the Borrower’s 7.02% Senior Secured Notes, Series C, due February 7, 2009, and \$75,000,000 of the Borrower’s 7.37% Senior Secured Notes, Series D, due February 7, 2012.

“2004 Note Agreements” means those separate Note Purchase Agreements dated as of June 8, 2004 by and between the Borrower and the initial 2004 noteholders, regarding \$25,000,000 of the Borrower’s 4.97% Senior Secured Notes, Series E, due June 8, 2009 and \$75,000,000 of the Borrower’s 5.31% Senior Secured Notes, Series F, due June 8, 2011.

“2005 Note Agreements” means those separate Note Purchase Agreements dated as of August 25, 2005 by and between the Borrower and the initial 2005 noteholders regarding \$65,000,000 5.28% Senior Notes, Series G, due August 25, 2015, \$65,000,000 5.38% Senior Notes, Series H, due August 25, 2017 and \$20,000,000 5.49% Senior Notes, Series I, due August 25, 2020.

“Unconsolidated Affiliate” means, with respect to any Person, any other Person in whom such Person holds an Investment, which Investment is accounted for in the financial statements of such Person on an equity basis of accounting and whose financial results would not be consolidated under GAAP with the financial results of such Person on the consolidated financial statements of such Person.

“Unencumbered Asset Value” means Total Asset Value determined with respect to Eligible Properties only. To the extent the amount of Unencumbered Asset Value attributable to assets owned by Subsidiaries of which the Borrower does not own, directly or indirectly, at least 66-2/3% of the Equity Interests would exceed 10% of Unencumbered Asset Value, such excess shall be excluded from Unencumbered Asset Value.

“Unfunded Liabilities” means, with respect to any Plan at any time, the amount (if any) by which (a) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (b) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

“Unsecured Indebtedness” means Indebtedness which is not Secured Indebtedness.

“Wholly Owned Subsidiary” means any Subsidiary of a Person in respect of which all of the equity securities or other ownership interests (other than, in the case of a corporation, directors’ qualifying shares) are at the time directly or indirectly owned or controlled by such Person or one or more other Subsidiaries of such Person or by such Person and one or more other Subsidiaries of such Person. Notwithstanding the foregoing, St. Joe Finance Company shall be considered a Wholly Owned Subsidiary of the Borrower so long as not less than 99% (measured by both voting power and economic interest) of the outstanding Equity Interests of St. Joe Finance Company is owned, directly or indirectly, by the Borrower.

Section 1.2. General; References to Times.

Unless otherwise indicated, all accounting terms, ratios and measurements shall be interpreted or determined in accordance with GAAP; provided that, if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Credit Document, and either the Borrower or the Requisite Lenders shall so request, the Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Requisite Lenders); provided further that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. References in this Agreement to “Sections”, “Articles”, “Exhibits” and “Schedules” are to sections, articles, exhibits and schedules herein and hereto unless otherwise indicated. References in this Agreement to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, to the extent permitted hereby and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, supplemented, restated or otherwise modified as of the date of this Agreement and from time to time thereafter to the extent not prohibited hereby and in effect at any given time. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter. Unless explicitly set forth to the contrary, a reference to “Subsidiary” means a Subsidiary of the Borrower or a Subsidiary of such Subsidiary and a reference to an “Affiliate” means a reference to an Affiliate of the Borrower. Titles and captions of Articles, Sections, subsections and clauses in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement. Unless otherwise indicated, all references to time are references to Tampa, Florida time.

Section 1.3. Financial Attributes of Non-Wholly Owned Subsidiaries.

When determining the Borrower’s compliance with any financial covenant contained in any of the Credit Documents, only the Borrower’s pro rata share of the financial attributes of a Subsidiary that is not a Wholly Owned Subsidiary shall be included.

Section 1.4. FAS 141 and FIN 46.

When determining the Borrower’s compliance with any financial covenant contained in any of the Credit Documents the impact of Statement of Financial Accounting Standards No. 141 and Interpretation No. 46 of the Financial Accounting Standards Board shall be excluded.

Section 2.1. Loan.

Subject to the terms and conditions hereof, the Borrower shall be entitled to borrow from the date hereof through December 31, 2006, and agrees to borrow from the Lenders in one or more draws, on a non-revolving basis, an aggregate amount not to exceed \$100,000,000.00. The Borrower shall notify the Bank of its intent to make a draw under the Note, not less than seven (7) business days prior to the requested date of such draw. Borrower's notice of its intent to make a draw shall include copies of the notice(s) of prepayment given to the note holders being paid off. All draws under the Loan shall be in an amount no greater than the aggregate amount set forth in the prepayment notices accompanying the draw request, and the draw proceeds shall be used solely to payoff such noteholders. In connection with any draw, Borrower shall provide Agent satisfactory information after the draw has been disbursed confirming the subject prepayments were made. Each Lender severally agrees to make advances of its Pro Rata Share of the Loan proceeds in amounts at any one time outstanding not to exceed such Lender's Pro Rata Share of the Loan (except for Agent with respect to Administrative Agent Advances), on the terms and subject to the conditions set forth in this Agreement. Each Lender's commitment to lend shall expire and terminate automatically on the earlier of December 31, 2006 and the date the Loan is prepaid in full. The Loan is not revolving. Any amount repaid may not be reborrowed.

Section 2.2. Rates and Payment of Interest on Loan.

(a) Rates. The Borrower promises to pay to the Agent for the account of each Lender interest on the unpaid principal amount of each Loan made by such Lender for the period from and including the date of the making of such Loan to but excluding the date such Loan shall be paid in full, at the following per annum rates:

(i) during such periods as such Loan is a Base Rate Loan, at the Base Rate (as in effect from time to time) plus the Applicable Margin;

(ii) during such periods as such Loan is a LIBOR Loan, at Adjusted LIBOR Rate for such Loan for the Interest Period therefor plus the Applicable Margin;

Notwithstanding the foregoing, while an Event of Default exists, the Borrower shall pay to the Agent for the account of the Lenders interest at the Past-Due Rate (as defined in the Note) on the outstanding principal amount under the Note.

(b) Payment of Interest. Accrued and unpaid interest on each Loan shall be payable (i) in the case of a Base Rate Loan, monthly in arrears on the first day of each calendar month, (ii) in the case of a LIBOR Loan, in arrears on the last day of each Interest Period therefor, and (iii) in the case of any Loan, in arrears upon the payment, prepayment or Continuation thereof or the Conversion of such Loan to a Loan of another interest rate type (but only on the principal amount so paid, prepaid, Continued or Converted). Interest payable at the Past-Due Rate shall be payable from time to time on demand. Promptly after the determination of any interest rate provided for herein or any change therein, the Agent shall give notice thereof to the Lenders to which such interest is payable and to the Borrower. All determinations by the Agent of an interest rate hereunder shall be conclusive and binding on the Lenders and the Borrower for all purposes, absent manifest error.

Section 2.3. Number of Interest Periods.

There shall be no more than four (4) different Interest Periods for Libor Rate Elections (as defined in the Note) outstanding at any time.

Section 2.4. Repayment of Loan.

The Borrower shall repay the entire outstanding principal amount of, and all accrued but unpaid interest on, the Loan, on the Termination Date.

Section 2.5. Prepayments.

Subject to the provisions set forth in Section 4 of the Note, the Borrower may prepay the Loan, in whole or in part, at any time without premium or penalty.

Section 2.6. Note.

The Loan, in addition to this Agreement, is also to be evidenced by the Note. The Note shall be in the form of Exhibit "C."

(a) Records. The date, amount, interest rate, type and duration of Interest Periods (if applicable) of each rate election by the Borrower, and each payment made on account of the principal thereof, shall be recorded by such Lender on its books and such entries shall be binding on the Borrower, absent manifest error; provided, however, that the failure of a Lender to make any such record shall not affect the obligations of the Borrower under any of the Credit Documents.

(b) Lost, Stolen, Destroyed or Mutilated Notes. Upon receipt by the Borrower of (i) written notice from the Agent that the Note has been lost, stolen, destroyed or mutilated, and (ii) (A) in the case of loss, theft or destruction, an unsecured agreement of indemnity from the Agent in form reasonably satisfactory to the Borrower, or (B) in the case of mutilation, upon surrender and cancellation of the Note, the Borrower shall at its own expense execute and deliver to the Agent a new Note dated the date of such lost, stolen, destroyed or mutilated Note.

Section 2.7. Extension of Termination Date.

The Borrower shall have the right, exercisable one time, to extend the Termination Date by one (1) six-month period. Extension of the Termination Date shall not extend the draw period, which in all events shall terminate on December 31, 2006. The Borrower may exercise the right to extend the Termination Date only by executing and delivering to the Agent, at least thirty (30) days prior to January 31, 2007, a written request for such extension (an "Extension Request"). Upon satisfaction of the following conditions and receipt of the Extension Request, the Termination Date shall be extended to July 31, 2007:

(a) The Borrower shall have paid all fees due under Section 3.4 of this Credit Agreement;

(b) All conditions set forth in the Note for the extension of the Termination Date shall have been satisfied;

(c) Immediately prior to such extension and immediately after giving effect thereto, (i) no Default or Event of Default shall exist and (ii) the representations and warranties made or deemed made by the Borrower and each other Loan Party in the Credit Documents to which any of them is a party, shall be true and correct in all material respects on and as of the date of such extension with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct on and as of such earlier date) and except for changes in factual circumstances not prohibited under the Credit Documents.

Section 2.8. Administrative Agent Advances. Agent is authorized, from time to time, in Agent's sole discretion to make, authorize or determine advances of the Loan, or otherwise expend funds, on behalf of Lenders ("Administrative Agent Advances"), (i) to pay any costs, fees and expenses as described in Section 12.2 herein, (ii) after the occurrence of a Default when Agent deems necessary or desirable to preserve or protect the rights and remedies granted to Lenders under this Agreement. Administrative Agent Advances shall be repayable on demand, and if unpaid by Lenders as set forth below shall bear interest at the rate applicable to such amount under the Loan or if no longer applicable, at the Base Rate. Agent shall notify each Lender in writing of each Administrative Agent Advance. Upon receipt of notice from Agent of its making of an Administrative Agent Advance, each Lender shall make the amount of such Lender's Pro Rata Share of the outstanding principal amount of the Administrative Agent Advance available to Agent, in same day funds, to such account of Agent as Agent may designate, (i) on or before 3:00 p.m. (Agent's Time) on the day Agent provides Lenders with notice of the making of such Administrative Agent Advance if Agent provides such notice on or before 12:00 p.m. (Agent's Time), or (ii) on or before 12:00 p.m. on the Business Day immediately following the day Agent provides Lenders with notice of the making of such advance if Agent provides notice after 12:00 p.m. (Agent's Time).

ARTICLE III. PAYMENTS, FEES AND OTHER GENERAL PROVISIONS

Section 3.1. Payments.

Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrower under this Agreement or any other Credit Document shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Agent at its Principal Office, not later than 2:00 p.m. on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). Subject to Section 10.3., the Borrower may, at the time of making each payment under this Agreement or any Note, specify to the Agent the amounts payable by the Borrower hereunder to which such payment is to be applied. Each payment received by the Agent for the account of the Lender(s) under this Agreement or the Note shall be paid to the Lender at the applicable Lending Office of such Lender no later than 5:00 p.m. on the date of receipt. If the Agent fails to pay such amount to a Lender as provided in the previous sentence, the Agent shall pay interest on such amount until paid at a rate per annum equal to the Federal Funds Rate from time to time in effect. If the due date of any payment under this Agreement or any other Credit Document would otherwise fall on a day which is not a Business Day such date shall be extended to the next succeeding Business Day and interest shall be payable for the period of such extension.

Section 3.2. Pro Rata Treatment.

Except to the extent otherwise provided herein, each payment or prepayment of principal under the Note shall be made for the account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Note then held by each such Lender. Each payment of interest on the Note by the Borrower shall be made for the account of the Lenders pro rata in accordance with the amounts of interest then due on the outstanding principal amount of the Note then held by such Lenders.

Section 3.3. Minimum Amounts.

(a) Borrowings and Conversions. Each Base Rate election under the Note shall be in an aggregate minimum amount of \$5,000,000 and integral multiples of \$1,000,000 in excess thereof. Each rate election, Conversion and Continuation of LIBOR Loans shall be in an aggregate minimum amount of \$5,000,000 and integral multiples of \$1,000,000 in excess of that amount.

(b) Prepayments. Each voluntary prepayment under the Loan shall be in an aggregate minimum amount of \$5,000,000 and integral multiples of \$1,000,000 in excess thereof (or, if less, the aggregate principal amount of the Loan then outstanding).

Section 3.4. Fees.

(a) Facility Fees. The Borrower shall pay to the Agent for the account of the Lenders, a facility fee in the amount of \$100,000.00 on the date hereof for establishing the credit arrangements hereunder.

(b) Extension Fee. If the Borrower exercises its right to extend the Termination Date in accordance with Section 2.7, the Borrower agrees to pay to the Agent for the account of the Lenders a fee equal to five basis points (.05%) of the outstanding principal amount of the Loan amount at the time of such extension. Such fee shall be due and payable in full on the date the Agent receives the Extension Request pursuant to such Section.

(c) Administrative and Other Fees. The Borrower agrees to pay the administrative and other fees of the Agent as may be agreed to in writing by the Borrower and the Agent from time to time.

Section 3.5. Computations.

Unless otherwise expressly set forth herein, any accrued interest on the Note or any other Obligations, and all Fees due hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed.

Section 3.6. Usury.

In no event shall the amount of interest due or payable on the Loan or other Obligations exceed the maximum rate of interest allowed by Applicable Law and, if any such payment is paid by the Borrower or any other Loan Party or received by any Lender, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify the respective Lender in writing that the Borrower elects to have such excess sum returned to it forthwith. It is the express intent of the parties hereto that the Borrower not pay and the Lenders not receive, directly or indirectly, in any manner whatsoever, interest in excess of that which may be lawfully paid by the Borrower under Applicable Law.

Section 3.7. Agreement Regarding Interest and Charges.

The parties hereto hereby agree and stipulate that the only charge imposed upon the Borrower for the use of money in connection with this Agreement is and shall be the interest set forth in the Note. Notwithstanding the foregoing, the parties hereto further agree and stipulate that all agency fees, syndication fees, facility fees, closing fees, underwriting fees, default charges, late charges, funding or "breakage" charges, increased cost charges, attorneys' fees and reimbursement for costs and expenses paid by the Agent or any Lender to third parties or for damages incurred by the Agent or any Lender, in each case in connection with the transactions contemplated by this Agreement and the other Credit Documents, are charges made to compensate the Agent or any such Lender for underwriting or administrative services and costs or losses performed or incurred, and to be performed or incurred, by the Agent and the Lenders in connection with this Agreement and shall under no circumstances be deemed to be charges for the use of money. All charges other than charges for the use of money shall be fully earned and nonrefundable when due.

Section 3.8. Defaulting Lenders.

(a) Notice and Cure of Lender Default; Election Period; Electing Lenders. Agent shall notify (such notice being referred to as the "Default Notice") Borrower (for Loan advances) and each non-Defaulting Lender if any Lender is a Defaulting Lender. Each non-Defaulting Lender shall have the right, but in no event or under any circumstance the obligation, to fund such Defaulting Lender Amount, *provided* that within twenty (20) days after the date of the Default Notice (the "Election Period"), such non-Defaulting Lender or Lenders (each such Lender, an "Electing Lender") irrevocably commit(s) by notice in writing (an "Election Notice") to Agent, the other Lenders and Borrower to fund the Defaulting Lender Amount. If Agent receives more than one Election Notice within the Election Period, then the commitment to fund the Defaulting Lender Amount shall be apportioned pro rata among the Electing Lenders in the proportion that the amount of each such Electing Lender's Commitment bears to the total Commitments of all Electing Lenders. If the Defaulting Lender fails to pay the Defaulting Lender Payment Amount within the Election Period, the Electing Lender or Lenders, as applicable, shall be automatically obligated to fund the Defaulting Lender Amount (and Defaulting Lender shall no longer be entitled to fund such Defaulting Lender Amount) within three (3) Business Days following the expiration of the Election Period to reimburse Agent or make payment to Borrower, as applicable. Notwithstanding anything to the contrary contained herein, if Agent has funded the Defaulting Lender Amount, Agent shall be entitled to reimbursement for its portion of the Defaulting Lender Payment Amount pursuant to Article XI.

(b) Removal of Rights; Indemnity. Agent shall not be obligated to transfer to a Defaulting Lender any payments made by or on behalf of Borrower to Agent for the Defaulting Lender's benefit; nor shall a Defaulting Lender be entitled to the sharing of any payments hereunder or under any Note until all Defaulting Lender Payment Amounts are paid in full. Amounts payable to a Defaulting Lender shall be paid by Agent to reimburse Agent and any Electing Lender pro rata for all Defaulting Lender Payment Amounts. Solely for the purposes of voting or consenting to matters with respect to the Credit Documents, a Defaulting Lender shall be deemed not to be a "Lender" and such Defaulting Lender's Commitment shall be deemed to be zero. A Defaulting Lender shall have no right to participate in any discussions among and/or decisions by Lenders hereunder and/or under the other Credit Documents. Further, any Defaulting Lender shall be bound by any amendment to, or waiver of, any provision of, or any action taken or omitted to be taken by Agent and/or the non-Defaulting Lenders under, any Loan Document which is made subsequent to the Defaulting Lender's becoming a Defaulting Lender. This Section shall remain effective with respect to a Defaulting Lender until such time as the Defaulting Lender shall no longer be in default of any of its obligations under this Agreement by curing such default by payment of all Defaulting Lender Payment Amounts (i) within the Election Period, or (ii) after the Election Period with the consent of the non-Defaulting Lenders. Such Defaulting Lender nonetheless shall be bound by any amendment to or waiver of any provision of, or any action taken or omitted to be taken by Agent and/or the non-Defaulting Lenders under any Loan Document which is made subsequent to that Lender's becoming a Defaulting Lender and prior to such cure or waiver. The operation of this subsection or the subsection above alone shall not be construed to increase or otherwise affect the Commitment of any non-Defaulting Lender, or relieve or excuse the performance by Borrower of their duties and obligations hereunder or under any of the other Credit Documents. Furthermore, nothing contained in this Section shall release or in any way limit a Defaulting Lender's

obligations as a Lender hereunder and/or under any other of the Credit Documents. Further, a Defaulting Lender shall indemnify and hold harmless Agent and each of the non-Defaulting Lenders from any claim, loss, or costs incurred by Agent and/or the non-Defaulting Lenders as a result of a Defaulting Lender's failure to comply with the requirements of this Agreement, including, without limitation, any and all additional losses, damages, costs and expenses (including, without limitation, attorneys' fees) incurred by Agent and any non-Defaulting Lender as a result of and/or in connection with (i) a non-Defaulting Lender's acting as an Electing Lender, (ii) any enforcement action brought by Agent against a Defaulting Lender, and (iii) any action brought against Agent and/or Lenders. The indemnification provided above shall survive any termination of this Agreement.

(c) Commitment Adjustments. In connection with the adjustment of the amounts of the Loan Commitments of the Defaulting Lender and Electing Lender(s) upon the expiration of the Election Period as aforesaid, Borrower, Agent and Lenders shall execute such modifications to the Credit Documents as shall, in the reasonable judgment of Agent, be necessary or desirable in connection with the adjustment of the amounts of Commitments in accordance with the foregoing provisions of this Section. For the purpose of voting or consenting to matters with respect to the Credit Documents such modifications shall also reflect the removal of voting rights of the Defaulting Lender and increase in voting rights of Electing Lenders to the extent an Electing Lender has funded the Defaulting Lender Amount. In connection with such adjustments, Defaulting Lenders shall execute and deliver an Assignment and Acceptance Agreement covering that Lender's Commitment and otherwise comply with Section 12.5. If a Lender refuses to execute and deliver such Assignment and Acceptance Agreement or otherwise comply with Section 12.5, such Lender hereby appoints Agent to do so on such Lender's behalf. Agent shall distribute an amended Schedule of Lenders, which shall thereafter be incorporated into this Agreement, to reflect such adjustments. However, all such Defaulting Lender Amounts funded by Agent or Electing Lenders shall continue to be Defaulting Lender Amounts of the Defaulting Lender pursuant to its obligations under this Agreement.

(d) No Election. In the event that no Lender elects to commit to fund the Defaulting Lender Amount within the Election Period, Agent shall, upon the expiration of the Election Period, so notify Borrower and each Lender.

(e) Several Obligations; No Liability, No Release. Notwithstanding that certain of the Credit Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of Lenders, any and all obligations on the part of Agent (if any) to make any advances of the Loan or reimbursements for other Payment Amounts shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Pro Rata Shares. Except as may be specifically provided in this Agreement, no Lender shall have any liability for the acts of any other Lender. No Lender shall be responsible to Borrower or any other person for any failure by any other Lender to fulfill its obligations to make advances of the Loan or reimbursements for other Payment Amounts, nor to take any other action on its behalf hereunder or in connection with the financing contemplated herein. The failure of any Lender to pay to Agent its Pro Rata Share of a Payment Amount shall not relieve any other Lender of any obligation hereunder to pay to Agent its Pro Rata Share of such Payment Amounts as and when required herein, but no Lender shall be responsible for the failure of any other Lender to so fund its Pro Rata Share of the Payment Amount. In furtherance of the foregoing, Lenders shall comply with their obligation to pay Agent their Pro Rata Share of such Payment Amounts regardless of (i) the occurrence of any Default hereunder or under any Loan Document; (ii) a default by Borrower under the Permanent Loan Commitment, if applicable, (iii) any failure of consideration, absence of consideration, misrepresentation, fraud, or any other event, failure, deficiency, breach or irregularity of any nature whatsoever in the Credit Documents; or (iv) any bankruptcy, insolvency or other like event with regard to any Borrower; Permanent Lender, if any, or Guarantor. The obligation of Lenders to pay to such Payment Amounts are in all regards independent of any claims between Agent and any Lender.

(f) Replacement of Lenders. If any Lender is a Defaulting Lender, Borrower may, upon notice to such Lender and the Agent, replace such Lender by causing such Lender to assign its Commitment with the payment of any assignment fee by the replaced Lender to one or more other lenders or Eligible Assignees acceptable to Borrower, and the Agent. Borrower shall or shall cause the replacement lender to (subject to the provisions of this Section 3.8) providing for payment of all Defaulting Lender Payment Amounts to Agent and/or Electing Lenders, as applicable, prior to payment of amounts due to a Defaulting Lender), (x) pay in full all principal, interest, fees and other amounts owing to such Lender through the date of replacement, and (y) provide a release of such Lender from its obligations under the Credit Documents. Any Lender being replaced shall execute and deliver an Assignment and Acceptance Agreement covering that Lender's Commitment and otherwise comply with Section 12.5. If a Lender being replaced refuses to execute and deliver such Assignment and Acceptance Agreement or otherwise comply with Section 12.5, such Lender hereby appoints Agent to do so on such Lender's behalf. Agent shall distribute an amended Schedule of Lenders, which shall thereafter be incorporated into this Agreement, to reflect adjustments to Lenders and their Commitments.

Section 3.9. Taxes.

(a) Taxes Generally. All payments by the Borrower of principal of, and interest on, the Loan and all other Obligations shall be made free and clear of and without deduction for any present or future excise, stamp or other taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding (i) franchise taxes, (ii) any taxes imposed on or measured by any Lender's assets, net income, receipts or branch profits, (iii) any taxes (other than withholding taxes) with respect to the Agent or a Lender that would not be imposed but for a connection between the Agent or such Lender and the jurisdiction imposing such taxes (other than a connection arising solely by virtue of the activities of the Agent or such Lender pursuant to or in respect of this Agreement or any other Credit Document), and (iv) any taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges to the extent imposed as a result of the failure of the Agent or a Lender, as applicable, to provide and keep current (to the extent legally able) any certificates, documents or other evidence required to qualify for an exemption from, or reduced rate of, any such taxes fees, duties, levies, imposts, charges, deductions, withholdings or other charges or required by the immediately following subsection (c) to be furnished by the Agent or

such Lender, as applicable (such non-excluded items being collectively called “Taxes”). If any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any Applicable Law, then the Borrower will:

(i) pay directly to the relevant Governmental Authority the full amount required to be so withheld or deducted;

(ii) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such Governmental Authority; and

(iii) pay to the Agent for its account or the account of the applicable Lender, as the case may be, such additional amount or amounts as is necessary to ensure that the net amount actually received by the Agent or such Lender will equal the full amount that the Agent or such Lender would have received had no such withholding or deduction been required.

(b) Tax Indemnification. If the Borrower fails to pay any Taxes when due to the appropriate Governmental Authority or fails to remit to the Agent, for its account or the account of the respective Lender, as the case may be, the required receipts or other required documentary evidence, the Borrower shall indemnify the Agent and the Lenders for any incremental Taxes, interest or penalties that may become payable by the Agent or any Lender as a result of any such failure. For purposes of this Section, a distribution hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

(c) Tax Forms. Prior to the date that any Foreign Lender becomes a party hereto, such Foreign Lender shall deliver to the Borrower and the Agent such certificates, documents or other evidence, as required by the Internal Revenue Code or Treasury Regulations issued pursuant thereto (including Internal Revenue Service Forms W-8ECI and W-8BEN, as applicable, or appropriate successor forms), properly completed, currently effective and duly executed by such Foreign Lender establishing that payments to it hereunder and under the Notes are (i) not subject to United States Federal backup withholding tax and (ii) not subject to United States Federal withholding tax imposed under the Internal Revenue Code. Each such Foreign Lender shall, to the extent it may lawfully do so, (x) deliver further copies of such forms or other appropriate certifications on or before the date that any such forms expire or become obsolete and after the occurrence of any event requiring a change in the most recent form delivered to the Borrower or the Agent and (y) obtain such extensions of the time for filing, and renew such forms and certifications thereof, as may be reasonably requested by the Borrower or the Agent. The Borrower shall not be required to pay any amount pursuant to the last sentence of subsection (a) above to any Foreign Lender or the Agent, if it is organized under the laws of a jurisdiction outside of the United States of America, if such Foreign Lender or the Agent, as applicable, fails to comply with the requirements of this subsection. If any such Foreign Lender, to the extent it may lawfully do so, fails to deliver the above forms or other documentation, then the Agent may withhold from any payments to be made to such Foreign Lender under any of the Credit Documents such amounts as are required by the Internal Revenue Code. If any Governmental Authority asserts that the Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify the Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, and costs and expenses (including all reasonable fees and disbursements of any law firm or other external counsel and the allocated cost of internal legal services and all disbursements of internal counsel) of the Agent. The obligation of the Lenders under this Section shall survive the termination of the Commitments, repayment of all Obligations and the resignation or replacement of the Agent.

ARTICLE IV. YIELD PROTECTION, ETC.

Section 4.1. Additional Costs; Capital Adequacy.

(a) Additional Costs. The Borrower shall promptly pay to the Agent for the account of each affected Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender for any costs incurred by such Lender that it determines are attributable to its making or maintaining of any LIBOR Loans or its obligation to make any LIBOR Loan hereunder, any reduction in any amount receivable by such Lender under this Agreement or any of the other Credit Documents in respect of any portion of the Loan or such obligation or the maintenance by such Lender of capital in respect of its portion of the Loan or its Commitment (such increases in costs and reductions in amounts receivable being herein called “Additional Costs”), to the extent resulting from any Regulatory Change that: (i) changes the basis of taxation of any amounts payable to such Lender under this Agreement or any of the other Credit Documents in respect of any of such portion of the Loan or its Commitment (other than taxes, fees, duties, levies, imposts, charges, deductions, withholdings or other charges which are excluded from the definition of Taxes pursuant to the first sentence of Section 3.9.(a)); or (ii) imposes or modifies any reserve, special deposit or similar requirements (other than Regulation D of the Board of Governors of the Federal Reserve System or other reserve requirement to the extent utilized in the determination of Adjusted LIBOR Rate for such Loan) relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Lender, or any commitment of such Lender (including, without limitation, the Commitment of such Lender hereunder); or (iii) has or would have the effect of reducing the rate of return on capital of such Lender to a level below that which such Lender could have achieved but for such Regulatory Change (taking into consideration such Lender’s policies with respect to capital adequacy).

(b) Lender’s Suspension of LIBOR Loans. Without limiting the effect of the provisions of the immediately preceding subsection (a), if, by reason of any Regulatory Change, any Lender either (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender that includes deposits by reference to which the interest rate on a LIBOR Loan is determined as provided in this Agreement or a category of extensions of credit or other assets of such Lender that includes LIBOR Loans or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets that it may hold, then, if such Lender so elects by notice to the Borrower (with a copy to the Agent),

the obligation of such Lender to make or Continue, or to Convert any other type of Loan into, LIBOR Loans hereunder shall be suspended until such Regulatory Change ceases to be in effect (in which case the provisions of Section 4.5 shall apply).

(c) Notification and Determination of Additional Costs. Each of the Agent and each Lender agrees to notify the Borrower of any event occurring after the Agreement Date entitling the Agent or such Lender to compensation under any of the preceding subsections of this Section as promptly as practicable; provided, however, the failure of the Agent or any Lender to give such notice shall not release the Borrower from any of its obligations hereunder (and in the case of a Lender, to the Agent). The Agent or such Lender agrees to furnish to the Borrower (and in the case of a Lender, to the Agent) a certificate setting forth in reasonable detail the basis and amount of each request by the Agent or such Lender for compensation under this Section. Absent manifest error, determinations by the Agent or any Lender of the effect of any Regulatory Change shall be conclusive, provided that such determinations are made on a reasonable basis and in good faith.

Section 4.2. Suspension of LIBOR Loans.

Anything herein to the contrary notwithstanding, if, on or prior to the determination of Adjusted LIBOR Rate for any Interest Period:

(a) the Agent reasonably determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining Adjusted LIBOR Rate for such Interest Period, or

(b) the Agent reasonably determines (which determination shall be conclusive) that Adjusted LIBOR Rate will not adequately and fairly reflect the cost to the Lenders of making or maintaining a LIBOR Loan for such Interest Period;

then the Agent shall give the Borrower and each Lender prompt notice thereof and, so long as such condition remains in effect, the Lenders shall be under no obligation to, and shall not, make additional LIBOR Loans, Continue a LIBOR Loan or Convert portions of the Loan into a LIBOR Loan and the Borrower shall, on the last day of each current Interest Period for each outstanding LIBOR Loan, either repay such Loan or Convert such Loan into a Base Rate Loan.

Section 4.3. Illegality.

Notwithstanding any other provision of this Agreement, if any Lender shall reasonably determine (which determination shall be conclusive and binding) that it has become unlawful for such Lender to honor its obligation to make or maintain a LIBOR Loan hereunder, then such Lender shall promptly notify the Borrower thereof (with a copy to the Agent) and such Lender's obligation to make or Continue, or to Convert portions of the Loan of any other type into, a LIBOR Loan shall be suspended until such time as such Lender may again make and maintain a LIBOR Loan (in which case the provisions of Section 4.5. shall be applicable).

Section 4.4. Compensation.

The Borrower shall pay to the Agent for the account of each Lender, upon the request of such Lender through the Agent, such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost or expense that such Lender reasonably determines is attributable to:

(a) any payment or prepayment (whether mandatory or optional) of a LIBOR Loan, or Conversion of a LIBOR Loan, made by such Lender for any reason (including, without limitation, acceleration) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by the Borrower for any reason (including, without limitation, the failure of any of the applicable conditions precedent specified in Article V. to be satisfied) to borrow a LIBOR Loan from such Lender on the requested date for such borrowing, or to Convert a Base Rate Loan into a LIBOR Loan or Continue a LIBOR Loan on the requested date of such Conversion or Continuation.

Upon the Borrower's request, any Lender requesting compensation under this Section shall provide the Borrower with a statement setting forth in reasonable detail the basis for requesting such compensation and the method for determining the amount thereof. Absent manifest error, determinations by any Lender in any such statement shall be conclusive, provided that such determinations are made on a reasonable basis and in good faith.

Section 4.5. Treatment of Affected Loan.

If the obligation of any Lender to make a LIBOR Loan or to Continue, or to Convert Base Rate Loans into, a LIBOR Loan shall be suspended pursuant to Section 4.1.(b) or 4.3., then such Lender's LIBOR Loans shall be automatically Converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for LIBOR Loans (or, in the case of a Conversion required by Section 4.1.(b) or 4.3., on such earlier date as such Lender may specify to the Borrower with a copy to the Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 4.1. or 4.3. that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender's LIBOR Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's LIBOR Loans shall be applied instead to its Base Rate Loans; and

(b) all portions of the Loan that would otherwise be made or Continued by such Lender as a LIBOR Loan shall be made or Continued instead as Base Rate Loans, and all Base Rate Loans of such Lender that would otherwise be Converted into LIBOR Loans shall remain as Base Rate Loans.

If such Lender gives notice to the Borrower (with a copy to the Agent) that the circumstances specified in Section 4.1. or 4.3. that gave rise to the Conversion of such Lender's LIBOR Loan pursuant to this Section no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when LIBOR Loans made by other Lenders are outstanding, then such Lender's Base Rate Loans shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding LIBOR Loans, to the extent necessary so that, after giving effect thereto, all portions of the Loan held by the Lenders holding LIBOR Loans and by such Lender are held pro rata (as to principal amounts, types and Interest Periods) in accordance with their respective Commitments.

Section 4.6. Change of Lending Office.

Each Lender agrees that it will use reasonable efforts to designate an alternate Lending Office with respect to its portion of the Loan affected by the matters or circumstances described in Section 3.9., 4.1. or 4.3. to reduce the liability of the Borrower or avoid the results provided thereunder, so long as such designation is not disadvantageous to such Lender as determined by such Lender in its sole discretion, except that such Lender shall have no obligation to designate a Lending Office located in the United States of America.

Section 4.7. Assumptions Concerning Funding of LIBOR Loans.

Calculation of all amounts payable to a Lender under this Article IV. shall be made as though such Lender had actually funded LIBOR Loans through the purchase of deposits in the relevant market bearing interest at the rate applicable to such LIBOR Loans in an amount equal to the amount of the LIBOR Loans and having a maturity comparable to the relevant Interest Period; provided, however, that each Lender may fund each of its LIBOR Loans in any manner it sees fit and the foregoing assumption shall be used only for calculation of amounts payable under this Article IV.

ARTICLE V. CONDITIONS PRECEDENT

Section 5.1. Initial Conditions Precedent.

The obligation of the Lender to effect or permit the occurrence of the first Credit Event hereunder, is subject to the following conditions precedent:

- (a) The Agent shall have received each of the following, in form and substance satisfactory to the Agent:
 - (i) Counterparts of this Agreement executed by each of the parties hereto;
 - (ii) The Note executed by the Borrower, payable to the Lender and complying with the applicable provisions of this Agreement;
 - (iii) The Guaranty executed by each Guarantor existing as of the Effective Date;
 - (iv) An opinion of counsel to the Borrower and those Guarantor to which, together with the Borrower, at least 90.0% of Adjusted Asset Value is attributable, addressed to the Agent and the Lenders, addressing the matters set forth in **Exhibit "D."**
 - (v) A certificate of good standing or certificate of similar meaning with respect to each such Loan Party issued as of a recent date by the Secretary of State of the state of formation of each such Loan Party and certificates of qualification to transact business or other comparable certificates issued by each Secretary of State (and any state department of taxation, as applicable) of each state in which such Loan Party is required to be so qualified and where the failure to be so qualified could reasonably be expected to have a Material Adverse Effect;
 - (vi) A certificate signed by the Secretary or Assistant Secretary (or other individual performing similar functions) of each such Loan Party and a certificate of incumbency certifying that there have been no changes in the governing documents of such Loan Party since July 22, 2005 with respect to each of the officers of such Loan Party authorized to execute and deliver the Credit Documents to which such Loan Party is a party, and in the case of the Borrower, and the officers of the Borrower then authorized to deliver Notices of Continuation and Notices of Conversion;
 - (vii) The Fees then due and payable under Section 3.4, and any other Fees payable to the Agent and the Lenders on or prior to the Effective Date;
 - (viii) A Compliance Certificate calculated as of March 31, 2006 (giving pro forma effect to the financing contemplated by this Agreement and the use of the proceeds of the Loan to be funded on the Closing Date);
 - (ix) Such other documents, agreements and instruments as the Agent on behalf of the Lenders may reasonably request; and
- (b) In the good faith judgment of the Agent and the Lenders:

(i) There shall not have occurred or become known to the Agent or any of the Lenders any event, condition, situation or status that has had or could reasonably be expected to result in a Material Adverse Effect;

(ii) No litigation, action, suit, investigation or other arbitral, administrative or judicial proceeding shall be pending or threatened which could reasonably be expected to (1) result in a Material Adverse Effect or (2) restrain or enjoin, impose materially burdensome conditions on, or otherwise materially and adversely affect the ability of the Borrower or any other Loan Party to fulfill its obligations under the Credit Documents to which it is a party;

(iii) The Borrower and its Subsidiaries shall have received all approvals, consents and waivers, and shall have made or given all necessary filings and notices, as shall be required to consummate the transactions contemplated hereby without the occurrence of any default under, conflict with or violation of (1) any Applicable Law or (2) any agreement, document or instrument to which the Borrower or any other Loan Party is a party or by which any of them or their respective properties is bound, except for such approvals, consents, waivers, filings and notices the receipt, making or giving of which would not reasonably be likely to (A) have a Material Adverse Effect, or (B) restrain or enjoin, impose materially burdensome conditions on, or otherwise materially and adversely affect the ability of the Borrower or any other Loan Party to fulfill its obligations under the Credit Documents to which it is a party; and

(iv) There shall not have occurred or exist any other material disruption of financial or capital markets that could reasonably be expected to materially and adversely affect the transactions contemplated by the Credit Documents.

Section 5.2. Conditions Precedent to the Loan.

The obligations of the Lenders to make the Loan is subject to the further condition precedent that: (a) no Default or Event of Default shall exist as of the date of the making the Loan or would exist immediately after giving effect thereto; and (b) the representations and warranties made or deemed made by the Borrower and each other Loan Party in the Credit Documents to which any of them is a party, shall be true and correct in all material respects on and as of the date of the making of the Loan with the same force and effect as if made on and as of such date except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct on and as of such earlier date) and except for changes in factual circumstances not prohibited under the Credit Documents. Each Credit Event shall constitute a certification by the Borrower to the effect set forth in the preceding sentence (both as of the date of the giving of notice relating to such Credit Event and, unless the Borrower otherwise notifies the Agent prior to the date of such Credit Event, as of the date of the occurrence of such Credit Event). In addition, if such Credit Event is the making of the Loan, the Borrower shall be deemed to have represented to the Agent and the Lenders at the time such Loan is made that all conditions to the occurrence of such Credit Event contained in this Article V. have been satisfied.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

Section 6.1. Representations and Warranties.

In order to induce the Agent and each Lender to enter into this Agreement and to make the Loan evidenced by the Note, the Borrower represents and warrants to the Agent and each Lender as follows:

(a) Organization; Power; Qualification. Each of the Borrower, its Subsidiaries and the other Loan Parties is a corporation, partnership or other legal entity, duly organized or formed, validly existing and in good standing under the jurisdiction of its incorporation or formation, has the power and authority to own or lease its respective properties and to carry on its respective business as now being and hereafter proposed to be conducted and is duly qualified and is in good standing as a foreign corporation, partnership or other legal entity, and authorized to do business, in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization and where the failure to be so qualified or authorized could reasonably be expected to have, in each instance, a Material Adverse Effect.

(b) Ownership Structure. As of the Agreement Date, Part I of Schedule 6.1.(b) is a complete and correct list of all Subsidiaries of the Borrower setting forth for each such Subsidiary, (i) the jurisdiction of organization of such Subsidiary, (ii) each Person holding any Equity Interests in such Subsidiary, (iii) the nature of the Equity Interests held by each such Person, (iv) the percentage of ownership of such Subsidiary represented by such Equity Interests, (v) whether such Subsidiary is a Material Subsidiary, Significant Subsidiary and/or an Excluded Subsidiary and (vi) whether such Subsidiary is one of the Guarantors designated by the Borrower to meet the requirements of the second sentence of Section 7.12.(b). Except as disclosed in such Schedule, as of the Agreement Date (i) each of the Borrower and its Subsidiaries owns, free and clear of all Liens (other than Permitted Liens), and has the unencumbered right to vote, all outstanding Equity Interests in each Person shown to be held by it on such Schedule, (ii) all of the issued and outstanding capital stock of each such Person organized as a corporation is validly issued, fully paid and nonassessable and (iii) there are no outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including, without limitation, any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of, or outstanding securities convertible into, any additional shares of capital stock of any class, or partnership or other ownership interests of any type in, any such Person. As of the date hereof, Part II of Schedule 6.1.(b) correctly sets forth all Unconsolidated Affiliates of the Borrower, including the correct legal name of such Person, the type of legal entity which each such Person is, and all Equity Interests in such Person held directly or indirectly by the Borrower.

(c) Authorization of Agreement, Etc. The Borrower has the right and power, and has taken all necessary action to authorize it, to borrow and obtain other extensions of credit hereunder. The Borrower and each other Loan Party has the right and power, and has taken all necessary action to authorize it, to execute, deliver and perform each of the Credit Documents to which it is a party in

accordance with their respective terms and to consummate the transactions contemplated hereby and thereby. The Credit Documents to which the Borrower or any other Loan Party is a party have been duly executed and delivered by the duly authorized officers of such Person and each is a legal, valid and binding obligation of such Person enforceable against such Person in accordance with its respective terms except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations (other than the payment of principal) contained herein or therein and as may be limited by equitable principles generally.

(d) Compliance of Credit Documents with Laws, Etc. The execution, delivery and performance of this Agreement, the Notes and the other Credit Documents to which the Borrower or any other Loan Party is a party in accordance with their respective terms and the borrowings and other extensions of credit hereunder do not and will not, by the passage of time, the giving of notice, or both: (i) require any Governmental Approval or violate any Applicable Law (including all Environmental Laws) relating to the Borrower or any other Loan Party; (ii) conflict with, result in a breach of or constitute a default under the organizational documents of the Borrower or any other Loan Party, or any indenture, agreement or other instrument to which the Borrower or any other Loan Party is a party or by which it or any of its respective properties may be bound; or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Borrower or any other Loan Party.

(e) Compliance with Law; Governmental Approvals. Each of the Borrower, each Subsidiary and each other Loan Party is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws (including without limitation, Environmental Laws) relating to the Borrower, a Subsidiary or such other Loan Party except for noncompliances which, and Governmental Approvals the failure to possess which, could not, individually or in the aggregate, reasonably be expected to cause a Default or Event of Default or have a Material Adverse Effect.

(f) Title to Properties; Liens. Each of the Borrower and its Subsidiaries (i) has good and marketable title to all real property owned by it, (ii) holds interests as lessee under valid leases in full force and effect with respect to all material leased real and personal property used in connection with its business, and (iii) has good title to all of its other properties and assets reflected in the most recent financial statements referred to in the immediately following subsection (k) (except as sold or otherwise disposed of since the date thereof in the ordinary course of business), in each case under the immediately preceding clauses (i), (ii) and (iii) free and clear of all Liens other than Permitted Liens.

(g) Existing Indebtedness. Schedule 6.1.(g) is, as of the Agreement Date, a complete and correct listing of all Indebtedness of the Borrower and its Subsidiaries, including without limitation, Guarantees of the Borrower and its Subsidiaries, and indicating whether such Indebtedness is Secured Indebtedness or Unsecured Indebtedness.

(h) Litigation. Except as set forth on Schedule 6.1.(h), there are no actions, suits, investigations or proceedings pending (nor, to the knowledge of the Borrower, are there any actions, suits or proceedings threatened) against or in any other way relating adversely to or affecting the Borrower, any Subsidiary or any other Loan Party or any of its respective property in any court or before any arbitrator of any kind or before or by any other Governmental Authority which could reasonably be expected to have a Material Adverse Effect. There are no strikes, slow downs, work stoppages or walkouts or other labor disputes in progress or threatened relating to the Borrower, any Subsidiary or any other Loan Party which could reasonably be expected to have a Material Adverse Effect.

(i) Taxes. All federal, state and other tax returns of the Borrower, any Subsidiary or any other Loan Party required by Applicable Law to be filed have been duly filed, and all federal, state and other taxes, assessments and other governmental charges or levies upon the Borrower, any Subsidiary and each other Loan Party and its respective properties, income, profits and assets which are due and payable have been paid, except any such nonpayment which is at the time permitted under Section 7.6. Except as set forth on Schedule 6.1.(j), as of the Agreement Date, none of the United States income tax returns of the Borrower, its Subsidiaries or any other Loan Party is under audit. All charges, accruals and reserves on the books of the Borrower and each of its Subsidiaries and each other Loan Party in respect of any taxes or other governmental charges are in accordance with GAAP.

(j) Financial Statements. The Borrower has furnished to each Lender copies of (i) the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries for the fiscal year ending December 31, 2005, and the related audited consolidated statements of operations, cash flows and shareholders' equity for the fiscal year ending on such dates, with the opinion thereon of KPMG LLP, and (ii) the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries for the fiscal quarter ending March 31, 2006, and the related unaudited consolidated statements of operations, cash flows and shareholders' equity of the Borrower and its consolidated Subsidiaries for the fiscal quarter ending on such date. Such financial statements (including in each case related schedules and notes) present fairly, in all material respects and in accordance with GAAP consistently applied throughout the periods involved, the consolidated financial position of the Borrower and its consolidated Subsidiaries as at their respective dates and the results of operations and the cash flow for such periods (subject, as to interim statements, to changes resulting from normal year-end audit adjustments). Neither the Borrower nor any of its Subsidiaries has on the Agreement Date any material contingent liabilities, liabilities, liabilities for taxes, unusual or long-term commitments or unrealized or forward anticipated losses from any unfavorable commitments that would be required to be set forth in its financial statements or in the notes thereto, except as referred to or reflected or provided for in said financial statements.

(k) No Material Adverse Change. Since December 31, 2005, there has been no material adverse change in the business, assets, liabilities, condition (financial or otherwise), results of operations or performance of the Borrower and its Subsidiaries taken as a whole. Each of the Borrower, its Subsidiaries and the other Loan Parties is Solvent.

(l) ERISA. Each member of the ERISA Group is in compliance with its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance with the presently applicable provisions of

ERISA and the Internal Revenue Code with respect to each Plan, except in each case for noncompliances which could not reasonably be expected to have a Material Adverse Effect. As of the Agreement Date, no member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

(m) Not Plan Assets; No Prohibited Transaction. None of the assets of the Borrower, any Subsidiary or any other Loan Party constitute “plan assets” within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder. The execution, delivery and performance of this Agreement and the other Credit Documents, and the borrowing and repayment of amounts hereunder, do not and will not constitute “prohibited transactions” under ERISA or the Internal Revenue Code.

(n) Absence of Defaults. Neither the Borrower, any Subsidiary nor any other Loan Party is in default under any material provision of its articles of incorporation, bylaws, partnership agreement or other similar organizational documents. No event has occurred, which has not been remedied, cured or waived, which, in any such case: (i) constitutes a Default or an Event of Default; or (ii) constitutes, or which with the passage of time, the giving of notice, or both, would constitute, a default or event of default by the Borrower, any Subsidiary or any other Loan Party under any agreement (other than this Agreement) or judgment, decree or order to which the Borrower or any Subsidiary or other Loan Party is a party or by which the Borrower or any Subsidiary or other Loan Party or any of their respective properties may be bound where such default or event of default could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) Environmental Laws. Each of the Borrower, its Subsidiaries and the other Loan Parties has obtained all Governmental Approvals which are required under Environmental Laws and is in compliance with all terms and conditions of such Governmental Approvals which the failure to obtain or to comply with could reasonably be expected to have a Material Adverse Effect. Except for any of the following matters that could not be reasonably expected to have a Material Adverse Effect, taking into account all available insurance coverage and indemnification rights, (i) the Borrower is not aware of, and has not received notice of, any past, present, or future events, conditions, circumstances, activities, practices, incidents, actions, or plans which, with respect to the Borrower, its Subsidiaries and each other Loan Party, may interfere with or prevent compliance or continued compliance with Environmental Laws, or may give rise to any common-law or legal liability, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, study, or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling or the emission, discharge, release or threatened release into the environment, of any Hazardous Material; and (ii) there is no civil, criminal, or administrative action, suit, demand, claim, hearing, notice, or demand letter, notice of violation, investigation, or proceeding pending or, to the Borrower’s knowledge after due inquiry, threatened, against the Borrower, its Subsidiaries and each other Loan Party relating in any way to Environmental Laws.

(p) Investment Company; Public Utility Holding Company. Neither the Borrower nor any Subsidiary nor any other Loan Party is (i) an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, (ii) a “holding company” or a “subsidiary company” of a “holding company”, or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company”, within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) subject to any other Applicable Law which purports to regulate or restrict its ability to borrow money or to consummate the transactions contemplated by this Agreement or to perform its obligations under any Credit Document to which it is a party.

(q) Margin Stock. Neither the Borrower, any Subsidiary nor any other Loan Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock.

(r) Affiliate Transactions. Except as permitted herein, neither the Borrower, any Subsidiary nor any other Loan Party is a party to any transaction with an Affiliate.

(s) Intellectual Property. Each of the Borrower, each other Loan Party and each other Subsidiary owns or has the right to use, under valid license agreements or otherwise, all material patents, licenses, franchises, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, trade secrets and copyrights (collectively, “Intellectual Property”) necessary to the conduct of its businesses as now conducted, without known conflict with any patent, license, franchise, trademark, trademark right, service mark, service mark right, trade secret, trade name, copyright or other proprietary right of any other Person. The Borrower, each other Loan Party and each other Subsidiary have taken all such steps as they deem reasonably necessary to protect their respective rights under and with respect to such Intellectual Property. No claim has been asserted by any Person with respect to the use of any such Intellectual Property by the Borrower, any other Loan Party or any other Subsidiary, or challenging or questioning the validity or effectiveness of any such Intellectual Property which could reasonably be expected to have a Material Adverse Effect. The use of such Intellectual Property by the Borrower, its Subsidiaries and the other Loan Parties, does not infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, give rise to any liabilities on the part of the Borrower, any other Loan Party or any other Subsidiary that could reasonably be expected to have a Material Adverse Effect.

(t) Business. As of the Agreement Date, the Borrower and its Subsidiaries are engaged in the business of town and resort development, commercial and industrial development, land sales, commercial real estate services and forestry, together with other business activities incidental thereto.

(u) Broker's Fees. No broker's or finder's fee, commission or similar compensation will be payable with respect to the transactions contemplated hereby. No other similar fees or commissions will be payable by any Loan Party for any other services rendered to the Borrower or any of its Subsidiaries ancillary to the transactions contemplated hereby.

(v) Accuracy and Completeness of Information. No written information, report or other papers or data (excluding financial projections and other forward looking statements) furnished to the Agent or any Lender by, on behalf of, or at the direction of, the Borrower, any Subsidiary or any other Loan Party in connection with, pursuant to or relating in any way to this Agreement, contained any untrue statement of a fact material to the creditworthiness of the Borrower, any Subsidiary or any other Loan Party or omitted to state a material fact necessary in order to make such statements contained therein, in light of the circumstances under which they were made, not misleading. All financial statements (including in each case all related schedules and notes) furnished to the Agent or any Lender by, on behalf of, or at the direction of, the Borrower, any Subsidiary or any other Loan Party in connection with, pursuant to or relating in any way to this Agreement, present fairly, in all material respects and in accordance with GAAP consistently applied throughout the periods involved, the financial position of the Persons involved as at the date thereof and the results of operations for such periods (subject, as to interim statements, to changes resulting from normal year-end audit adjustments). All financial projections and other forward looking statements prepared by or on behalf of the Borrower, any Subsidiary or any other Loan Party that have been or may hereafter be made available to the Agent or any Lender were or will be prepared in good faith based on reasonable assumptions. As of the Effective Date, no fact is known to the Borrower which has had, or in the future is reasonably likely to have (so far as the Borrower can reasonably foresee), a Material Adverse Effect which has not been set forth in the financial statements referred to in Section 6.1.(k) or in such information, reports or other papers or data or otherwise disclosed in writing to the Agent and the Lenders.

(w) Foreign Assets Control. None of the Borrower, any Subsidiary or any Affiliate of the Borrower: (i) is a Sanctioned Person, (ii) has any of its assets in Sanctioned Entities, or (iii) derives any of its operating income from investments in, or transactions with, Sanctioned Persons or Sanctioned Entities.

Section 6.2. Survival of Representations and Warranties, Etc.

All statements contained in any certificate, financial statement or other instrument delivered by or on behalf of the Borrower, any Subsidiary or any other Loan Party to the Agent or any Lender pursuant to or in connection with this Agreement or any of the other Credit Documents (including, but not limited to, any such statement made in or in connection with any amendment hereto or thereto or any statement contained in any certificate, financial statement or other instrument delivered by or on behalf of the Borrower prior to the Agreement Date and delivered to the Agent or any Lender in connection with the underwriting or closing of the transactions contemplated hereby) shall constitute representations and warranties made by the Borrower in favor of the Agent or any of the Lenders under this Agreement. All representations and warranties made under this Agreement and the other Credit Documents shall be deemed to be made at and as of the Agreement Date, the Effective Date, the date on which any extension of the Termination Date is effectuated pursuant to Section 2.7. and the date of the occurrence of any Credit Event, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date) and except for changes in factual circumstances not prohibited under the Credit Documents. All such representations and warranties shall survive the effectiveness of this Agreement, the execution and delivery of the Credit Documents and the making of the Loan.

ARTICLE VII. AFFIRMATIVE COVENANTS

For so long as this Agreement is in effect, unless the Requisite Lenders (or, if required pursuant to Section 12.6., all of the Lenders) shall otherwise consent in the manner provided for in Section 12.6., the Borrower shall comply with the following covenants:

Section 7.1. Preservation of Existence and Similar Matters.

Except as otherwise permitted under Section 9.7., the Borrower shall, and shall cause each Subsidiary and each other Loan Party to, preserve and maintain its respective existence, rights, franchises, licenses and privileges in the jurisdiction of its incorporation or formation and qualify and remain qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification and authorization and where the failure to be so authorized and qualified could reasonably be expected to have a Material Adverse Effect.

Section 7.2. Compliance with Applicable Law and Material Contracts.

The Borrower shall, and shall cause each Subsidiary and each other Loan Party to, comply with (a) all Applicable Laws, including the obtaining of all Governmental Approvals, the failure with which to comply could reasonably be expected to have a Material Adverse Effect, and (b) all terms and conditions of all Material Contracts to which it is a party which if not complied with would give any other party to such Material Contract the right to terminate such Material Contract.

Section 7.3. Maintenance of Property.

In addition to the requirements of any of the other Credit Documents, the Borrower shall, and shall cause each Subsidiary and other Loan Party to, (a) protect and preserve all of its respective material properties, including, but not limited to, all Intellectual Property, and maintain in good repair, working order and condition all tangible properties, ordinary wear and tear excepted, and (b) make or cause to be made all needed and appropriate repairs, renewals, replacements and additions to such properties, so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

Section 7.4. Conduct of Business.

The Borrower shall, and shall cause its Subsidiaries and the other Loan Parties to, carry on, their respective businesses as described in Section 6.1.(t).

Section 7.5. Insurance.

In addition to the requirements of any of the other Credit Documents, the Borrower shall, and shall cause each Subsidiary and other Loan Party to, maintain insurance (on a replacement cost basis) with financially sound and reputable insurance companies against such risks and in such amounts as is customarily maintained by Persons engaged in similar businesses or as may be required by Applicable Law, and from time to time deliver to the Agent upon its request a detailed list, together with copies of all policies of the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

Section 7.6. Payment of Taxes and Claims.

The Borrower shall, and shall cause each Subsidiary and other Loan Party to, pay and discharge when due (a) all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any properties belonging to it, and (b) all lawful claims of materialmen, mechanics, carriers, warehousemen and landlords for labor, materials, supplies and rentals which, if unpaid, could reasonably be expected to become a Lien on any properties of such Person; provided, however, that this Section shall not require the payment or discharge of any such tax, assessment, charge, levy or claim which is being contested in good faith by appropriate proceedings which operate to suspend the collection thereof and for which adequate reserves have been established on the books of the Borrower, such Subsidiary or such other Loan Party, as applicable, in accordance with GAAP.

Section 7.7. Visits and Inspections.

The Borrower shall, and shall cause each Subsidiary and other Loan Party to, permit representatives or agents of any Lender or the Agent, from time to time after reasonable prior notice if no Event of Default shall be in existence, as often as may be reasonably requested, but only during normal business hours and at the expense of such Lender or the Agent (unless a Default or Event of Default shall exist, in which case the exercise by the Agent or such Lender of its rights under this Section shall be at the expense of the Borrower), as the case may be, to: (a) visit and inspect all properties of the Borrower or such Subsidiary or other Loan Party to the extent any such right to visit or inspect is within the control of such Person; (b) inspect and make extracts from their respective books and records, including but not limited to management letters prepared by independent accountants; and (c) discuss with its officers and employees, and with the participation of the Borrower, its independent accountants, its business, properties, condition (financial or otherwise), results of operations and performance. If requested by the Agent at any time, the Borrower shall execute an authorization letter addressed to its accountants authorizing the Agent or any Lender to discuss the financial affairs of the Borrower and any Subsidiary or any other Loan Party with its accountants if an Event of Default exists.

Section 7.8. Use of Proceeds.

The Borrower shall use the proceeds of the Loan to retire and payoff certain private placement debt issues of the Borrower.

Section 7.9. Environmental Matters.

The Borrower shall, and shall cause all of its Subsidiaries and the other Loan Parties to, comply with all Environmental Laws the failure with which to comply could reasonably be expected to have a Material Adverse Effect. If the Borrower, any Subsidiary or any other Loan Party shall (a) receive notice that any violation of any Environmental Law may have been committed or is about to be committed by such Person, (b) receive notice that any administrative or judicial complaint or order has been filed or is about to be filed against the Borrower, any Subsidiary or any other Loan Party alleging violations of any Environmental Law or requiring the Borrower, any Subsidiary or any other Loan Party to take any action in connection with the release of Hazardous Materials or (c) receive any notice from a Governmental Authority or private party alleging that the Borrower, any Subsidiary or any other Loan Party may be liable or responsible for costs associated with a response to or cleanup of a release of Hazardous Materials or any damages caused thereby, and the matters referred to in such notices, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, the Borrower shall provide the Agent with a copy of such notice promptly, and in any event within 10 Business Days, after the receipt thereof by the Borrower, any Subsidiary or any other Loan Party. The Borrower shall, and shall cause its Subsidiaries and the other Loan Parties to, take promptly all actions reasonably necessary to prevent the imposition of any Liens on any of their respective properties arising out of or related to any Environmental Laws.

Section 7.10. Books and Records.

The Borrower shall, and shall cause each of its Subsidiaries and the other Loan Parties to, maintain books and records pertaining to its respective business operations in such detail, form and scope as is consistent with good business practice and in accordance with GAAP.

Section 7.11. Further Assurances.

The Borrower shall, at the Borrower's cost and expense and upon request of the Agent, execute and deliver or cause to be executed and delivered, to the Agent such further instruments, documents and certificates, and do and cause to be done such further

acts that may be reasonably necessary or advisable in the reasonable opinion of the Agent to carry out more effectively the provisions and purposes of this Agreement and the other Credit Documents.

Section 7.12. New Subsidiaries/Guarantors.

(a) Requirement to Become Guarantor. Within 10 days of any Person (other than an Excluded Subsidiary) becoming a Material Subsidiary after the Effective Date, the Borrower shall deliver to the Agent each of the following items, each in form and substance satisfactory to the Agent: (i) an Accession Agreement executed by such Material Subsidiary and (ii) the items that would have been delivered under Sections 5.1.(a)(v) through (vii) and (ix) if such Material Subsidiary had been one on the Effective Date; provided, however, promptly (and in any event within 10 days) upon any Excluded Subsidiary ceasing to be subject to the restriction which prevented it from becoming a Guarantor on the Effective Date or delivering an Accession Agreement pursuant to this Section, as the case may be, such Subsidiary shall comply with the provisions of this Section. Upon a Lender's written request, the Agent shall send to such Lender copies of each of the foregoing items once the Agent has received all such items with respect to a Material Subsidiary.

(b) Other Guarantors. The Borrower may, at its option, cause any Subsidiary that is not already a Guarantor to become a Guarantor by delivering to the Agent an Accession Agreement executed by such Subsidiary and the other items required to be delivered under the immediately preceding subsection (a). The Borrower shall cause Subsidiaries that are not already Guarantors to become Guarantors in accordance with the immediately preceding sentence in order to ensure that at all times the amount of Adjusted Asset Value attributable to assets directly owned by the Borrower and the Guarantors equals or exceeds 90.0% of Adjusted Asset Value.

(c) Release of a Guarantor. The Borrower may request in writing that the Agent release, and upon receipt of such request the Agent shall release, a Guarantor from the Guaranty so long as: (i) such Guarantor (x) qualifies, or will qualify simultaneously with its release from the Guaranty, as an Excluded Subsidiary or (y) has ceased to be, or simultaneously with its release from the Guaranty will cease to be, a Material Subsidiary; (ii) such Guarantor is not otherwise required to be a party to the Guaranty under the immediately preceding subsections (a) or (b); (iii) no Default or Event of Default shall then be in existence or would occur as a result of such release, including without limitation, a Default or Event of Default resulting from a violation of any of the covenants contained in Section 9.1.; and (iv) the Agent shall have received such written request at least 10 Business Days prior to the requested date of release. Delivery by the Borrower to the Agent of any such request shall constitute a representation by the Borrower that the matters set forth in the preceding sentence (both as of the date of the giving of such request and as of the date of the effectiveness of such request) are true and correct with respect to such request.

Section 7.13. Exchange Listing.

The Borrower shall maintain at least one class of common shares of the Borrower having trading privileges on the New York Stock Exchange or the American Stock Exchange or which is the subject of price quotations in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System.

ARTICLE VIII. INFORMATION

For so long as this Agreement is in effect, unless the Requisite Lenders (or, if required pursuant to Section 12.6., all of the Lenders) shall otherwise consent in the manner set forth in Section 12.6., the Borrower shall furnish to each Lender (or to the Agent if so provided below) at its Lending Office:

Section 8.1. Quarterly Financial Statements.

As soon as available and in any event within 5 days after the same is required to be filed with the Securities and Exchange Commission (but in no event later than 45 days after the end of each of the first, second and third fiscal quarters of the Borrower), the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such period and the related unaudited consolidated statements of income, shareholders' equity and cash flows of the Borrower and its Subsidiaries for such period, setting forth in each case in comparative form the figures as of the end of and for the corresponding periods of the previous fiscal year, all of which shall be certified by the chief executive officer or chief financial officer of the Borrower, in his or her opinion, to present fairly, in accordance with GAAP and in all material respects, the consolidated financial position of the Borrower and its Subsidiaries as at the date thereof and the results of operations for such period (subject to normal year-end audit adjustments).

Section 8.2. Year-End Statements.

As soon as available and in any event within 5 days after the same is required to be filed with the Securities and Exchange Commission (but in no event later than 90 days after the end of each fiscal year of the Borrower), the audited consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related audited consolidated statements of income, shareholders' equity and cash flows of the Borrower and its Subsidiaries for such fiscal year, setting forth in comparative form the figures as at the end of and for the previous fiscal year, all of which shall be (a) certified by the chief executive officer or chief financial officer of the Borrower, in his or her opinion, to present fairly, in accordance with GAAP and in all material respects, the consolidated financial position of the Borrower and its Subsidiaries as at the date thereof and the results of operations for such period and (b) accompanied by the report thereon of independent certified public accountants of recognized national standing acceptable to the Agent, whose certificate shall be unqualified.

Section 8.3. Compliance Certificate.

At the time financial statements are furnished pursuant to Sections 8.1. and 8.2., and within 5 Business Days of the Agent's request with respect to any other fiscal period, a certificate substantially in the form of **Exhibit "E"** (a "Compliance Certificate") executed by the chief financial officer or other Financial Officer of the Borrower: (a) setting forth in reasonable detail as at the end of such quarterly accounting period, fiscal year, or other fiscal period, as the case may be, the calculations required to establish whether or not the Borrower was in compliance with the covenants contained in Sections 9.1., 9.2. and 9.4. and (b) stating that, to the best of his or her knowledge, information and belief after due inquiry, no Default or Event of Default exists, or, if such is not the case, specifying such Default or Event of Default and its nature, when it occurred, whether it is continuing and the steps being taken by the Borrower with respect to such event, condition or failure. The Compliance Certificate calculated as of June 30, 2006 shall give pro forma effect to the financing contemplated by this Agreement and the use of the proceeds of the Loan funded on the Closing Date. Together with the delivery of each Compliance Certificate, the Borrower shall deliver a report, in form and detail reasonably satisfactory to the Agent, setting forth (x) a statement of operations and statement of sources and uses, (y) a list of all registration statements, reports on Forms 10-K, 10-Q and 8-K (or their equivalents) and all other periodic reports which the Borrower, any Subsidiary or any other Loan Party filed with the Securities and Exchange Commission (or any Governmental Authority substituted therefor) or any national securities exchange during the immediately preceding fiscal quarter and (z) a list of all Properties acquired by the Borrower, its Subsidiaries, and its Unconsolidated Affiliates since the date of the delivery of the previous Compliance Certificate, such list to identify such Property's name, location, year built or acquired, anchor tenants, amount of related mortgage Indebtedness, if any, and the maturity of such mortgage Indebtedness, and the Net Operating Income for such Property.

Section 8.4. Other Information.

(a) Management Reports. Promptly upon receipt thereof, copies of all management reports, if any, submitted to the Borrower or its Board of Directors by its independent public accountants;

(b) Shareholder Information. Promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed and promptly upon the issuance thereof copies of all press releases issued by the Borrower, any Subsidiary or any other Loan Party (but only to the extent that such financial statements, reports, proxy statements and press releases are not publicly available to the Agent and the Lenders);

(c) ERISA. If and when any member of the ERISA Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement, and of which has resulted or could reasonably be expected to result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief executive officer or chief financial officer of the Borrower setting forth details as to such occurrence and the action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take;

(d) Litigation. To the extent a Responsible Officer of the Borrower is aware of the same, prompt notice of the commencement of any proceeding or investigation by or before any Governmental Authority and any action or proceeding in any court or other tribunal or before any arbitrator against or in any other way relating adversely to, or adversely affecting, the Borrower or any Subsidiary or any of their respective properties, assets or businesses which could reasonably be expected to have a Material Adverse Effect, and prompt notice of the receipt of notice that any United States income tax returns of the Borrower or any of its Subsidiaries are being audited;

(e) Change of Management or Financial Condition. Prompt notice of any change in the individuals comprising the Responsible Officers of the Borrower, any Material Subsidiary or any other Loan Party and any change in the business, assets, liabilities, condition (financial or otherwise), results of operations or performance of the Borrower, any Subsidiary or any other Loan Party which has had or could reasonably be expected to have a Material Adverse Effect;

(f) Default. Notice of the occurrence of any of the following promptly upon a Responsible Officer of the Borrower obtaining knowledge thereof: (i) any Default or Event of Default or (ii) any event which constitutes or which with the passage of time, the giving of notice, or otherwise, would constitute a default or event of default by the Borrower, any Subsidiary or any other Loan Party under any Material Contract to which any such Person is a party or by which any such Person or any of its respective properties may be bound;

(g) Judgments. Prompt notice of any order, judgment or decree in excess of \$10,000,000 having been entered against the Borrower, any Subsidiary or any other Loan Party or any of their respective properties or assets;

(h) Notice of Violations of Law. Prompt notice if the Borrower, any Subsidiary or any other Loan Party shall receive any notification from any Governmental Authority alleging a violation of any Applicable Law or any inquiry which, in either case, could reasonably be expected to have a Material Adverse Effect;

(i) Diminution of Total Asset Value. Prompt notice if during any period of 12 consecutive months Total Asset Value shall decrease by more than 5.0% of Total Asset Value as of the beginning of such 12-month period;

(j) Patriot Act Information. From time to time and promptly upon each request, information identifying the Borrower as a Lender may request in order to comply with the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)); and

(k) Material Contracts. Promptly upon entering into any Material Contract after the Agreement Date, a copy to the Agent of such Material Contract to the extent not publicly available;

(l) Projections. Within 45 days after the end of a fiscal year, pro forma financial information regarding the Borrower and its Subsidiaries for the next fiscal year, including without limitation, projected covenant compliance for each quarter in such fiscal year, EBITDA, sources and uses, capital expenditures, projected Net Operating Income for each Property, and other income and expenses; and

(m) Other Information. From time to time and promptly upon each request, such data, certificates, reports, statements, documents or further information regarding the business, assets, liabilities, financial condition, results of operations or business prospects of the Borrower or any of its Subsidiaries as the Agent or any Lender may reasonably request.

ARTICLE IX. NEGATIVE COVENANTS

For so long as this Agreement is in effect, unless the Requisite Lenders (or, if required pursuant to Section 12.6., all of the Lenders) shall otherwise consent in the manner set forth in Section 12.6., the Borrower shall comply with the following covenants:

Section 9.1. Financial Covenants.

The Borrower shall not permit:

(a) Maximum Leverage Ratio. The ratio of (i) Total Indebtedness to (ii) Total Asset Value, to exceed 0.50 to 1.00 at any time.

(b) Minimum Fixed Charge Coverage Ratio. The ratio of (i) Adjusted EBITDA for the period of two consecutive fiscal quarters of the Borrower most recently ending to (ii) Fixed Charges for such period, to be less than 2.50 to 1.00 at any time.

(c) Maximum Secured Indebtedness Ratio. The ratio of (i) Secured Indebtedness of the Borrower and its Subsidiaries determined on a consolidated basis to (ii) Total Asset Value, to exceed 0.30 to 1.00 at any time.

(d) Minimum Unencumbered Leverage Ratio. The ratio of (i) Unencumbered Asset Value to (ii) Unsecured Indebtedness of the Borrower and its Subsidiaries determined on a consolidated basis, to be less than 1.80 to 1.00 at any time.

(e) Minimum Net Worth. Tangible Net Worth at any time to be less than \$1,000,000,000.

Section 9.2. Restricted Payments.

The Borrower shall not, and shall not permit any of its Subsidiaries to, declare or make any Restricted Payment; provided, however, that the Borrower and its Subsidiaries may declare and make the following Restricted Payments so long as no Default or Event of Default would result therefrom:

(a) the Borrower may declare or make dividend payments or other distributions payable solely in cash or its common stock to its shareholders consistent with past practices;

(b) each Wholly Owned Subsidiary of the Borrower may declare and make dividend payments or other distributions to the Borrower or another Guarantor;

(c) the Borrower may repurchase its outstanding common stock; and

(d) St. Joe Finance Company may declare and make dividend payments or other distributions or redemptions payable solely in cash to its shareholders that are not the Borrower or a Guarantor; provided, that (x) the aggregate amount of such payments shall not exceed \$500,000 and (y) unless such payment is necessary for St. Joe Finance Company to maintain its status as a real estate investment trust at the time of any such payment no Default or Event of Default shall exist.

Notwithstanding the foregoing, if a Default or Event of Default specified in Section 10.1.(a), Section 10.1.(b), Section 10.1.(f) or Section 10.1.(g) shall exist, or if as a result of the occurrence of any other Event of Default any of the Obligations have been accelerated pursuant to Section 10.2.(a), the Borrower shall not, and shall not permit any Subsidiary to, make any Restricted Payments to any Person other than to the Borrower or any Subsidiary.

Section 9.3. Indebtedness.

The Borrower shall not, and shall not permit any Subsidiary or any other Loan Party to, incur, assume, or otherwise become obligated in respect of any Indebtedness after the Agreement Date if immediately prior to the assumption, incurring or becoming obligated in respect thereof, or immediately thereafter and after giving effect thereto, a Default or Event of Default is or would be

in existence, including without limitation, a Default or Event of Default resulting from a violation of any of the covenants contained in Section 9.1.; provided, however, if a Default or Event of Default shall exist, the Borrower and the other Loan Parties may incur intercompany Indebtedness on and subject to the terms of Section 9.5.(e) so long as such Indebtedness is owing by a Loan Party to another Loan Party (other than the Borrower).

Section 9.4. Certain Permitted Investments.

The Borrower shall not, and shall not permit any Subsidiary to, make any Investment in or otherwise own the following items which would cause the aggregate value of such holdings of the Borrower and such other Subsidiaries (without duplication) to exceed 35.0% of Total Asset Value at any time:

(a) Investments in Unconsolidated Affiliates and other Persons that are not Subsidiaries, with the value of such Investments being determined in accordance with GAAP;

(b) Investments consisting of loans, advances or extensions of credit to, or purchases or other acquisitions of any Indebtedness of, another Person not a Subsidiary, with the value of such Investments being determined in accordance with GAAP; and

(c) Investments in Construction.

Section 9.5. Investments Generally.

The Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, directly or indirectly, acquire, make or purchase any Investment, or permit any Investment of such Person to be outstanding on and after the Agreement Date, other than the following:

(a) Investments in Subsidiaries in existence on the Agreement Date and disclosed on Part I of Schedule 6.1.(b);

(b) Investments to acquire Equity Interests of a Subsidiary or any other Person who after giving effect to such acquisition would be a Subsidiary, so long as in each case (i) immediately prior to such Investment, and after giving effect thereto, no Default or Event of Default is or would be in existence and (ii) if such Subsidiary is (or after giving effect to such Investment would become) a Material Subsidiary, and is not an Excluded Subsidiary, the terms and conditions set forth in Section 7.12. are satisfied;

(c) Investments permitted under Section 9.4.;

(d) Investments in Cash Equivalents;

(e) intercompany Indebtedness among the Borrower and the other Loan Parties provided that (i) such Indebtedness is permitted by the terms of Section 9.3.; (ii) such Indebtedness is subordinated in right and time of payment to the Obligations and (iii) in the case of Indebtedness of the Borrower or any Guarantor to St. Joe Finance Company, such Indebtedness shall be permitted only so long as (A) St. Joe Finance Company remains at all times a Wholly Owned Subsidiary of the Borrower, (B) the assets of St. Joe Finance Company consisting of the instruments and general intangibles relating to such Indebtedness are and remain subject to a first priority, perfected Lien pursuant to the Pledge Agreement for the benefit of the Lenders and the other Creditors (as defined in the Intercreditor Agreement) and (C) St. Joe Finance Company incurs no Indebtedness to any Person other than the Borrower or any Guarantor;

(f) loans and advances to officers and employees for moving, entertainment, travel and other similar expenses in the ordinary course of business consistent with past practices; and

(g) any other Investment so long as immediately prior to making such Investment, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence.

Section 9.6. Liens; Negative Pledges; Other Matters.

(a) The Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, create, assume, or incur any Lien (other than Permitted Liens) upon any of its properties, assets, income or profits of any character whether now owned or hereafter acquired if immediately prior to the creation, assumption or incurring of such Lien, or immediately thereafter, a Default or Event of Default is or would be in existence, including without limitation, a Default or Event of Default resulting from a violation of any of the covenants contained in Section 9.1.

(b) The Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, enter into, assume or otherwise be bound by any Negative Pledge except for a Negative Pledge contained in (i) an agreement (x) evidencing Indebtedness which the Borrower or such Subsidiary may create, incur, assume, or permit or suffer to exist under Section 9.3., (y) which Indebtedness is secured by a Lien permitted to exist under the Credit Documents, and (z) which prohibits the creation of any other Lien on only the property securing such Indebtedness as of the date such agreement was entered into; (ii) in an agreement relating to the sale of a Subsidiary or assets pending such sale, provided that in any such case the Negative Pledge applies only to the Subsidiary or the assets that are the subject of such sale; (iii) Section 10.6 of the 2002 Note Agreements, of the 2004 Note Agreements, and of the 2005 Note Agreements, in each case, as in effect on the Agreement Date; and (iv) Additional Note Purchase Agreements (as defined in the Note Agreements) so long as any such Negative Pledge is on terms substantially similar to the Negative Pledge contained in Section 10.6 of the 2002 Note Agreements, the 2004 Note Agreements, and the 2005 Note Agreements, in each case, as in effect on the Agreement Date.

(c) The Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary (other than an Excluded Subsidiary) to: (i) pay dividends or make any other distribution on any of such Subsidiary's capital stock or other equity interests owned by the Borrower or any Subsidiary; (ii) pay any Indebtedness owed to the Borrower or any Subsidiary; (iii) make loans or advances to the Borrower or any Subsidiary; or (iv) transfer any of its property or assets to the Borrower or any Subsidiary.

Section 9.7. Merger, Consolidation, Sales of Assets and Other Arrangements.

The Borrower shall not, and shall not permit any Subsidiary or other Loan Party to: (i) enter into any transaction of merger or consolidation; (ii) liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or (iii) convey, sell, lease, sublease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its business or assets, whether now owned or hereafter acquired; provided, however, that:

(a) any of the actions described in the immediately preceding clauses (i) through (iii) may be taken with respect to any Subsidiary or any other Loan Party (other than the Borrower) so long as immediately prior to the taking of such action, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence; notwithstanding the foregoing, any such Loan Party (other than the Borrower) may enter into a transaction of merger pursuant to which such Loan Party is not the survivor of such merger only if (i) the Borrower shall have given the Agent and the Lenders at least 10 Business Days' prior written notice of such merger, such notice to include a certification to the effect that immediately after and after giving effect to such action, no Default or Event of Default is or would be in existence; (ii) if the survivor entity is a Material Subsidiary (and not an Excluded Subsidiary) within 5 Business Days of consummation of such merger, the survivor entity (if not already a Guarantor) shall have executed and delivered an assumption agreement in form and substance satisfactory to the Agent pursuant to which such survivor entity shall expressly assume all of such Loan Party's Obligations under the Credit Documents to which it is a party; (iii) within 30 days of consummation of such merger, the survivor entity delivers to the Agent the following: (A) items of the type referred to in Sections 5.1.(a)(v) through (viii) with respect to the survivor entity as in effect after consummation of such merger (if not previously delivered to the Agent and still in effect), (B) copies of all documents entered into by such Loan Party or the survivor entity to effectuate the consummation of such merger, including, but not limited to, articles of merger and the plan of merger, (C) copies, certified by the Secretary or Assistant Secretary (or other individual performing similar functions) of such Loan Party or the survivor entity, of all corporate and shareholder action authorizing such merger and (D) copies of any filings with the Securities and Exchange Commission in connection with such merger; and (iv) such Loan Party and the survivor entity each takes such other action and delivers such other documents, instruments, opinions and agreements as the Agent may reasonably request;

(b) the Borrower, its Subsidiaries and the other Loan Parties may lease and sublease their respective assets, as lessor or sublessor (as the case may be), in the ordinary course of their business;

(c) a Person may merge with and into the Borrower so long as (i) the Borrower is the survivor of such merger, (ii) immediately prior to such merger, and immediately thereafter and after giving effect thereto, no Default or Event of Default is or would be in existence, and (iii) the Borrower shall have given the Agent and the Lenders at least 10 Business Days' prior written notice of such merger, such notice to include a certification as to the matters described in the immediately preceding clause (ii) (except that such prior notice shall not be required in the case of the merger of a Subsidiary with and into the Borrower); and

(d) the Borrower and each Loan Party may sell, transfer or dispose of assets among themselves, and Subsidiaries that are not Loan Parties may sell, transfer or dispose of assets among themselves and to the Borrower and the other Loan Parties.

Section 9.8. Fiscal Year.

The Borrower shall not change its fiscal year from that in effect as of the Agreement Date.

Section 9.9. Modifications to Material Contracts.

The Borrower shall not, and shall not permit any Subsidiary or other Loan Party to, enter into any amendment or modification to any Material Contract which could reasonably be expected to have a Material Adverse Effect.

Section 9.10. Modifications of Organizational Documents.

The Borrower shall not, and shall not permit any Loan Party or other Subsidiary to, amend, supplement, restate or otherwise modify its articles or certificate of incorporation, by-laws, operating agreement, declaration of trust, partnership agreement or other applicable organizational document if such amendment, supplement, restatement or other modification could reasonably be expected to have a Material Adverse Effect.

Section 9.11. Transactions with Affiliates.

The Borrower shall not, and shall not permit any of its Subsidiaries or any other Loan Party to, permit to exist or enter into, any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate (other than a Loan Party), except transactions in the ordinary course of the business of the Borrower or any of its Subsidiaries and upon terms which are no less favorable to the Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate.

Section 9.12. ERISA Exemptions.

The Borrower shall not, and shall not permit any Subsidiary to, permit any of its respective assets to become or be deemed to be “plan assets” within the meaning of ERISA, the Internal Revenue Code and the respective regulations promulgated thereunder.

ARTICLE X. DEFAULT

Section 10.1. Events of Default.

Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of Applicable Law or pursuant to any judgment or order of any Governmental Authority:

(a) Default in Payment of Principal. The Borrower shall fail to pay when due (whether upon demand, at maturity, by reason of acceleration or otherwise) the principal of any of the Loan.

(b) Default in Payment of Interest and Other Obligations. The Borrower shall fail to pay when due any interest on the Loan or any of the other payment Obligations owing by the Borrower under this Agreement or any other Credit Document, or any other Loan Party shall fail to pay when due any payment Obligation owing by such other Loan Party under any Credit Document to which it is a party, and such failure shall continue for a period of 3 Business Days.

(c) Default in Performance. (i) The Borrower shall fail to perform or observe any term, covenant, condition or agreement contained in Section 8.4.(f) or in Article IX. or (ii) the Borrower or any other Loan Party shall fail to perform or observe any term, covenant, condition or agreement contained in this Agreement or any other Credit Document to which it is a party and not otherwise mentioned in this Section and in the case of this clause (ii) only such failure shall continue for a period of 30 days after the earlier of (x) the date upon which a Responsible Officer of the Borrower obtains knowledge of such failure or (y) the date upon which the Borrower has received written notice of such failure from the Agent.

(d) Misrepresentations. Any written statement, representation or warranty made or deemed made by or on behalf of the Borrower or any other Loan Party under this Agreement or under any other Credit Document, or any amendment hereto or thereto, or in any other writing or statement at any time furnished or made or deemed made by or on behalf of the Borrower or any other Loan Party to the Agent or any Lender, shall at any time prove to have been incorrect or misleading, in light of the circumstances in which made or deemed made, in any material respect when furnished or made or deemed made.

(e) Indebtedness Cross-Default; Derivatives Contracts.

(i) The Borrower, any Subsidiary or any other Loan Party shall fail to pay when due and payable, within any applicable grace or cure period, the principal of, or interest on, any Indebtedness (other than the Loan) having an aggregate outstanding principal amount of \$25,000,000 or more (“Material Indebtedness”); or

(ii) (x) the maturity of any Material Indebtedness shall have been accelerated in accordance with the provisions of any indenture, contract or instrument evidencing, providing for the creation of or otherwise concerning such Material Indebtedness or (y) any Material Indebtedness shall have been required to be prepaid or repurchased prior to the stated maturity thereof;

(iii) any other event shall have occurred and be continuing which permits any holder or holders of Material Indebtedness, any trustee or agent acting on behalf of such holder or holders or any other Person, to accelerate the maturity of any such Material Indebtedness or require any such Material Indebtedness to be prepaid or repurchased prior to its stated maturity; or

(iv) there occurs under any Derivatives Contract an Early Termination Date (as defined in such Derivatives Contract) resulting from (A) any event of default under such Derivatives Contract as to which any Loan Party is the Defaulting Party (as defined in such Derivatives Contract) or (B) any Termination Event (as so defined) under such Derivatives Contract as to which any Loan Party is an Affected Party (as so defined) and, in either event, the Derivatives Termination Value owed by any Loan Party as a result thereof is \$25,000,000 or more.

(f) Voluntary Bankruptcy Proceeding. The Borrower, any other Loan Party or any Significant Subsidiary shall: (i) commence a voluntary case under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect); (ii) file a petition seeking to take advantage of any other Applicable Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; (iii) consent to, or fail to contest in a timely and appropriate manner, any petition filed against it in an involuntary case under such bankruptcy laws or other Applicable Laws or consent to any proceeding or action described in the immediately following subsection; (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign; (v) admit in writing its inability to pay its debts as they become due; (vi) make a general assignment for the benefit of creditors; (vii) make a conveyance fraudulent as to creditors under any Applicable Law; or (viii) take any corporate or partnership action for the purpose of effecting any of the foregoing.

(g) Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against the Borrower, any other Loan Party or any Significant Subsidiary in any court of competent jurisdiction seeking: (i) relief under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect) or under any other Applicable Laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person, or of all or any substantial part of the assets, domestic or foreign, of such Person, and such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive calendar days,

or an order granting the remedy or other relief requested in such case or proceeding against the Borrower, such Significant Subsidiary or such other Loan Party (including, but not limited to, an order for relief under such Bankruptcy Code or such other federal bankruptcy laws) shall be entered.

(h) Litigation; Enforceability. The Borrower or any other Loan Party shall disavow, revoke or terminate (or attempt to terminate) any Credit Document to which it is a party or shall otherwise challenge or contest in any action, suit or proceeding in any court or before any Governmental Authority the validity or enforceability of this Agreement, the Note or any other Credit Document or this Agreement, the Note, the Guaranty or any other Credit Document shall cease to be in full force and effect (except as a result of the express terms thereof).

(i) Judgment. A judgment or order for the payment of money or for an injunction shall be entered against the Borrower, any Significant Subsidiary or any other Loan Party, by any court or other tribunal and (i) such judgment or order shall continue for a period of 30 days without being paid, stayed or dismissed through appropriate appellate proceedings and (ii) either (A) the amount of such judgment or order for which insurance has not been acknowledged in writing by the applicable insurance carrier (or the amount as to which the insurer has denied liability) exceeds, individually or together with all other such outstanding judgments or orders entered against the Borrower, such Subsidiaries and such other Loan Parties, \$25,000,000 or (B) in the case of an injunction or other non-monetary judgment, such judgment could reasonably be expected to have a Material Adverse Effect.

(j) Attachment. A warrant, writ of attachment, execution or similar process shall be issued against any property of the Borrower, any Significant Subsidiary or any other Loan Party which exceeds, individually or together with all other such warrants, writs, executions and processes, \$25,000,000 in amount and such warrant, writ, execution or process shall not be discharged, vacated, stayed or bonded for a period of 30 days; provided, however, that if a bond has been issued in favor of the claimant or other Person obtaining such warrant, writ, execution or process, the issuer of such bond shall execute a waiver or subordination agreement in form and substance satisfactory to the Agent pursuant to which the issuer of such bond subordinates its right of reimbursement, contribution or subrogation to the Obligations and waives or subordinates any Lien it may have on the assets of any Loan Party.

(k) ERISA. Any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of \$10,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Liabilities in excess of \$10,000,000 shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer, any Plan or Plans having aggregate Unfunded Liabilities in excess of \$10,000,000; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause one or more members of the ERISA Group to incur a current payment obligation in excess of \$10,000,000.

(l) Credit Documents. An Event of Default (as defined therein) shall occur under any of the other Credit Documents.

(m) Change of Control/Change in Management.

(i) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person will be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 30.0% of the total voting power of the then outstanding voting stock of the Borrower; or

(ii) During any period of 12 consecutive months ending after the Agreement Date, individuals who at the beginning of any such 12-month period constituted the Board of Directors of the Borrower (together with any new directors whose election by such Board or whose nomination for election by the shareholders of the Borrower was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Borrower then in office.

Section 10.2. Remedies Upon Event of Default.

Upon the occurrence of an Event of Default the following provisions shall apply:

(a) Acceleration; Termination of Facilities.

(i) Automatic. Upon the occurrence of an Event of Default specified in Section 10.1.(f) or 10.1.(g), (A)(i) the principal of, and all accrued interest on, the Loan and the Note at the time outstanding, and (ii) all of the other Obligations of the Borrower, including, but not limited to, the other amounts owed to the Lender and the Agent under this Agreement, the Note or any of the other Credit Documents shall become immediately and automatically due and payable by the Borrower without presentment, demand, protest, or other notice of any kind, all of which are expressly waived by the Borrower.

(ii) Optional. If any other Event of Default shall exist, the Agent shall, at the direction of the Requisite Lenders, declare (1) the principal of, and accrued interest on, Note at the time outstanding, and (2) all of the other Obligations, including, but

not limited to, the other amounts owed to the Lenders and the Agent under this Agreement, the Note or any of the other Credit Documents to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower.

(b) Credit Documents. The Requisite Lenders may direct the Agent to, and the Agent if so directed shall, exercise any and all of its rights under any and all of the other Credit Documents.

(c) Applicable Law. The Requisite Lenders may direct the Agent to, and the Agent if so directed shall, exercise all other rights and remedies it may have under any Applicable Law.

(d) Appointment of Receiver. To the extent permitted by Applicable Law, the Agent and the Lenders shall be entitled to the appointment of a receiver for the assets and properties of the Borrower and its Subsidiaries, without notice of any kind whatsoever and without regard to the adequacy of any security for the Obligations or the solvency of any party bound for its payment, to take possession of all or any portion of the business operations of the Borrower and its Subsidiaries and to exercise such power as the court shall confer upon such receiver.

Section 10.3. Allocation of Proceeds.

If an Event of Default shall exist and maturity of any of the Obligations has been accelerated, all payments received by the Agent under any of the Credit Documents, in respect of any principal of or interest on the Obligations or any other amounts payable by the Borrower hereunder or thereunder, shall be applied in the following order and priority:

- (a) amounts due the Agent in respect of fees and expenses due under Section 12.2.;
- (b) amounts due the Lenders in respect of fees and expenses due under Section 12.2., pro rata in the amount then due each Lender;
- (c) payments of interest on the Loan to be applied for the ratable benefit of the Lenders;
- (d) payments of principal of the Loan to be applied for the ratable benefit of the Lenders;
- (e) amounts due the Agent and the Lenders pursuant to Sections 11.7. and 12.9.;
- (f) payment of all other Obligations and other amounts due and owing by the Borrower and the other Loan Parties under any of the Credit Documents, if any, to be applied for the ratable benefit of the Lenders; and
- (g) any amount remaining after application as provided above, shall be paid to the Borrower or whomever else may be legally entitled thereto.

Section 10.4. Performance by Agent.

If the Borrower shall fail to perform any covenant, duty or agreement contained in any of the Credit Documents, the Agent may, after notice to the Borrower, perform or attempt to perform such covenant, duty or agreement on behalf of the Borrower after the expiration of any cure or grace periods set forth herein. In such event, the Borrower shall, at the request of the Agent, promptly pay any amount reasonably expended by the Agent in such performance or attempted performance to the Agent, together with interest thereon at the applicable Past-Due Rate from the date of such expenditure until paid. Notwithstanding the foregoing, neither the Agent nor any Lender shall have any liability or responsibility whatsoever for the performance of any obligation of the Borrower under this Agreement or any other Credit Document.

Section 10.5. Rights Cumulative.

The rights and remedies of the Agent and the Lenders under this Agreement and each of the other Credit Documents shall be cumulative and not exclusive of any rights or remedies which any of them may otherwise have under Applicable Law. In exercising their respective rights and remedies the Agent and the Lenders may be selective and no failure or delay by the Agent or any of the Lenders in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

ARTICLE XI. THE AGENT

Section 11.1. Appointment and Authorization of Agent.

(a) Each Lender hereby irrevocably (subject to Section 11.9) appoints, designates and authorizes Agent to take such action on its behalf under the provisions of this Agreement and each other Credit Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Credit Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Credit Document, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Credit Documents with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine

of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) No individual Lender or group of Lenders shall have any right to amend or waive, or consent to the departure of any party from any provision of any Credit Document, or secure or enforce the obligations of Borrower or any other party pursuant to the Credit Documents, or otherwise. All such rights, on behalf of Agent or any Lender or Lenders, shall be held and exercised solely by and at the option of Agent for the pro rata benefit of the Lenders. Such rights, however, are subject to the rights of a Lender or Lenders, as expressly set forth in this Agreement, to approve matters or direct Agent to take or refrain from taking action as set forth in this Agreement. Except as expressly otherwise provided in this Agreement or the other Credit Documents, Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights, or taking or refraining from taking any actions which Agent is expressly entitled to exercise or take under this Agreement and the other Credit Documents, including, without limitation, (i) the determination if and to what extent matters or items subject to Agent's satisfaction are acceptable or otherwise within its discretion, (ii) the making of Agent Advances, and (iii) the exercise of remedies pursuant to, but subject to, Article X or pursuant to any other Credit Document, and any action so taken or not taken shall be deemed consented to by Lenders.

(c) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or Guarantor, no individual Lender or group of Lenders shall have the right, and the Agent (irrespective of whether the principal of the Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Borrower) shall be exclusively entitled and empowered on behalf of itself, and the Lenders, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loan, and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agent and their respective agents and counsel and all other amounts due the Lenders and the Agent under Section 12.2 and allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Agent and, in the event that Agent shall consent to the making of such payments directly to Lenders, to pay to Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Agent and its agents and counsel, and any other amounts due Agent under Section 12.2.

Nothing contained herein shall be deemed to authorize Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of the Lenders except as approved by Requisite Lenders or to authorize Agent to vote in respect of the claims of Lenders except as approved by Requisite Lenders in any such proceeding.

Section 11.2. Delegation of Duties.

Agent may execute any of its duties under this Agreement or any other Credit Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultant experts concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

Section 11.3. Liability of Agent.

No Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Credit Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of Lenders for any recital, statement, representation or warranty made by Borrower or any subsidiary or Affiliate of Borrower, or any officer thereof, contained herein or in any other Credit Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Credit Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document, or for any failure of Borrower or any other party to any Credit Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of Borrower, Guarantor, or any of their Affiliates.

Section 11.4. Reliance by Agent.

Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons, and upon advice and statements of legal counsel (including counsel to any party to the Credit Documents), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Requisite Lenders or all Lenders if required hereunder as it deems appropriate

and, if it so requests, it shall first be indemnified to its satisfaction by Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Credit Document in accordance with a request or consent of the Requisite Lenders or such greater number of Lenders as may be expressly required hereby in any instance, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders. In the absence of written instructions from the Requisite Lenders or such greater number of Lenders, as expressly required hereunder, Agent may take or not take any action, at its discretion, unless this Agreement specifically requires the consent of the Requisite Lenders or such greater number of Lenders.

Section 11.5. Notice of Default.

Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, unless Agent shall have received written notice from a Lender, or Borrower referring to this Agreement, describing such Default that Agent determines will have a Material Adverse Effect. Agent will notify Lenders of its receipt of any such notice. Agent shall take such action with respect to such Default as may be requested by the Requisite Lenders in accordance with Article X; *provided, however*, that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable or in the best interest of Lenders.

Section 11.6. Credit Decision; Disclosure of Information by Agent.

(a) Each Lender acknowledges that none of Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of Borrower, and Guarantor, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lenders as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower, and Guarantor, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower and Guarantor hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower, and Guarantor.

(b) Agent upon its receipt shall provide each Lender such notices, reports and other documents expressly required to be furnished to Lenders by Agent herein. To the extent not already available to a Lender, Agent shall also provide the Lender and/or make available for the Lender's inspection during reasonable business hours and at the Lender's expense, upon the Lender's written request therefor: (i) copies of the Credit Documents; (ii) such information as is then in Agent's possession in respect of the current status of principal and interest payments and accruals in respect of the Loan; (iii) copies of all current financial statements in respect of Borrower, any Guarantor or other person liable for payment or performance by Borrower of any obligations under the Credit Documents, then in Agent's possession with respect to the Loan; and (iv) other current factual information then in Agent's possession with respect to the Loan and bearing on the continuing creditworthiness of Borrower, or any Guarantor, or any of their respective Affiliates; *provided* that nothing contained in this Section shall impose any liability upon Agent for its failure to provide a Lender any of such Credit Documents, information, or financial statements, unless such failure constitutes willful misconduct or gross negligence on Agent's part; and *provided further* that Agent shall not be obligated to provide any Lender with any information in violation of Law or any contractual restrictions on the disclosure thereof (provided such contractual restrictions shall not apply to distributing to a Lender factual and financial information expressly required to be provided herein). Except as set forth above, Agent shall not have any duty or responsibility to provide any Lenders with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrower, or Guarantor or any of their respective Affiliates which may come into the possession of any of Agent-Related Persons.

Section 11.7. Indemnification of Agent.

Whether or not the transactions contemplated hereby are consummated, Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of Borrower to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Costs incurred by it; *provided, however*, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Costs to the extent determined in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct; *provided, however*, that no action taken in accordance with the directions of the Requisite Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, to the extent that Agent is not reimbursed by or on behalf of Borrower, each Lender shall reimburse Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorney fees) incurred by Agent as described in Section 12.2. The undertaking in this Section shall survive the payment of all Indebtedness hereunder and the resignation or replacement of Agent.

Section 11.8 Agent in Individual Capacity.

Agent, in its individual capacity, and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other

business with any party to the Credit Documents and their respective Affiliates as though Agent were not Agent hereunder and without notice to or consent of Lenders. Lenders acknowledge that Borrower and Bank of America, N.A. or its Affiliate have entered or may enter into Hedge Agreements. A portion of the Loan may be funded to honor Borrower's payment obligations under the terms of such Hedge Agreements, and Lenders shall have no right to share in any portion of such payments. Lenders acknowledge that, pursuant to such activities, Bank of America, N.A. or its Affiliates may receive information regarding any party to the Credit Documents, or their respective Affiliates (including information that may be subject to confidentiality obligations in favor of such parties or such parties' Affiliates) and acknowledge that Agent shall be under no obligation to provide such information to them. With respect to its Pro Rata Share of the Loan, Bank of America, N.A. shall have the same rights and powers under this Agreement as any other Lenders and may exercise such rights and powers as though it were not Agent, or party to a Hedge Agreement, and the terms "Lender" and "Lenders" include Bank of America, N.A. in its individual capacity.

Section 11.9 Successor Agent.

Agent may, and at the request of the Requisite Lenders as a result of Agent's gross negligence or willful misconduct in performing its duties under this Agreement shall, resign as Agent upon 30 days' notice to Lenders. If Agent resigns under this Agreement, the Requisite Lenders shall appoint from among Lenders a successor Agent for Lenders, which successor Agent shall be consented to by the Borrower at all times other than during the existence of a Default (which consent of the Borrower shall not be unreasonably withheld or delayed). If no successor Agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with Lenders and Borrower, a successor Agent from among Lenders. Upon the acceptance of its appointment as successor Agent hereunder, such successor Agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor Agent, and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article and other applicable Sections of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Requisite Lenders appoint a successor agent as provided for above.

Section 11.10 Approvals of Lenders.

If a Lender does not notify or inform Agent of whether or not it consents to, or approves of or agrees to any matter of any nature whatsoever with respect to which its consent, approval or agreement is required under the express provisions of this Agreement or with respect to which its consent, approval or agreement is otherwise requested by Agent, in connection with the Loan or any matter pertaining to the Loan, within ten (10) Business Days (or such longer period as may be specified by Agent) after such consent, approval or agreement is requested by Agent, Lender shall be deemed to have given its consent, approval or agreement, as the case may be, with respect to the matter in question. Except where otherwise expressly provided in the Credit Documents, in any instance where the approval, consent or the exercise of Agent's or Lenders' judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be (a) within the sole discretion of Agent or Lenders; (b) deemed to have been given only by a specific writing intended for the purpose given and executed by Agent or Lenders; and (c) free from any limitation or requirement of reasonableness.

Section 11.11 Benefit.

The terms and conditions of this Article are inserted for the sole benefit of Agent and Lenders; the same may be waived in whole or in part, with or without terms or conditions, without prejudicing Agent's or Lenders' rights to later assert them in whole or in part.

ARTICLE XII. MISCELLANEOUS

Section 12.1. Notices.

Unless otherwise provided herein, communications provided for hereunder shall be in writing and shall be mailed, telecopied or delivered as follows:

If to the Borrower:

The St. Joe Company

245 Riverside Avenue, Suite 500

Jacksonville, Florida 32202

Attn: Stephen W. Solomon

Telephone:

(904) 301-4348

Telecopy:

(904) 301-4201

If to the Agent:

Overnight Address

Bank of America, N.A.

Mail Code FL1-400-06-10

101 East Kennedy Blvd., 6th Floor

Tampa, Florida 33602

Mail Address

Bank of America, N.A.

Mail Code FL1-400-06-10

P.O. Box 31590

Tampa, Florida 33631

Telephone: (813) 225-8487

Telecopy: (404) 532-2842 [Note: area code is correct]

If to a Lender:

To such Lender's address or telecopy number, as applicable, set forth on its signature page hereto or in the applicable Assignment and Acceptance Agreement;

or, as to each party at such other address as shall be designated by such party in a written notice to the other parties delivered in compliance with this Section. All such notices and other communications shall be effective (i) if mailed, when received; (ii) if telecopied, when transmitted; or (iii) if hand delivered or sent by overnight courier, when delivered. Notwithstanding the immediately preceding sentence, all notices or communications to the Agent or any Lender under Article II. shall be effective only when actually received. Neither the Agent nor any Lender shall incur any liability to the Borrower (nor shall the Agent incur any liability to the Lenders) for acting upon any telephonic notice referred to in this Agreement which the Agent or such Lender, as the case may be, believes in good faith to have been given by a Person authorized to deliver such notice or for otherwise acting in good faith hereunder. Failure of a Person designated to get a copy of a notice to receive such copy shall not affect the validity of notice properly given to any other Person.

Section 12.2. Expenses.

The Borrower agrees (a) to pay or reimburse the Agent for all of its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of, and any amendment, supplement or modification to, any of the Credit Documents (including due diligence expenses and travel expenses relating to closing), and the consummation of the transactions contemplated thereby, including the reasonable fees and disbursements of counsel to the Agent and costs and expenses in connection with the use of information transmission systems in connection with the Credit Documents, (b) to pay or reimburse the Agent and the Lenders for all their reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under the Credit Documents, including the reasonable fees and disbursements of their respective counsel (including the allocated fees and expenses of in-house counsel) and any payments in indemnification or otherwise payable by the Lenders to the Agent pursuant to the Credit Documents, (c) to pay, and indemnify and hold harmless the Agent and the Lenders from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any failure to pay or delay in paying, documentary, stamp, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of any of the Credit Documents, or consummation of any amendment, supplement or modification of, or any waiver or consent under or in respect of, any Credit Document and (d) to the extent not already covered by any of the preceding subsections, to pay or reimburse the Agent and the Lenders for all their costs and expenses incurred in connection with any bankruptcy or other proceeding of the type described in Section 10.1.(f) or 10.1.(g), including the reasonable fees and disbursements of counsel to the Agent and any Lender, whether such fees and expenses are incurred prior to, during or after the commencement of such proceeding or the confirmation or conclusion of any such proceeding. If the Borrower shall fail to pay any amounts required to be paid by it pursuant to this Section, the Agent and/or the Lenders may pay such amounts on behalf of the Borrower and either deem the same to be Loan outstanding hereunder or otherwise Obligations owing hereunder.

Section 12.3. Setoff.

Subject to Section 3.3. and in addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Agent, each Lender and each Participant is hereby authorized by the Borrower, at any time or from time to time during the continuance of an Event of Default, without prior notice to the Borrower or to any other Person, any such notice being hereby expressly waived, but in the case of a Lender or Participant subject to receipt of the prior written consent of the Agent exercised in its sole discretion, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured) and any other indebtedness at any time held or owing by the Agent, such Lender or any affiliate of the Agent or such Lender, to or for the credit or the account of the Borrower against and on account of any of the Obligations, irrespective of whether or not any or all of the Loans and all other

Obligations have been declared to be, or have otherwise become, due and payable as permitted by Section 10.2., and although such obligations shall be contingent or unmatured.

Section 12.4. Litigation; Jurisdiction; Other Matters; Waivers.

(a) EACH PARTY HERETO ACKNOWLEDGES THAT ANY DISPUTE OR CONTROVERSY BETWEEN OR AMONG THE BORROWER, THE AGENT OR ANY OF THE LENDERS WOULD BE BASED ON DIFFICULT AND COMPLEX ISSUES OF LAW AND FACT AND WOULD RESULT IN DELAY AND EXPENSE TO THE PARTIES. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE LENDERS, THE AGENT AND THE BORROWER HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST ANY PARTY HERETO ARISING OUT OF THIS AGREEMENT, THE NOTES, OR ANY OTHER CREDIT DOCUMENT OR BY REASON OF ANY OTHER SUIT, CAUSE OF ACTION OR DISPUTE WHATSOEVER BETWEEN OR AMONG THE BORROWER, THE AGENT OR ANY OF THE LENDERS OF ANY KIND OR NATURE RELATING TO ANY OF THE CREDIT DOCUMENTS.

(b) EACH OF THE BORROWER, THE AGENT AND EACH LENDER HEREBY AGREES THAT ANY FEDERAL DISTRICT COURT LOCATED IN FLORIDA AND ANY STATE COURT LOCATED IN JACKSONVILLE OR TALLAHASSEE, FLORIDA, SHALL HAVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN OR AMONG THE BORROWER, THE AGENT OR ANY OF THE LENDERS, PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE LOANS, THE NOTES OR ANY OTHER CREDIT DOCUMENT OR TO ANY MATTER ARISING HEREFROM OR THEREFROM. THE BORROWER AND EACH OF THE LENDERS EXPRESSLY SUBMIT AND CONSENT IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS WITH RESPECT TO SUCH CLAIMS OR DISPUTES. EACH PARTY FURTHER WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT FORUM, AND EACH AGREES NOT TO PLEAD OR CLAIM THE SAME. THE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY THE AGENT OR ANY LENDER OR THE ENFORCEMENT BY THE AGENT OR ANY LENDER OF ANY JUDGMENT OBTAINED IN SUCH FORUM IN ANY OTHER APPROPRIATE JURISDICTION.

(c) THE PROVISIONS OF THIS SECTION HAVE BEEN CONSIDERED BY EACH PARTY WITH THE ADVICE OF COUNSEL AND WITH A FULL UNDERSTANDING OF THE LEGAL CONSEQUENCES THEREOF, AND SHALL SURVIVE THE PAYMENT OF THE LOANS AND ALL OTHER AMOUNTS PAYABLE HEREUNDER OR UNDER THE OTHER CREDIT DOCUMENTS, AND THE TERMINATION OF THIS AGREEMENT.

Section 12.5. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of all Lenders and any such assignment or other transfer to which all of the Lenders have not so consented shall be null and void.

(b) Any Lender may make, carry or transfer its portion of the Loan at, to or for the account of any of its branch offices or the office of an affiliate of such Lender except to the extent such transfer would result in increased costs to the Borrower.

(c) Any Lender may at any time grant to one or more banks or other financial institutions (each a "Participant") participating interests in the Obligations owing to such Lender; provided, however, (i) any such participating interest must be for a constant and not a varying percentage interest and (ii) after giving effect to any such participation by a Lender, the aggregate outstanding principal balance under the Note held by it, in which it has not granted any participating interests must be equal to at least \$10,000,000. Except as otherwise provided in Section 12.3., no Participant shall have any rights or benefits under this Agreement or any other Credit Document. A Participant shall not be entitled to receive any greater payment under Section 3.9. than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.9. unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower and the Agent, to comply with Section 3.9.(c) as though it were a Lender. In the event of any such grant by a Lender of a participating interest to a Participant, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that such Lender shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided, however, such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase, or extend the term or extend the time or waive any requirement for the reduction or termination of, such Lender's Commitment, (ii) extend the date fixed for the payment of principal of or interest on the Loan or portions thereof owing to such Lender, (iii) reduce the amount of any such payment of principal, (iv) reduce the rate at which interest is payable thereon or (v) release any Guarantor (except as otherwise permitted under Section 7.12.(c)). An assignment or other transfer which is not permitted by subsection (d) or (e) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (c). Upon

request from the Agent, a Lender shall notify the Agent of the sale of any participation hereunder and, if requested by the Agent, certify to the Agent that such participation is permitted hereunder and that the requirements of Section 3.9. (c) have been satisfied.

(d) Any Lender may with the prior written consent of the Agent and, so long as no Default or Event of Default exists, the Borrower (which consent, in each case, shall not be unreasonably withheld (it being agreed that the Borrower's withholding of consent to an assignment which would result in the Borrower having to pay amounts under Section 3.12. shall be deemed to be reasonable)), assign to one or more Eligible Assignees (each an "Assignee") all or a portion of its rights and obligations under this Agreement and the Note, provided however, (i) no such consent by the Borrower shall be required in the case of any assignment to another Lender or any affiliate of such Lender or another Lender and no such consent by the Agent shall be required in the case of any assignment by a Lender to any affiliate of such Lender; and (ii) each such assignment shall be effected by means of an Assignment and Acceptance Agreement. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Assignee, such Assignee shall be a Lender party to this Agreement with respect to the assigned interest as of the effective date of the Assignment and Acceptance Agreement and shall have all the rights and obligations of a Lender with respect to the assigned interest as set forth in such Assignment and Acceptance Agreement, and the transferor Lender shall be released from its obligations hereunder with respect to the assigned interest to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection, the transferor Lender, the Agent and the Borrower shall make appropriate arrangements so that new Notes are issued to the Assignee and such transferor Lender, as appropriate. In connection with any such assignment, the transferor Lender shall pay to the Agent an administrative fee for processing such assignment in the amount of \$3,500.

(e) The Agent shall maintain at the Principal Office a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders (the "Register"). The Agent shall give each Lender and the Borrower notice of the assignment by any Lender of its rights as contemplated by this Section. The Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register and copies of each Assignment and Acceptance Agreement shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice to the Agent. Upon its receipt of an Assignment and Acceptance Agreement executed by an assigning Lender, together with each Note subject to such assignment, the Agent shall, if such Assignment and Acceptance Agreement has been completed and if the Agent receives the processing and recording fee described in subsection (d) above, (i) accept such Assignment and Acceptance Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(f) In addition to the assignments and participations permitted under the foregoing provisions of this Section, any Lender may assign and pledge all or any portion of the Loan and its Notes to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank, and such portion of the Loan and Notes shall be fully transferable as provided therein. No such assignment shall release the assigning Lender from its obligations hereunder.

(g) A Lender may furnish any information concerning the Borrower, any other Loan Party or any of their respective Subsidiaries in the possession of such Lender from time to time to Assignees and Participants (including prospective Assignees and Participants) subject to compliance with Section 12.8.

(i) Anything in this Section to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan held by it hereunder to the Borrower, any other Loan Party or any of their respective Affiliates or Subsidiaries.

(j) Each Lender agrees that, without the prior written consent of the Borrower and the Agent, it will not make any assignment hereunder in any manner or under any circumstances that would require registration or qualification of, or filings in respect of, any Loan or Note under the Securities Act or any other securities laws of the United States of America or of any other jurisdiction.

Section 12.6. Amendments.

(a) Except as otherwise expressly provided in this Agreement, any consent or approval required or permitted by this Agreement or any other Credit Document to be given by the Lenders may be given, and any term of this Agreement or of any other Credit Document may be amended, and the performance or observance by the Borrower or any other Loan Party or any Subsidiary of any terms of this Agreement or such other Credit Document or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Requisite Lenders (and, in the case of an amendment to any Credit Document, the written consent of each Loan Party a party thereto). Subject to the foregoing, Agent may amend or waive any provision of this Agreement or any other Credit Document, or consent to any departure by any party to the Credit Documents therefrom which amendment, waiver or consent is intended to be within Agent's discretion or determination, or otherwise in Agent's reasonable determination shall not have a Material Adverse Effect.

(b) Notwithstanding the foregoing, without the prior written consent of each Lender adversely affected thereby, no amendment, waiver or consent shall do any of the following:

(i) reduce the principal of, or interest rates that have accrued or that will be charged on the outstanding principal amount of, the Loan or other Obligations;

(ii) reduce the amount of any Fees payable hereunder or postpone any date fixed for payment thereof;

(iv) modify the definition of the term “Termination Date” (except as contemplated under Section 2.7) or otherwise postpone any date fixed for any payment of any principal of, or interest on, the Loan or any other Obligations (including the waiver of any Default or Event of Default as a result of the nonpayment of any such Obligations as and when due);

(v) amend or otherwise modify the provisions of Section 3.2.;

(vi) modify the definition of the term “Requisite Lenders” or otherwise modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, including without limitation, any modification of this Section 12.6. if such modification would have such effect;

(vii) release any Guarantor from its obligations under the Guaranty (except as otherwise permitted under Section 7.12. (c));

(viii) increase the number of Interest Periods permitted with respect to the Loan under Section 2.3.

(c) No amendment, waiver or consent, unless in writing and signed by the Agent, in such capacity, in addition to the Lenders required hereinabove to take such action, shall affect the rights or duties of the Agent under this Agreement or any of the other Credit Documents.

(d) No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon and any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose set forth therein. Except as otherwise provided in Section 11.10, no course of dealing or delay or omission on the part of the Agent or any Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. Any Event of Default occurring hereunder shall continue to exist until such time as such Event of Default is waived in writing in accordance with the terms of this Section, notwithstanding any attempted cure or other action by the Borrower, any other Loan Party or any other Person subsequent to the occurrence of such Event of Default. Except as otherwise explicitly provided for herein or in any other Credit Document, no notice to or demand upon the Borrower shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(e) Agent and Lenders shall be entitled to amend (whether pursuant to a separate intercreditor agreement or otherwise) any of the terms, conditions or agreements set forth in Article XI or as to any other matter in the Credit Documents respecting payments to Agent or Lenders or the required number of the Lenders to approve or disapprove any matter or to take or refrain from taking any action, without the consent of Borrower or any other person or the execution by Borrower or any other person of any such amendment or intercreditor agreement.

Section 12.7. Nonliability of Agent and Lenders.

The relationship between the Borrower and the Lenders and the Agent shall be solely that of borrower and lender. Neither the Agent nor any Lender shall have any fiduciary responsibilities to the Borrower and no provision in this Agreement or in any of the other Credit Documents, and no course of dealing between or among any of the parties hereto, shall be deemed to create any fiduciary duty owing by the Agent or any Lender to any Lender, the Borrower, any Subsidiary or any other Loan Party. Neither the Agent nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower’s business or operations.

Section 12.8. Confidentiality.

The Agent and each Lender shall use reasonable efforts to assure that information about Borrower, the other Loan Parties and other Subsidiaries, and the Properties thereof and their operations, affairs and financial condition, not generally disclosed to the public, which is furnished to the Agent or any Lender pursuant to the provisions of this Agreement or any other Credit Document, is used only for the purposes of this Agreement and the other Credit Documents and shall not be divulged to any Person other than the Agent, the Lenders, and their respective agents who are actively and directly participating in the evaluation, administration or enforcement of the Credit Documents and other transactions between the Agent or such Lender, as applicable, and the Borrower, and who have agreed to keep such information confidential in accordance with the terms of this Section, but in any event the Agent and the Lenders may make disclosure: (a) to any of their respective affiliates (provided they shall agree to keep such information confidential in accordance with the terms of this Section 12.8.); (b) as reasonably requested by any potential or actual Assignee, Participant or other transferee in connection with the contemplated transfer of any Commitment or participations therein as permitted hereunder (provided they shall agree to keep such information confidential in accordance with the terms of this Section); (c) as required or requested by any Governmental Authority or representative thereof or pursuant to legal process or in connection with any legal proceedings or as otherwise required by Applicable Law; (d) to the Agent’s or such Lender’s independent auditors and other professional advisors (provided they shall be notified of the confidential nature of the information); (e) after the happening and during the continuance of an Event of Default, to any other Person, in connection with the exercise by the Agent or the Lenders of rights hereunder or under any of the other Credit Documents; (f) upon Borrower’s prior consent (which consent shall not be unreasonably withheld), to any contractual counter-parties to any swap or similar hedging agreement or to any rating agency; and (g) to the extent such information (x) becomes publicly available other than as a result of a breach of this Section actually known to such Lender to be such a breach or (y) becomes available to the Agent or any Lender on a nonconfidential basis from a source other than the Borrower or any Affiliate who is not, to the actual knowledge of the Agent or such Lender, subject to an agreement or duty of confidentiality with respect thereto. Notwithstanding the foregoing, the Agent and each Lender may disclose any such confidential information, without notice to the Borrower or any other Loan Party, to Governmental Authorities in

connection with any regulatory examination of the Agent or such Lender or in accordance with the regulatory compliance policy of the Agent or such Lender.

Section 12.9. Indemnification.

(a) The Borrower shall and hereby agrees to indemnify, defend and hold harmless the Agent, each of the Lenders, any affiliate of the Agent or any Lender, and their respective directors, officers, shareholders, agents, employees and counsel (each referred to herein as an "Indemnified Party") from and against any and all of the following (collectively, the "Indemnified Costs"): losses, costs, claims, damages, liabilities, deficiencies, judgments or reasonable expenses of every kind and nature (including, without limitation, amounts paid in settlement, court costs and the reasonable fees and disbursements of counsel incurred in connection with any litigation, investigation, claim or proceeding or any advice rendered in connection therewith, but excluding losses, costs, claims, damages, liabilities, deficiencies, judgments or expenses indemnification in respect of which is specifically covered by Section 3.9. or 4.1. or expressly excluded from the coverage of such Section 3.9. or 4.1.) incurred by an Indemnified Party in connection with, arising out of, or by reason of, any suit, cause of action, claim, arbitration, investigation or settlement, consent decree or other proceeding (the foregoing referred to herein as an "Indemnity Proceeding") which is in any way related directly or indirectly to: (i) this Agreement or any other Credit Document or the transactions contemplated thereby; (ii) the making of the Loan, or any portion thereof; (iii) any actual or proposed use by the Borrower of the proceeds of the Loan; (iv) the Agent's or any Lender's entering into this Agreement; (v) the fact that the Agent and the Lenders have established the credit facility evidenced hereby in favor of the Borrower; (vi) the fact that the Agent and the Lenders are creditors of the Borrower and have or are alleged to have information regarding the financial condition, strategic plans or business operations of the Borrower and the Subsidiaries; (vii) the fact that the Agent and the Lenders are material creditors of the Borrower and are alleged to influence directly or indirectly the business decisions or affairs of the Borrower and the Subsidiaries or their financial condition; (viii) the exercise of any right or remedy the Agent or the Lenders may have under this Agreement or the other Credit Documents; (ix) any civil penalty or fine assessed by the OFAC against, and all reasonable costs and expenses (including counsel fees and disbursements) incurred in connection with defense thereof by, the Agent or any Lender as a result of conduct of the Borrower, any other Loan Party or any Subsidiary that violates a sanction enforced by the OFAC; or (x) any violation or non-compliance by the Borrower or any Subsidiary of any Applicable Law (including any Environmental Law) including, but not limited to, any Indemnity Proceeding commenced by (A) the Internal Revenue Service or state taxing authority or (B) any Governmental Authority or other Person under any Environmental Law, including any Indemnity Proceeding commenced by a Governmental Authority or other Person seeking remedial or other action to cause the Borrower or its Subsidiaries (or its respective properties) (or the Agent and/or the Lenders as successors to the Borrower) to be in compliance with such Environmental Laws; provided, however, that the Borrower shall not be obligated to indemnify any Indemnified Party for (A) any acts or omissions of such Indemnified Party in connection with matters described in this subsection to the extent arising from the gross negligence or willful misconduct of such Indemnified Party, as determined by a court of competent jurisdiction in a final, non-appealable judgment; (B) Indemnified Costs to the extent arising directly out of or resulting directly from claims of the Borrower against an Indemnified Party in respect of such Indemnified Party's breach of its obligations to the Borrower hereunder or (C) Indemnified Costs to the extent arising directly out of or resulting directly from claims of one or more Indemnified Parties against another Indemnified Party.

(b) The Borrower's indemnification obligations under this Section 12.9. shall apply to all Indemnity Proceedings arising out of, or related to, the foregoing whether or not an Indemnified Party is a named party in such Indemnity Proceeding. In this regard, this indemnification shall cover all Indemnified Costs of any Indemnified Party in connection with any deposition of any Indemnified Party or compliance with any subpoena (including any subpoena requesting the production of documents). This indemnification shall, among other things, apply to any Indemnity Proceeding commenced by other creditors of the Borrower or any Subsidiary, any shareholder of the Borrower or any Subsidiary (whether such shareholder(s) are prosecuting such Indemnity Proceeding in their individual capacity or derivatively on behalf of the Borrower), any account debtor of the Borrower or any Subsidiary or by any Governmental Authority. If indemnification is to be sought hereunder by an Indemnified Party, then such Indemnified Party shall notify the Borrower of the commencement of any Indemnity Proceeding; provided, however, that the failure to so notify the Borrower shall not relieve the Borrower from any liability that it may have to such Indemnified Party pursuant to this Section 12.9.

(c) This indemnification shall apply to any Indemnity Proceeding arising during the pendency of any bankruptcy proceeding filed by or against the Borrower and/or any Subsidiary.

(d) All out-of-pocket fees and expenses of, and all amounts paid to third-persons by, an Indemnified Party shall be advanced by the Borrower at the request of such Indemnified Party notwithstanding any claim or assertion by the Borrower that such Indemnified Party is not entitled to indemnification hereunder, upon receipt of an undertaking by such Indemnified Party that such Indemnified Party will reimburse the Borrower if it is actually and finally determined by a court of competent jurisdiction that such Indemnified Party is not so entitled to indemnification hereunder.

(e) An Indemnified Party may conduct its own investigation and defense of, and may formulate its own strategy with respect to, any Indemnity Proceeding covered by this Section and, as provided above, all Indemnified Costs incurred by such Indemnified Party shall be reimbursed by the Borrower. No action taken by legal counsel chosen by an Indemnified Party in investigating or defending against any such Indemnity Proceeding shall vitiate or in any way impair the obligations and duties of the Borrower hereunder to indemnify and hold harmless each such Indemnified Party; provided, however, that if (i) the Borrower is required to indemnify an Indemnified Party pursuant hereto and (ii) the Borrower has provided evidence reasonably satisfactory to such Indemnified Party that the Borrower has the financial wherewithal to reimburse such Indemnified Party for any amount paid by such Indemnified Party with respect to such Indemnity Proceeding, such Indemnified Party shall not settle or compromise any such Indemnity Proceeding without the prior written consent of the Borrower (which consent shall not be unreasonably withheld or

delayed). Notwithstanding the foregoing, an Indemnified Party may settle or compromise any such Indemnity Proceeding without the prior written consent of the Borrower where (x) no monetary relief is sought against such Indemnified Party in such Indemnity Proceeding or (y) there is an allegation of a violation of law by such Indemnified Party.

(f) If and to the extent that the obligations of the Borrower under this Section are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under Applicable Law.

(g) The Borrower's obligations under this Section shall survive any termination of this Agreement and the other Credit Documents and the payment in full in cash of the Obligations, and are in addition to, and not in substitution of, any other of their obligations set forth in this Agreement or any other Credit Document to which it is a party.

Section 12.10. Termination; Survival.

At such time as (a) none of the Lenders is obligated any longer under this Agreement to make any Loan and (b) all Obligations (other than obligations which survive as provided in the following two sentences) have been paid and satisfied in full, this Agreement shall terminate. The indemnities to which the Agent and the Lenders are entitled under the provisions of Sections 3.9., 4.1., 4.4., 11.7., 12.2. and 12.9. and any other provision of this Agreement and the other Credit Documents, and the provisions of Section 12.4., shall continue in full force and effect and shall protect the Agent and the Lenders (i) notwithstanding any termination of this Agreement, or of the other Credit Documents, against events arising after such termination as well as before and (ii) at all times after any such party ceases to be a party to this Agreement with respect to all matters and events existing on or prior to the date such party ceased to be a party to this Agreement.

Section 12.11. Severability of Provisions.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.12. Dispute Resolution.

(a) Arbitration. Except to the extent expressly provided below, any Dispute shall, upon the request of either party, be determined by binding arbitration in accordance with the Federal Arbitration Act, Title 9, United States Code (or if not applicable, the applicable state law), the then-current rules for arbitration of financial services disputes of AAA and the "Special Rules" set forth below. In the event of any inconsistency, the Special Rules shall control. The filing of a court action is not intended to constitute a waiver of the right of Borrower or Lender, including the suing party, thereafter to require submittal of the Dispute to arbitration. Any party to this Agreement may bring an action, including a summary or expedited proceeding, to compel arbitration of any Dispute in any court having jurisdiction over such action. For the purposes of this Dispute Resolution Section only, the terms "party" and "parties" shall include any parent corporation, subsidiary or affiliate of Lender involved in the servicing, management or administration of any obligation described in or evidenced by this Agreement, together with the officers, employees, successors and assigns of each of the foregoing.

(b) Special Rules.

(i) The arbitration shall be conducted in any U.S. state where real or tangible personal property collateral is located, or if there is no such collateral, in the City and County where Lender is located pursuant to its address for notice purposes in this Agreement.

(ii) The arbitration shall be administered by AAA, who will appoint an arbitrator. If AAA is unwilling or unable to administer or legally precluded from administering the arbitration, or if AAA is unwilling or unable to enforce or legally precluded from enforcing any and all provisions of this Dispute Resolution Section, then any party to this Agreement may substitute another arbitration organization that has similar procedures to AAA and that will observe and enforce any and all provisions of this Dispute Resolution Section. All Disputes shall be determined by one arbitrator; however, if the amount in controversy in a Dispute exceeds Five Million Dollars (\$5,000,000), upon the request of any party, the Dispute shall be decided by three arbitrators (for purposes of this Agreement, referred to collectively as the "arbitrator").

(iii) All arbitration hearings will be commenced within ninety (90) days of the demand for arbitration and completed within ninety (90) days from the date of commencement; provided, however, that upon a showing of good cause, the arbitrator shall be permitted to extend the commencement of such hearing for up to an additional sixty (60) days.

(iv) The judgment and the award, if any, of the arbitrator shall be issued within thirty (30) days of the close of the hearing. The arbitrator shall provide a concise written statement setting forth the reasons for the judgment and for the award, if any. The arbitration award, if any, may be submitted to any court having jurisdiction to be confirmed and enforced, and such confirmation and enforcement shall not be subject to arbitration.

(v) The arbitrator will give effect to statutes of limitations and any waivers thereof in determining the disposition of any Dispute and may dismiss one or more claims in the arbitration on the basis that such claim or claims is or are barred. For purposes of the application of the statute of limitations, the service on AAA under applicable AAA rules of a notice of Dispute is the equivalent of the filing of a lawsuit.

(vi) Any dispute concerning this arbitration provision, including any such dispute as to the validity or enforceability of this provision, or whether a Dispute is arbitrable, shall be determined by the arbitrator; provided, however, that the arbitrator shall not be permitted to vary the express provisions of these Special Rules or the Reservations of Rights in subsection (c) below.

(vii) The arbitrator shall have the power to award legal fees and costs pursuant to the terms of this Agreement.

(viii) The arbitration will take place on an individual basis without reference to, resort to, or consideration of any form of class or class action.

(c) Reservations of Rights. Nothing in this Agreement shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation and any waivers contained in this Agreement, or (ii) apply to or limit the right of Agent or any Lender (A) to exercise self help remedies such as (but not limited to) setoff, or (B) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, (C) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief, writ of possession, prejudgment attachment, or the appointment of a receiver, or (D) to pursue rights against a party to this Agreement in a third-party proceeding in any action brought against such Lender or the Agent in a state, federal or international court, tribunal or hearing body (including actions in specialty courts, such as bankruptcy and patent courts). The Agent or any Lender may exercise the rights set forth in clauses (A) through (D), inclusive, before, during or after the pendency of any arbitration proceeding brought pursuant to this Agreement. Neither the exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the Dispute occasioning resort to such remedies. No provision in the Loan Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in any Loan Document for arbitration of any Dispute.

(d) Conflicting Provisions for Dispute Resolution. If there is any conflict between the terms, conditions and provisions of this Section and those of any other provision or agreement for arbitration or dispute resolution, the terms, conditions and provisions of this Section shall prevail as to any Dispute arising out of or relating to (i) this Agreement, (ii) any other Credit Document, (iii) any related agreements or instruments, or (iv) the transaction contemplated herein or therein (including any claim based on or arising from an alleged personal injury or business tort). In any other situation, if the resolution of a given Dispute is specifically governed by another provision or agreement for arbitration or dispute resolution, the other provision or agreement shall prevail with respect to said Dispute.

(e) JURY TRIAL WAIVER IN ARBITRATION. BY AGREEING TO THIS SECTION, THE PARTIES IRREVOCABLY AND VOLUNTARILY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE.

12.13 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

12.14 Forum.

Borrower hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the jurisdiction of any state court or any United States federal court sitting in the State specified in the governing law section of this Agreement and to the jurisdiction of any state court or any United States federal court sitting in the state in which the Agent is located, over any Dispute. Borrower hereby irrevocably waives, to the fullest extent permitted by Law, any objection that Borrower may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Borrower hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any state court or any United States federal court sitting in the state specified in the governing law section of this Agreement may be made by certified or registered mail, return receipt requested, directed to Borrower at its address for notice set forth in this Agreement, or at a subsequent address of which the Agent or any Lender received actual notice from Borrower in accordance with the notice section of this Agreement, and service so made shall be complete five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of Agent or any Lender to serve process in any manner permitted by Law or limit the right of Agent or any Lender to bring proceedings against Borrower in any other court or jurisdiction.

12.15 Waiver Of Jury Trial.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO ARBITRATE ANY "DISPUTE" AS SET FORTH IN THIS AGREEMENT, TO THE EXTENT ANY "DISPUTE" IS NOT SUBMITTED TO ARBITRATION OR IS DEEMED BY THE ARBITRATOR OR BY ANY COURT WITH JURISDICTION TO BE NOT ARBITRABLE OR NOT REQUIRED TO BE ARBITRATED, BORROWER AND LENDER WAIVE TRIAL BY JURY IN RESPECT OF ANY SUCH "DISPUTE" AND ANY ACTION ON SUCH "DISPUTE." THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND LENDER, AND BORROWER AND LENDER HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY PERSON OR ENTITY TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE LOAN DOCUMENTS. BORROWER AND LENDER ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER OF JURY TRIAL.

BORROWER FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

Section 12.16. Patriot Act.

The Lenders and the Agent each hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Agent, as applicable, to identify the Borrower in accordance with such Act.

Section 12.17. Counterparts.

This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

Section 12.18. Obligations with Respect to Loan Parties.

The obligations of the Borrower to direct or prohibit the taking of certain actions by the other Loan Parties as specified herein shall be absolute and not subject to any defense the Borrower may have that the Borrower does not control such Loan Parties.

Section 12.19. Limitation of Liability.

Neither the Agent nor any Lender, nor any affiliate, officer, director, employee, attorney, or agent of the Agent or any Lender shall have any liability with respect to, and the Borrower hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by the Borrower in connection with, arising out of, or in any way related to, this Agreement or any of the other Credit Documents, or any of the transactions contemplated by this Agreement or any of the other Credit Documents. The Borrower hereby waives, releases, and agrees not to sue the Agent or any Lender or any of the Agent's or any Lender's affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Credit Documents, or any of the transactions contemplated by this Agreement or financed hereby.

Section 12.20. Entire Agreement.

This Agreement, the Notes, and the other Credit Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and thereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of the parties hereto. There are no oral agreements among the parties hereto.

Section 12.21. Construction.

The Agent, the Borrower and each Lender acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Credit Documents with its legal counsel and that this Agreement and the other Credit Documents shall be construed as if jointly drafted by the Agent, the Borrower and each Lender.

[Signatures on Following Pages]

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be executed by their authorized officers all as of the day and year first above written.

THE ST. JOE COMPANY

By: /s/ Stephen W. Solomon

Print Name: Stephen W. Solomon

Title: Senior Vice President and Treasurer

[Signatures Continued on Next Page]

[Signature Page to Credit Agreement dated as of
July 28, 2006 with The St. Joe Company]

BANK OF AMERICA, N.A., as Administrative Agent, and as a Lender

By: /s/ Denise M. Bell

Print Name: Denise M. Bell

Commitment Amount:

\$100,000,000.00**

** Bank of America's Commitment Amount will be reduced upon syndication of the Loan and the joinder of an additional Lender(s) to this Agreement, and will be reduced by an amount equal to the aggregate commitment amount of such additional Lender(s)

Lending Office:

101 East Kennedy Boulevard
Mail Code FL1-400-06-10, 6th Floor
Tampa, Florida 33602

[Signatures Continued on Next Page]

**[Signature Page to Credit Agreement dated as of
July 28, 2006 with The St. Joe Company]**

, as Lender

By: _____

Print Name: _____

Title: _____

Commitment Amount: \$ _____

Lending Office: _____

EXHIBIT "A"

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

THIS ASSIGNMENT AND ACCEPTANCE AGREEMENT dated as of __, 200__(the "Agreement") by and among __(the "Assignor"), __(the "Assignee"), and BANK OF AMERICA, N.A., as Agent (the "Agent").

WHEREAS, the Assignor is a Lender under that certain Credit Agreement dated as of July 28, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among The St. Joe Company (the "Borrower"), the financial institutions party thereto and their assignees under Section 12.5. thereof (the "Lenders"), the Agent, and the other parties thereto;

WHEREAS, the Assignor desires to assign to the Assignee, among other things, all or a portion of the Assignor's Commitment under the Credit Agreement, all on the terms and conditions set forth herein; and

WHEREAS, the Agent consents to such assignment on the terms and conditions set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Assignment.

(a) Subject to the terms and conditions of this Agreement and in consideration of the payment to be made by the Assignee to the Assignor pursuant to Section 2 of this Agreement, effective as of __, 200__(the "Assignment Date"), the Assignor hereby irrevocably sells, transfers and assigns to the Assignee, without recourse, a \$__interest (such interest being the "Assigned Commitment") in and to the Assignor's Commitment and all of the other rights and obligations of the Assignor under the Credit Agreement, the Assignor's Note and the other Credit Documents (representing __% in respect of the aggregate amount of all Lenders' Commitments), including without limitation, a principal amount of outstanding Loans equal to \$__and all voting rights of the Assignor associated with the Assigned Commitment, all rights to receive interest on such amount of Loans and all facility and other Fees with respect to the Assigned Commitment and other rights of the Assignor under the Credit Agreement and the other Credit Documents with respect to the Assigned Commitment. The Assignee, subject to the terms and conditions hereof, hereby assumes all obligations of the Assignor as a Lender with respect to the Assigned Commitment, which obligations shall include, but shall not be limited to, the obligation to make the portions of the Loan to the Borrower with respect to the Assigned Commitment, and the obligation to indemnify the Agent as provided in the Credit Agreement (the foregoing enumerated obligations, together with all other similar obligations more particularly set forth in the Credit Agreement and the other Credit Documents, collectively, the "Assigned Obligations"). The Assignor shall have no further duties or obligations with respect to, and shall have no further interest in, the Assigned Obligations or the Assigned Commitment from and after the Assignment Date.

(b) The assignment by the Assignor to the Assignee hereunder is without recourse to the Assignor. The Assignee makes and confirms to the Agent, the Assignor, and the other Lenders all of the representations, warranties and covenants of a Lender under Article XI. of the Credit Agreement. Not in limitation of the foregoing, the Assignee acknowledges and agrees that, except as set forth in Section 4 below, the Assignor is making no representations or warranties with respect to, and the Assignee hereby releases

and discharges the Assignor for any responsibility or liability for: (i) the present or future solvency or financial condition of the Borrower, any Subsidiary or any other Loan Party, (ii) any representations, warranties, statements or information made or furnished by the Borrower, any Subsidiary or any other Loan Party in connection with the Credit Agreement or otherwise, (iii) the validity, efficacy, sufficiency, or enforceability of the Credit Agreement, any other Credit Document or any other document or instrument executed in connection therewith, or the collectibility of the Assigned Obligations, (iv) the perfection, priority or validity of any Lien with respect to any collateral at any time securing the Obligations or the Assigned Obligations under the Notes or the Credit Agreement and (v) the performance or failure to perform by the Borrower or any other Loan Party of any obligation under the Credit Agreement or any other Credit Document to which it is a party. Further, the Assignee acknowledges that it has, independently and without reliance upon the Agent, or any affiliate or subsidiary thereof, the Assignor or any other Lender and based on the financial statements supplied by the Borrower and such other documents and information as it has deemed appropriate, made its own credit and legal analysis and decision to become a Lender under the Credit Agreement. The Assignee also acknowledges that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other Credit Documents or pursuant to any other obligation. Except as expressly provided in the Credit Agreement, the Agent shall have no duty or responsibility whatsoever, either initially or on a continuing basis, to provide the Assignee with any credit or other information with respect to the Borrower or any other Loan Party or to notify the Assignee of any Default or Event of Default. The Assignee has not relied on the Agent as to any legal or factual matter in connection therewith or in connection with the transactions contemplated thereunder.

Section 2. Payment by Assignee. In consideration of the assignment made pursuant to Section 1 of this Agreement, the Assignee agrees to pay to the Assignor on the Assignment Date, such amount as they may agree.

Section 3. Payments by Assignor. The Assignor agrees to pay to the Agent on the Assignment Date the administration fee, if any, payable under the applicable provisions of the Credit Agreement.

Section 4. Representations and Warranties of Assignor. The Assignor hereby represents and warrants to the Assignee that (a) as of the Assignment Date (i) the Assignor is a Lender under the Credit Agreement having a Commitment under the Credit Agreement (without reduction by any assignments thereof which have not yet become effective), equal to \$___, and that the Assignor is not in default of its obligations under the Credit Agreement; and (ii) the outstanding balance of the Loan owing to the Assignor (without reduction by any assignments thereof which have not yet become effective) is \$___; and (b) it is the legal and beneficial owner of the Assigned Commitment which is free and clear of any adverse claim created by the Assignor.

Section 5. Representations, Warranties and Agreements of Assignee. The Assignee (a) represents and warrants that it is (i) legally authorized to enter into this Agreement, (ii) an "accredited investor" (as such term is used in Regulation D of the Securities Act) and (iii) an Eligible Assignee; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered in connection therewith or pursuant thereto and such other documents and information (including without limitation the Credit Documents) as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (c) appoints and authorizes the Agent to take such action as contractual representative on its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent by the terms thereof together with such powers as are reasonably incidental thereto; and (d) agrees that, if not already a Lender and to the extent of the Assigned Commitment, it will become a party to and shall be bound by the Credit Agreement and the other Credit Documents to which the other Lenders are a party on the Assignment Date and will perform in accordance therewith all of the obligations which are required to be performed by it as a Lender with respect to the Assigned Commitment.

Section 6. Recording and Acknowledgment by the Agent. Following the execution of this Agreement, the Assignor will deliver to the Agent (a) a duly executed copy of this Agreement for acknowledgment and recording by the Agent and (b) the Assignor's Revolving Note. Upon such acknowledgment and recording, from and after the Assignment Date, the Agent shall make all payments in respect of the interest assigned hereby (including payments of principal, interest, Fees and other amounts) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Assignment Date directly between themselves.

Section 7. Addresses. The Assignee specifies as its address for notices and its Lending Office for the Loan, the offices set forth on Schedule 1 attached hereto.

Section 8. Payment Instructions. All payments to be made to the Assignee under this Agreement by the Assignor, and all payments to be made to the Assignee under the Credit Agreement, shall be made as provided in the Credit Agreement in accordance with the instructions set forth on Schedule 1 attached hereto or as the Assignee may otherwise notify the Agent.

Section 9. Effectiveness of Assignment. This Agreement, and the Assignment and Acceptance Agreement contemplated herein, shall not be effective until (a) this Agreement is executed and delivered by each of the Assignor, the Assignee, the Agent, and if required under Section 12.5.(d) of the Credit Agreement, the Borrower, and (b) the payment to the Assignor of the amounts, if any, owing by the Assignee pursuant to Section 2 hereof and (c) the payment to the Agent of the amounts, if any, owing by the Assignor pursuant to Section 3 hereof. Upon recording and acknowledgment of this Agreement by the Agent, from and after the Assignment Date, (i) the Assignee shall be a party to the Credit Agreement with respect to the Assigned Commitment and have the rights and obligations of a Lender thereunder to the extent of the Assigned Commitment and (ii) the Assignor shall relinquish its rights (except as otherwise provided in Section 12.10. of the Credit Agreement) and be released from its obligations under the Credit Agreement with respect to the Assigned Commitment; provided, however, that if the Assignor does not assign its entire interest under the Credit Documents, it shall remain a Lender entitled to all of the benefits and subject to all of the obligations thereunder with respect to its Commitment.

Section 10. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

Section 11. Counterparts. This Agreement may be executed in any number of counterparts each of which, when taken together, shall constitute one and the same agreement.

Section 12. Headings. Section headings have been inserted herein for convenience only and shall not be construed to be a part hereof.

Section 13. Amendments; Waivers. This Agreement may not be amended, changed, waived or modified except by a writing executed by the Assignee and the Assignor; provided, however, any amendment, waiver or consent which shall affect the rights or duties of the Agent under this Agreement shall not be effective unless signed by the Agent.

Section 14. Entire Agreement. This Agreement embodies the entire agreement between the Assignor and the Assignee with respect to the subject matter hereof and supersedes all other prior arrangements and understandings relating to the subject matter hereof.

Section 15. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 16. Definitions. Terms not otherwise defined herein are used herein with the respective meanings given them in the Credit Agreement.

SECTION 17. INTERCREDITOR AGREEMENT. THE ASSIGNEE AGREES AND ACKNOWLEDGES THAT THE RIGHTS AND REMEDIES OF THE AGENT AND THE LENDERS UNDER THE CREDIT DOCUMENTS ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE INTERCREDITOR AGREEMENT. THE ASSIGNEE CONFIRMS THAT IT HAS RECEIVED A COPY OF THE INTERCREDITOR AGREEMENT AND THAT BY BECOMING A LENDER THE ASSIGNEE IS BOUND BY THE TERM OF THE INTERCREDITOR AGREEMENT APPLICABLE TO THE LENDERS.

[Include this Section only if Borrower's consent is required under Section 12.5.(d)] Section 18. Agreements of the Borrower. The Borrower hereby agrees that the Assignee shall be a Lender under the Credit Agreement having a Commitment equal to the Assigned Commitment. The Borrower agrees that the Assignee shall have all of the rights and remedies of a Lender under the Credit Agreement and the other Credit Documents, including, but not limited to, the right of a Lender to receive payments of principal and interest with respect to the Assigned Obligations, and to the portion of the Loan made by the Lenders after the date hereof and to receive the commitment and other Fees payable to the Lenders as provided in the Credit Agreement. Further, the Assignee shall be entitled to the indemnification provisions from the Borrower in favor of the Lenders as provided in the Credit Agreement and the other Credit Documents. The Borrower further agrees, upon the execution and delivery of this Agreement, to execute in favor of the Assignee, and if applicable the Assignor, Notes as required by Section 12.5.(d) of the Credit Agreement. Upon receipt by the Assignor of the amounts due the Assignor under Section 2, the Assignor agrees to surrender to the Borrower such Assignor's Notes.]

[Signatures on Following Pages]

IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment and Acceptance Agreement as of the date and year first written above.

ASSIGNOR:

[NAME OF ASSIGNOR]

By:
Name:
Title:

ASSIGNEE:

[NAME OF ASSIGNEE]

By:
Name:
Title:

Accepted as of the date first written above.

AGENT:

BANK OF AMERICA, N.A., as Agent

By:

Name:

Title:

[Signatures Continued on Following Page]

[Include signature of the Borrower only if required under Section 12.5.(d) of the Credit Agreement]

Agreed and consented to as of the date first written above.

BORROWER:

THE ST. JOE COMPANY

By:

Name:

Title:

SCHEDULE 1

Information Concerning the Assignee

Notice Address:

Telephone No.:

Telecopy No.:

Lending Office:

Telephone No.:

Telecopy No.:

Payment Instructions:

S.CONTEXHIBIT "B"

FORM OF GUARANTY

GUARANTY

THIS GUARANTY dated as of July 28, 2006, executed and delivered by each of the undersigned and the other Persons from time to time party hereto pursuant to the execution and delivery of an Accession Agreement in the form of **Annex I** hereto (all of the undersigned, together with such other Persons each a "Guarantor" and collectively, the "Guarantors") in favor of (a) Bank of America, N.A., in its capacity as Administrative Agent (the "Agent") for the Lenders under that certain Credit Agreement dated as of July 28, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among The St. Joe Company (the "Borrower"), the financial institutions party thereto and their assignees under Section 12.5. thereof (the "Lenders"), the Agent, and the other parties thereto, and (b) the Lenders.

WHEREAS, the Borrower and each of the Guarantors, though separate legal entities, are mutually dependent on each other in the conduct of their respective businesses as an integrated operation and have determined it to be in their mutual best interests to obtain financing from the Agent and the Lenders through their collective efforts;

WHEREAS, each Guarantor acknowledges that it has and will receive direct and indirect benefits from the Agent and the Lenders making such financial accommodations available to the Borrower under the Credit Agreement and, accordingly, each Guarantor was and is willing to guarantee the Borrower's obligations to the Agent and the Lenders on the terms and conditions contained herein; and

WHEREAS, each Guarantor's execution and delivery of this Guaranty is a condition to the Agent and the Lenders making, and continuing to make, such financial accommodations to the Borrower.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Guarantor, each Guarantor as follows:

Section 1. Guaranty. Each Guarantor hereby absolutely, irrevocably and unconditionally guaranties the due and punctual payment and performance when due, whether at stated maturity, by acceleration or otherwise, of all of the following (collectively referred to as the "Total Obligations"): (a) all indebtedness and obligations owing by the Borrower to any Lender or the Agent under or in connection with the Credit Agreement and any other Credit Document, including without limitation, the repayment of

all principal of the Loan, and the payment of all interest, Fees, charges, attorneys' fees and other amounts payable to any Lender or the Agent thereunder or in connection therewith; (b) any and all extensions, renewals, modifications, amendments or substitutions of the foregoing; (c) all expenses, including, without limitation, reasonable attorneys' fees and disbursements, that are incurred by the Lenders and the Agent in the enforcement of any of the foregoing or any obligation of such Guarantor hereunder; and (d) all other Obligations.

Section 2. Guaranty of Payment and Not of Collection. This Guaranty is a guaranty of payment, and not of collection, and a debt of each Guarantor for its own account. Accordingly, none of the Lenders or the Agent shall be obligated or required before enforcing this Guaranty against any Guarantor: (a) to pursue any right or remedy any of them may have against the Borrower, any other Guarantor or any other Person or commence any suit or other proceeding against the Borrower, any other Guarantor or any other Person in any court or other tribunal; (b) to make any claim in a liquidation or bankruptcy of the Borrower, any other Guarantor or any other Person; or (c) to make demand of the Borrower, any other Guarantor or any other Person or to enforce or seek to enforce or realize upon any collateral security held by the Lenders or the Agent which may secure any of the Total Obligations.

Section 3. Guaranty Absolute. Each Guarantor guarantees that the Total Obligations will be paid strictly in accordance with the terms of the documents evidencing the same, regardless of any Applicable Law now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or the Lenders with respect thereto. The liability of each Guarantor under this Guaranty shall be absolute, irrevocable and unconditional in accordance with its terms and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including without limitation, the following (whether or not such Guarantor consents thereto or has notice thereof):

(a) (i) any change in the amount, interest rate or due date or other term of any of the Total Obligations, (ii) any change in the time, place or manner of payment of all or any portion of the Total Obligations, (iii) any amendment or waiver of, or consent to the departure from or other indulgence with respect to, the Credit Agreement, any other Credit Document, or any other document or instrument evidencing or relating to any Total Obligations, or (iv) any waiver, renewal, extension, addition, or supplement to, or deletion from, or any other action or inaction under or in respect of, the Credit Agreement, any of the other Credit Documents, or any other documents, instruments or agreements relating to the Total Obligations or any other instrument or agreement referred to therein or evidencing any Total Obligations or any assignment or transfer of any of the foregoing;

(b) any lack of validity or enforceability of the Credit Agreement, any of the other Credit Documents, or any other document, instrument or agreement referred to therein or evidencing any Total Obligations or any assignment or transfer of any of the foregoing;

(c) any furnishing to the Agent or the Lenders of any security for the Total Obligations, or any sale, exchange, release or surrender of, or realization on, any Collateral securing any of the Obligations;

(d) any settlement or compromise of any of the Total Obligations, any security therefor, or any liability of any other party with respect to the Total Obligations, or any subordination of the payment of the Total Obligations to the payment of any other liability of the Borrower or any other Loan Party;

(e) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to such Guarantor, the Borrower, any other Loan Party or any other Person, or any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any such proceeding;

(f) any act or failure to act by the Borrower, any other Loan Party or any other Person which may adversely affect such Guarantor's subrogation rights, if any, against the Borrower to recover payments made under this Guaranty;

(g) any nonperfection or impairment of any security interest or other Lien on any collateral, if any, securing in any way any of the Obligations;

(h) any application of sums paid by the Borrower, any other Guarantor or any other Person with respect to the liabilities of the Borrower to the Agent or the Lenders, regardless of what liabilities of the Borrower remain unpaid;

(i) any defect, limitation or insufficiency in the borrowing powers of the Borrower or in the exercise thereof; or

(j) any other circumstance which might otherwise constitute a defense available to, or a discharge of, a Guarantor hereunder (other than indefeasible payment and performance in full).

Section 4. Action with Respect to Total Obligations. The Lenders and the Agent may, at any time and from time to time, without the consent of, or notice to, any Guarantor, and without discharging any Guarantor from its obligations hereunder, take any and all actions described in Section 3 and may otherwise: (a) amend, modify, alter or supplement the terms of any of the Total Obligations, including, but not limited to, extending or shortening the time of payment of any of the Total Obligations or changing the interest rate that may accrue on any of the Total Obligations; (b) amend, modify, alter or supplement the Credit Agreement or any other Credit Document; (c) sell, exchange, release or otherwise deal with all, or any part, of any collateral securing any of the Obligations; (d) release any other Loan Party or other Person liable in any manner for the payment or collection of the Total Obligations; (e) exercise, or refrain from exercising, any rights against the Borrower, any other Guarantor or any other Person; and (f) apply any sum, by whomsoever paid or however realized, to the Total Obligations in such order as the Lenders shall elect.

Section 5. Representations and Warranties. Each Guarantor hereby makes to the Agent and the Lenders all of the representations and warranties made by the Borrower with respect to or in any way relating to such Guarantor in the Credit Agreement and the other Credit Documents, as if the same were set forth herein in full.

Section 6. Covenants. Each Guarantor will comply with all covenants which the Borrower is to cause such Guarantor to comply with under the terms of the Credit Agreement or any of the other Credit Documents.

Section 7. Waiver. Each Guarantor, to the fullest extent permitted by Applicable Law, hereby waives notice of acceptance hereof or any presentment, demand, protest or notice of any kind, and any other act or thing, or omission or delay to do any other act or thing, which in any manner or to any extent might vary the risk of such Guarantor or which otherwise might operate to discharge such Guarantor from its obligations hereunder.

Section 8. Inability to Accelerate Loan. If the Agent and/or the Lenders are prevented under Applicable Law or otherwise from demanding or accelerating payment of any of the Total Obligations by reason of any automatic stay or otherwise, the Agent and/or the Lenders shall be entitled to receive from each Guarantor, upon demand therefor, the sums which otherwise would have been due had such demand or acceleration occurred.

Section 9. Reinstatement of Total Obligations. If claim is ever made on the Agent or any Lender for repayment or recovery of any amount or amounts received in payment or on account of any of the Total Obligations, and the Agent or such Lender repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body of competent jurisdiction, or (b) any settlement or compromise of any such claim effected by the Agent or such Lender with any such claimant (including the Borrower or a trustee in bankruptcy for the Borrower), then and in such event each Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding on it, notwithstanding any revocation hereof or the cancellation of the Credit Agreement, any of the other Credit Documents, or any other instrument evidencing any liability of the Borrower, and such Guarantor shall be and remain liable to the Agent or such Lender for the amounts so repaid or recovered to the same extent as if such amount had never originally been paid to the Agent or such Lender.

Section 10. Subrogation. Upon the making by any Guarantor of any payment hereunder for the account of the Borrower, such Guarantor shall be subrogated to the rights of the payee against the Borrower; provided, however, that such Guarantor shall not enforce any right or receive any payment by way of subrogation or otherwise take any action in respect of any other claim or cause of action such Guarantor may have against the Borrower arising by reason of any payment or performance by such Guarantor pursuant to this Guaranty, unless and until all of the Total Obligations have been indefeasibly paid and performed in full. If any amount shall be paid to such Guarantor on account of or in respect of such subrogation rights or other claims or causes of action, such Guarantor shall hold such amount in trust for the benefit of the Agent and the Lenders and shall forthwith pay such amount to the Agent to be credited and applied against the Total Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement or to be held by the Agent as collateral security for any Total Obligations existing.

Section 11. Payments Free and Clear. All sums payable by each Guarantor hereunder, whether of principal, interest, Fees, expenses, premiums or otherwise, shall be paid in full, without set-off or counterclaim or any deduction or withholding whatsoever (including any Taxes), and if any Guarantor is required by Applicable Law or by a Governmental Authority to make any such deduction or withholding, such Guarantor shall pay to the Agent and the Lenders such additional amount as will result in the receipt by the Agent and the Lenders of the full amount payable hereunder had such deduction or withholding not occurred or been required.

Section 12. Set-off. In addition to any rights now or hereafter granted under any of the other Credit Documents or Applicable Law and not by way of limitation of any such rights, each Guarantor hereby authorizes the Agent and each Lender, at any time during the continuance of an Event of Default, without any prior notice to such Guarantor or to any other Person, any such notice being hereby expressly waived, but in the case of a Lender or Participant subject to receipt of the prior written consent of the Agent exercised in its sole discretion, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured) and any other indebtedness at any time held or owing by the Agent, such Lender, or any affiliate of the Agent or such Lender, to or for the credit or the account of such Guarantor against and on account of any of the Total Obligations, although such obligations shall be contingent or unmatured. Each Guarantor agrees, to the fullest extent permitted by Applicable Law, that any Participant may exercise rights of setoff or counterclaim and other rights with respect to its participation as fully as if such Participant were a direct creditor of such Guarantor in the amount of such participation.

Section 13. Subordination. Each Guarantor hereby expressly covenants and agrees for the benefit of the Agent and the Lenders that all obligations and liabilities of the Borrower to such Guarantor of whatever description, including without limitation, all intercompany receivables of such Guarantor from the Borrower (collectively, the "Junior Claims") shall be subordinate and junior in right of payment to all Total Obligations. If an Event of Default shall exist, then no Guarantor shall accept any direct or indirect payment (in cash, property or securities, by setoff or otherwise) from the Borrower on account of or in any manner in respect of any Junior Claim until all of the Total Obligations have been indefeasibly paid in full.

Section 14. Avoidance Provisions. It is the intent of each Guarantor, the Agent and the Lenders that in any Proceeding, such Guarantor's maximum obligation hereunder shall equal, but not exceed, the maximum amount which would not otherwise cause the obligations of such Guarantor hereunder (or any other obligations of such Guarantor to the Agent and the Lenders) to be avoidable or unenforceable against such Guarantor in such Proceeding as a result of Applicable Law, including without limitation, (a) Section 548 of the Bankruptcy Code of 1978, as amended (the "Bankruptcy Code") and (b) any state fraudulent transfer or fraudulent conveyance act or statute applied in such Proceeding, whether by virtue of Section 544 of the Bankruptcy Code or

otherwise. The Applicable Laws under which the possible avoidance or unenforceability of the obligations of such Guarantor hereunder (or any other obligations of such Guarantor to the Agent and the Lenders) shall be determined in any such Proceeding are referred to as the "Avoidance Provisions". Accordingly, to the extent that the obligations of any Guarantor hereunder would otherwise be subject to avoidance under the Avoidance Provisions, the maximum Total Obligations for which such Guarantor shall be liable hereunder shall be reduced to that amount which, as of the time any of the Total Obligations are deemed to have been incurred under the Avoidance Provisions, would not cause the obligations of such Guarantor hereunder (or any other obligations of such Guarantor to the Agent and the Lenders), to be subject to avoidance under the Avoidance Provisions. This Section is intended solely to preserve the rights of the Agent and the Lenders hereunder to the maximum extent that would not cause the obligations of any Guarantor hereunder to be subject to avoidance under the Avoidance Provisions, and no Guarantor or any other Person shall have any right or claim under this Section as against the Agent and the Lenders that would not otherwise be available to such Person under the Avoidance Provisions.

Section 15. Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the financial condition of the Borrower and the other Guarantors, and of all other circumstances bearing upon the risk of nonpayment of any of the Total Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that neither the Agent nor any of the Lenders shall have any duty whatsoever to advise any Guarantor of information regarding such circumstances or risks.

Section 16. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

SECTION 17. WAIVER OF JURY TRIAL.

(a) EACH PARTY HERETO ACKNOWLEDGES THAT ANY DISPUTE OR CONTROVERSY BETWEEN OR AMONG ANY GUARANTOR, THE AGENT OR ANY OF THE LENDERS WOULD BE BASED ON DIFFICULT AND COMPLEX ISSUES OF LAW AND FACT AND WOULD RESULT IN DELAY AND EXPENSE TO THE PARTIES. ACCORDINGLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE LENDERS, THE AGENT AND EACH GUARANTOR HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST ANY PARTY HERETO ARISING OUT OF THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT OR BY REASON OF ANY OTHER SUIT, CAUSE OF ACTION OR DISPUTE WHATSOEVER BETWEEN OR AMONG ANY GUARANTOR, THE AGENT OR ANY OF THE LENDERS OF ANY KIND OR NATURE RELATING TO ANY OF THE CREDIT DOCUMENTS.

(b) EACH OF THE GUARANTORS, THE AGENT AND EACH LENDER HEREBY AGREES THAT THE FEDERAL DISTRICT COURT LOCATED IN NORTH CAROLINA AND ANY STATE COURT LOCATED IN CHARLOTTE, NORTH CAROLINA, SHALL HAVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN OR AMONG ANY GUARANTOR, THE AGENT OR ANY OF THE LENDERS, PERTAINING DIRECTLY OR INDIRECTLY TO THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT OR TO ANY MATTER ARISING HEREFROM OR THEREFROM. EACH GUARANTOR AND EACH OF THE LENDERS EXPRESSLY SUBMIT AND CONSENT IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS WITH RESPECT TO SUCH CLAIMS OR DISPUTES. EACH PARTY FURTHER WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT FORUM AND EACH AGREES NOT TO PLEAD OR CLAIM THE SAME. THE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY THE AGENT OR ANY LENDER OR THE ENFORCEMENT BY THE AGENT OR ANY LENDER OF ANY JUDGMENT OBTAINED IN SUCH FORUM IN ANY OTHER APPROPRIATE JURISDICTION.

(c) THE PROVISIONS OF THIS SECTION HAVE BEEN CONSIDERED BY EACH PARTY WITH THE ADVICE OF COUNSEL AND WITH A FULL UNDERSTANDING OF THE LEGAL CONSEQUENCES THEREOF, AND SHALL SURVIVE THE PAYMENT OF THE LOAN AND ALL OTHER AMOUNTS PAYABLE HEREUNDER OR UNDER THE OTHER CREDIT DOCUMENTS, THE TERMINATION OR EXPIRATION OF ALL LETTERS OF CREDIT AND THE TERMINATION OF THIS GUARANTY.

Section 18. Loan Accounts. The Agent and each Lender may maintain books and accounts setting forth the amounts of principal, interest and other sums paid and payable with respect to the Total Obligations, and in the case of any dispute relating to any of the outstanding amount, payment or receipt of any of the Total Obligations or otherwise, the entries in such books and accounts shall be deemed conclusive evidence of the amounts and other matters set forth herein, absent manifest error. The failure of the Agent or any Lender to maintain such books and accounts shall not in any way relieve or discharge any Guarantor of any of its obligations hereunder.

Section 19. Waiver of Remedies. No delay or failure on the part of the Agent or any Lender in the exercise of any right or remedy it may have against any Guarantor hereunder or otherwise shall operate as a waiver thereof, and no single or partial exercise by the Agent or any Lender of any such right or remedy shall preclude any other or further exercise thereof or the exercise of any other such right or remedy.

Section 20. Termination. This Guaranty shall remain in full force and effect until indefeasible payment in full of the Total Obligations and the other Obligations and the termination or cancellation of the Credit Agreement in accordance with its terms.

Section 21. Successors and Assigns. Each reference herein to the Agent or the Lenders shall be deemed to include such Person's respective successors and assigns (including, but not limited to, any holder of the Total Obligations) in whose favor the provisions of this Guaranty also shall inure, and each reference herein to each Guarantor shall be deemed to include such Guarantor's successors and assigns, upon whom this Guaranty also shall be binding. The Lenders may, in accordance with the applicable provisions of the Credit Agreement, assign, transfer or sell any Total Obligation, or grant or sell participations in any Total Obligations, to any Person without the consent of, or notice to, any Guarantor and without releasing, discharging or modifying any Guarantor's obligations hereunder. Subject to Section 12.8. of the Credit Agreement, each Guarantor hereby consents to the delivery by the Agent or any Lender to any Assignee or Participant (or any prospective Assignee or Participant) of any financial or other information regarding the Borrower or any Guarantor. No Guarantor may assign or transfer its rights or obligations hereunder to any Person without the prior written consent of all Lenders and any such assignment or other transfer to which all of the Lenders have not so consented shall be null and void.

Section 22. JOINT AND SEVERAL OBLIGATIONS. THE OBLIGATIONS OF THE GUARANTORS HEREUNDER SHALL BE JOINT AND SEVERAL, AND ACCORDINGLY, EACH GUARANTOR CONFIRMS THAT IT IS LIABLE FOR THE FULL AMOUNT OF THE "TOTAL OBLIGATIONS" AND ALL OF THE OBLIGATIONS AND LIABILITIES OF EACH OF THE OTHER GUARANTORS HEREUNDER.

Section 23. Amendments. This Guaranty may not be amended except in writing signed by the Requisite Lenders (or all of the Lenders if required under the terms of the Credit Agreement), the Agent and each Guarantor.

Section 24. Payments. All payments to be made by any Guarantor pursuant to this Guaranty shall be made in Dollars, in immediately available funds to the Agent at the Principal Office, not later than 2:00 p.m. on the date of demand therefor.

Section 25. Notices. All notices, requests and other communications hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given (a) to each Guarantor at its address set forth below its signature hereto, (b) to the Agent or any Lender at its respective address for notices provided for in the Credit Agreement, or (c) as to each such party at such other address as such party shall designate in a written notice to the other parties. Each such notice, request or other communication shall be effective (i) if mailed, when received; (ii) if telecopied, when transmitted; or (iii) if hand delivered, when delivered; provided, however, that any notice of a change of address for notices shall not be effective until received.

Section 26. Severability. In case any provision of this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 27. Headings. Section headings used in this Guaranty are for convenience only and shall not affect the construction of this Guaranty.

Section 28. Limitation of Liability. Neither the Agent nor any Lender, nor any affiliate, officer, director, employee, attorney, or agent of the Agent or any Lender, shall have any liability with respect to, and each Guarantor hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by a Guarantor in connection with, arising out of, or in any way related to, this Guaranty or any of the other Credit Documents, or any of the transactions contemplated by this Guaranty, the Credit Agreement or any of the other Credit Documents. Each Guarantor hereby waives, releases, and agrees not to sue the Agent or any Lender or any of the Agent's or any Lender's affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Guaranty, the Credit Agreement or any of the other Credit Documents, or any of the transactions contemplated by Credit Agreement or financed thereby.

Section 29. Definitions. (a) For the purposes of this Guaranty:

"Proceeding" means any of the following: (i) a voluntary or involuntary case concerning any Guarantor shall be commenced under the Bankruptcy Code of 1978, as amended; (ii) a custodian (as defined in such Bankruptcy Code or any other applicable bankruptcy laws) is appointed for, or takes charge of, all or any substantial part of the property of any Guarantor; (iii) any other proceeding under any Applicable Law, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding-up or composition for adjustment of debts, whether now or hereafter in effect, is commenced relating to any Guarantor; (iv) any Guarantor is adjudicated insolvent or bankrupt; (v) any order of relief or other order approving any such case or proceeding is entered by a court of competent jurisdiction; (vi) any Guarantor makes a general assignment for the benefit of creditors; (vii) any Guarantor shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; (viii) any Guarantor shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts; (ix) any Guarantor shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing; or (x) any corporate action shall be taken by any Guarantor for the purpose of effecting any of the foregoing.

(b) Terms not otherwise defined herein are used herein with the respective meanings given them in the Credit Agreement.

[Signature on Next Page]

IN WITNESS WHEREOF, each Guarantor has duly executed and delivered this Guaranty as of the date and year first written above.

280 Interstate North, L.L.C.
(Manager)

5660 NND, L.L.C.
(Manager)

Apalachicola Northern Railroad Company
(Senior Vice President)

Arvida Housing L.P., Inc.
(Senior Vice President)

Arvida Mid-Atlantic Homes, Inc.
(Senior Vice President)

C Ridge One, L.L.C.
(Manager)

Crooked Creek Real Estate Company
(Senior Vice President)

Crooked Creek Utility Company
(Senior Vice President)

Deer Point I & II, LLC
(Manager)

Georgia Timber, LLC
(Senior Vice President)

Georgia Wind I, LLC
(Manager)

Georgia Wind II, LLC
(Manager)

Georgia Wind III, LLC
(Manager)

McNeill Burbank Homes, LLC
(Senior Vice President)

Millenia Park One, L.L.C.
(Manager)

Monteith Holdings, LLC
(Senior Vice President)

Overlook I & II, LLC
(Manager)

Paradise Pointe, LLC
(Senior Vice President)

Park Point Land, LLC
(Manager)

PSJ Waterfront, LLC
(Manager)

Riverside Corporate Center, L.L.C.
(Manager)

Saussy Burbank, Inc.
(Senior Vice President)

SGW, Inc.
(Senior Vice President)

Southhall Center, L.L.C.
(Manager)

Southwood Real Estate, Inc.
(Senior Vice President)

St. James Island Utility Company
(Senior Vice President)

St. Joe Central Florida Contracting, Inc.
(Senior Vice President)

St. Joe Commercial, Inc.
(Senior Vice President)

St. Joe Community Sales, Inc.
(Senior Vice President)

St. Joe Development, Inc.
(Senior Vice President)

St. Joe Finance Company
(Senior Vice President)

St. Joe Home Building, L.P.
By: St. Joe West Florida Contracting, Inc.,
General Partner
(Senior Vice President)

St. Joe Land Company
(Senior Vice President)

St. Joe Northeast Florida Contracting, Inc.
(Senior Vice President)

St. Joe Residential Acquisitions, Inc.
(Senior Vice President)

St. Joe Resorts & Clubs, L.L.C.
(Manager)

St. Joe Terminal Company
(Senior Vice President)

St. Joe Timberland Company of Delaware, L.L.C.
(Senior Vice President)

St. Joe Towns & Resorts, L.P.
By: St. Joe/Arvida Company, Inc.,
General Partner
(Senior Vice President)

St. Joe Utilities Company
(Senior Vice President)

St. Joe West Florida Contracting, Inc.
(Senior Vice President)

St. Joe-Southwood Properties, Inc.
(Senior Vice President)

St. Joe/Arvida Company, Inc.
(Senior Vice President)

Sunshine State Cypress, Inc.
(Senior Vice President)

Talisman Sugar Company
(Senior Vice President)

The Port St. Joe Marina, Inc.
(Senior Vice President)

Watercolor Vacation Rentals, Inc.
(Senior Vice President)

Watersound Vacation Rentals, Inc.
(Senior Vice President)

By: ___
Stephen W. Solomon, as its Manager or Senior
Vice President, as the case may be

ST. JOE CAPITAL I, INC.
By:___
David F. Childers, III
President

RESIDENTIAL COMMUNITY TITLE COMPANY
By:___
Christine M. Marx
Vice President

Address for Notices:
c/o The St. Joe Company
245 Riverside Avenue, Suite 500
Jacksonville, Florida 32202
Attn: Stephen W. Solomon
Telephone:
Telecopy:

(904) 301-4348
(904) 301-4201

Agreed and Acknowledged:

BANK OF AMERICA, N.A., as Agent

By:
Name:
Title:

ANNEX 1

ACCESSION AGREEMENT

THIS ACCESSION AGREEMENT dated as of ___, 200___, executed and delivered by ___, a ___(the "New Guarantor"), in favor of (a) BANK OF AMERICA, N.A., in its capacity as Agent (the "Agent") for the Lenders under that certain Credit Agreement dated as of July 28, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among The St. Joe Company (the "Borrower"), the financial institutions party thereto and their assignees under Section 12.5. thereof (the "Lenders"), the Agent, and the other parties thereto, and (b) the Lenders.

WHEREAS, pursuant to the Credit Agreement, the Agent and the Lenders have agreed to make available to the Borrower certain financial accommodations on the terms and conditions set forth in the Credit Agreement;

WHEREAS, the Borrower, the New Guarantor, and the existing Guarantors, though separate legal entities, are mutually dependent on each other in the conduct of their respective businesses as an integrated operation and have determined it to be in their mutual best interests to obtain financing from the Agent and the Lenders through their collective efforts;

WHEREAS, the New Guarantor acknowledges that it will receive direct and indirect benefits from the Agent and the Lenders making such financial accommodations available to the Borrower under the Credit Agreement and, accordingly, the New Guarantor is willing to guarantee the Borrower's obligations to the Agent and the Lenders on the terms and conditions contained herein; and

WHEREAS, the New Guarantor's execution and delivery of this Agreement is a condition to the Agent and the Lenders continuing to make such financial accommodations to the Borrower.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the New Guarantor, the New Guarantor agrees as follows:

Section 1. Accession to Guaranty. The New Guarantor hereby agrees that it is a "Guarantor" under that certain Guaranty dated as of July 28, 2006 (as amended, supplemented, restated or otherwise modified from time to time, the "Guaranty"), made by each Subsidiary of the Borrower a party thereto in favor of the Agent and the Lenders and assumes all obligations of a "Guarantor" thereunder and agrees to be bound thereby, all as if the New Guarantor had been an original signatory to the Guaranty. Without limiting the generality of the foregoing, the New Guarantor hereby:

(a) irrevocably and unconditionally guarantees the due and punctual payment and performance when due, whether at stated maturity, by acceleration or otherwise, of all Total Obligations (as defined in the Guaranty);

(b) makes to the Agent and the Lenders as of the date hereof each of the representations and warranties contained in Section 5 of the Guaranty and agrees to be bound by each of the covenants contained in Section 6 of the Guaranty; and

(c) consents and agrees to each provision set forth in the Guaranty.

SECTION 2. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

Section 3. Definitions. Capitalized terms used herein and not otherwise defined herein shall have their respective defined meanings given them in the Credit Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the New Guarantor has caused this Accession Agreement to be duly executed and delivered under seal by its duly authorized officers as of the date first written above.

[NEW GUARANTOR]

By:
Name:
Title:

Address for Notices:
c/o The St. Joe Company
245 Riverside Avenue, Suite 500
Jacksonville, Florida 32202
Attn: Stephen W. Solomon
Telephone:
Telecopy:

(904) 301-4348
(904) 301-4201

Accepted:

BANK OF AMERICA, N.A., as Agent

By:
Name:
Title:

EXHIBIT "C"

FORM OF NOTE

Promissory Note

\$100,000,000.00 July 28, 2006

FOR VALUE RECEIVED, The St. Joe Company, a Florida corporation ("Borrower"), hereby promises to pay to the order of Bank of America, N.A., a national banking association (together with any and all of its successors and assigns and/or any other holder of this Note, "Lender"), without offset, in immediately available funds in lawful money of the United States of America, at Post Office Box 31590, Mail Code FL1-400-06-10, Tampa, Florida 33631, the principal sum of One Hundred Million and 00/100 Dollars (\$100,000,000.00) (or the unpaid balance of all principal advanced against this Note, if that amount is less), together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

Section 1.1 Payment Schedule and Maturity Date. Prior to maturity, accrued and unpaid interest shall be due and payable as set forth in Section 2.2(b) of the Credit Agreement. The entire principal balance of this Note then unpaid, together with all accrued and unpaid interest and all other amounts payable hereunder and under the other Loan Documents (as hereinafter defined), shall be due and payable in full on the Termination Date (as defined in the Credit Agreement).

Section 1.2 Extension Option. Lender shall grant a request by Borrower to extend the Termination Date to July 31, 2007, upon and subject to the following terms and conditions:

(a) Basic Conditions. Unless otherwise agreed by Lender in writing:

(i) Borrower shall request the extension, if at all, by written notice to Lender not less than thirty (30) days prior to January 31, 2007.

(ii) At the time of the request, and at the time of the extension, there shall not exist any Event of Default, nor any condition or state of facts which after notice and/or lapse of time would constitute an Event of Default.

(iii) At the time of the extension, all requirements set forth in Section 2.7 of the Credit Agreement for extension of the Termination Date shall have been satisfied.

(iv) Whether or not the extension becomes effective, Borrower shall pay all out-of-pocket costs and expenses incurred by Lender in connection with the proposed extension (pre- and post-closing), including all reasonable attorneys' fees actually incurred by Lender; all such costs and expenses incurred up to the time of Lender's written agreement to the extension shall be due and payable prior to Lender's execution of that agreement (or if the proposed extension does not become effective, then upon demand by Lender), and any future failure to pay such amounts shall constitute a default under the Loan Documents.

Section 2 Loan Documents. This Note, the Credit Agreement of even date herewith between the Borrower, the Lender (as administrative agent) and Banc of America Securities LLC (as Sole Lead Arranger, as Sole Book Manager and as Sole Syndication Agent) (as the same may from time to time be amended, restated, modified or supplemented, the "Credit Agreement") and all other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note (the "Loan"), as the same may from time to time be amended, restated, modified or supplemented, are herein sometimes called individually a "Loan Document" and together the "Loan Documents." Capitalized terms not defined herein shall have the meaning given to them in the Credit Agreement.

Section 3.1 The Principal Debt from day to day outstanding which is not past due shall bear interest at a rate per annum equal to the Interest Rate following (computed as provided in Section 3.4 hereof) as applicable:

(a) On Base Rate Principal, on any day, the Base Rate; and

(b) On LIBOR Rate Principal, for the applicable Interest Period, the applicable LIBOR Rate.

Section 3.2 Interest Rate Elections.

(a) Subject to the conditions and limitations in this Note and in the Credit Agreement, Borrower may by written notice to Lender in the form specified by Agent (a "Rate Election Notice"):

(i) Elect, for a new advance of funds, that such Principal Debt will be Base Rate Principal, LIBOR Rate Principal or a combination thereof;

(ii) Elect to convert, on a LIBOR Business Day, all or part of Base Rate Principal into LIBOR Rate Principal;

(iii) Elect to convert, on the last day of the Interest Period applicable thereto, all or part of any LIBOR Rate Principal into Base Rate Principal; or

(iv) Elect to continue, commencing on the last day of the Interest Period applicable thereto, any LIBOR Rate Principal.

If, for any reason, an effective election is not made in accordance with the terms and conditions of this Note for any principal advance or for any LIBOR Rate Principal for which the corresponding Interest Period is expiring, or to convert Base Rate Principal to LIBOR Rate Principal, then the sums in question will be Base Rate Principal until an effective LIBOR Rate Election is thereafter made for such sums.

(b) Each Rate Election Notice must be received by Lender not later than 10:00 a.m. on the applicable date as follows:

(i) With respect to an advance of or conversion to Base Rate Principal, one (1) Business Day prior to the proposed date of advance or conversion; and

(ii) With respect to an advance of, conversion to or continuation of LIBOR Rate Principal, three (3) LIBOR Business Days prior to the proposed date of advance, conversion or continuation.

Unless otherwise specified herein, no conversion from LIBOR Rate Principal may be made other than at the end of the corresponding Interest Period. Each Rate Election Notice shall stipulate: (A) the amount of the advance or of the Principal Debt to be converted or continued; (B) the nature of the proposed advance, conversion or continuation, which shall be either Base Rate Principal, LIBOR Rate Principal or a combination thereof, and in the case of a conversion or continuation, the nature of the Principal Debt to be converted or continued; and (C) in the case of LIBOR Rate Principal, the proposed commencement date and duration of the Interest Period. All such notices shall be irrevocable once given, and shall be deemed to have been given only when actually received by Lender in writing in a form specified by Lender.

Section 3.3 General Conditions Precedent to LIBOR Rate Election. In addition to any other conditions herein, a LIBOR Rate Election shall not be permitted if:

(a) An Event of Default has occurred and has not been waived by Lender or a Potential Default has occurred and is continuing; or

(b) After giving effect to the requested LIBOR Rate Election, the sum of all LIBOR Rate Principal plus all Base Rate Principal would exceed the principal face amount of this Note; or

(c) The requested LIBOR Rate Election would cause more than four (4) LIBOR Rate Elections by Borrower to be in effect at any one time; or

(d) The amount of LIBOR Rate Principal requested in the LIBOR Rate Election is other than \$5,000,000.00 and integral multiples of \$1,000,000.00 in excess of that amount; or

(e) The requested interest period does not conform to the definition of Interest Period herein; or

(f) Any of the circumstances referred to in Section 3.5 hereof shall apply with respect to the requested LIBOR Rate Election or the requested LIBOR Rate Principal.

Section 3.4 Computations and Determinations. All interest shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Lender shall determine each interest rate applicable to the Principal Debt in accordance with this Note and its determination thereof shall be conclusive in the absence of manifest error. The books and records of Lender shall be conclusive evidence, in the absence of manifest error, of all sums owing to Lender from time to time under this Note, but the failure to record any such information shall not limit or affect the obligations of Borrower under the Loan Documents.

Section 3.5 Unavailability of Rate. If, with respect to any LIBOR Rate Election, or any LIBOR Rate Principal outstanding hereunder, Lender determines that no adequate basis exists for determining the LIBOR Rate or that the LIBOR Rate will not adequately and fairly reflect the cost to Lender of funding or maintaining the applicable LIBOR Rate Principal for such Interest Period, or that any applicable Law, or any request or directive (whether or not having the force of law) of any Tribunal, or compliance therewith by Lender, prohibits or restricts or makes impossible the making or maintaining of such LIBOR Rate Election or LIBOR Rate Principal or the charging of interest on such LIBOR Rate Principal, and Lender so notifies Borrower, then until Lender notifies Borrower that the circumstances giving rise to such suspension no longer exist, (a) the obligation of Lender to permit such LIBOR Rate Election shall be suspended and (b) all existing affected LIBOR Rate Principal shall automatically become Base Rate Principal, either (i) on the last day of the corresponding Interest Period (if Lender determines that it may lawfully continue to fund and maintain the affected LIBOR Rate Principal to such day); or (ii) immediately (if Lender determines that it may not lawfully continue to fund and maintain the affected LIBOR Rate Principal to such day) and in such case Borrower will not be obligated to pay any Consequential Loss imposed as a result thereof.

Section 3.6 Increased Cost and Reduced Return. If at any time after the date hereof, Lender (which shall include, for purposes of this Section 3.6, any corporation controlling Lender) determines that the adoption or modification of any applicable Law regarding taxation, Lender's required levels of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), or similar requirements, or any interpretation or administration thereof by any Tribunal or compliance by Lender with any of such requirements, has or would have the effect of (a) increasing Lender's costs related to the Indebtedness, or (b) reducing the yield or rate of return of Lender on the Indebtedness, to a level below that which Lender could have achieved but for the adoption or modification of any such requirements, Borrower shall, within fifteen (15) days of any request by Lender, pay to Lender such additional amounts as (in Lender's sole judgment, after good faith and reasonable computation) will compensate Lender for such increase in costs or reduction in yield or rate of return of Lender. No failure by Lender to immediately demand payment of any additional amounts payable hereunder shall constitute a waiver of Lender's right to demand payment of any such amounts at any subsequent time. Nothing herein contained shall be construed or shall so operate as to require Borrower to pay any interest, fees, costs or charges greater than is permitted by applicable Law.

Section 3.7 Past Due Rate. If any amount payable by Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), such amount shall thereafter bear interest at the Past Due Rate (as defined below) to the fullest extent permitted by applicable Law. Accrued and unpaid interest or past due amounts (including interest on past due interest) shall be due and payable on demand, at a fluctuating rate per annum (the "Past Due Rate") equal to the interest rate currently being charged under this Note, whether such rate is based on the Prime Rate or the Adjusted LIBOR Rate, plus four hundred (400) basis points.

Section 3.8 Additional Defined Terms. In addition to other terms defined herein, as used herein the following terms shall have the meanings indicated, unless the context otherwise requires:

“Adjusted LIBOR Rate” means the quotient obtained by dividing (a) the applicable London Interbank Offered Rate by (b) 1.00 minus the LIBOR Reserve Percentage.

“Applicable Margin” has the definition set forth in the Credit Agreement.

“Base Rate” means the per annum rate of interest equal to the greater of (a) the Prime Rate or (b) the Federal Funds Rate plus one-half of one percent (0.5%). Any change in the Base Rate resulting from a change in the Prime Rate or the Federal Funds Rate shall become effective as of 12:01 a.m. on the Business Day on which each such change occurs. The Base Rate is a reference rate used by the Lender acting as the Agent in determining interest rates on certain loans and is not intended to be the lowest rate of interest charged by the Lender acting as the Agent or any other Lender on any extension of credit to any debtor.

“Base Rate Margin” means the Applicable Margin (as defined herein).

“Base Rate Principal” means, at any time, the Principal Debt minus the portion, if any, of such Principal Debt which is LIBOR Rate Principal.

“Indebtedness” means any and all of the indebtedness to Lender evidenced, governed or secured by or arising under this Note or any other Loan Document.

“Interest Period” means with respect to any LIBOR Rate Principal, the period commencing on the date such LIBOR Rate Principal is disbursed or on the date on which the Principal Debt or any portion thereof is converted into or continued as such LIBOR Rate Principal, and ending on the date one (1), two (2) or three (3) months thereafter, as elected by Borrower in the applicable Rate Election Notice; provided that:

(i) Each Interest Period must commence on a LIBOR Business Day;

(ii) In the case of the continuation of LIBOR Rate Principal, the Interest Period applicable after the continuation of such LIBOR Rate Principal shall commence on the last day of the preceding Interest Period;

(iii) The last day for each Interest Period and the actual number of days during the Interest Period shall be determined by Lender using the practices of the London interbank market; and

(iv) No Interest Period shall extend beyond the Maturity Date, and any Interest Period which begins before the Maturity Date and would otherwise end after the Maturity Date shall instead end on the Maturity Date.

“Laws” means all constitutions, treaties, statutes, laws, ordinances, regulations, rules, orders, writs, injunctions, or decrees of the United States of America, any state or commonwealth, any municipality, any foreign country, any territory or possession, or any Tribunal.

“LIBOR Business Day” means a Business Day which is also a London Banking Day.

“LIBOR Margin” means the Applicable Margin (as defined herein).

“LIBOR Rate” means for any applicable Interest Period for any LIBOR Rate Principal, a simple rate per annum equal to the sum of the LIBOR Margin plus the Adjusted LIBOR Rate.

“LIBOR Rate Election” means an election by Borrower of an applicable LIBOR Rate in accordance with this Note.

“LIBOR Rate Principal” means any portion of the Principal Debt which bears interest at an applicable LIBOR Rate at the time in question.

“LIBOR Reserve Percentage” means, with respect to any applicable Interest Period, for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including basic, supplemental, emergency, special and marginal reserves) generally applicable to financial institutions regulated by the Federal Reserve Board comparable in size and type to Lender, in respect of “Eurocurrency liabilities” (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on LIBOR Rate Principal is determined), whether or not Lender has any Eurocurrency liabilities or such requirement otherwise in fact applies to Lender. The LIBOR Rate shall be adjusted automatically as of the effective date of each change in the LIBOR Reserve Percentage.

“London Banking Day” means a day on which banks in London are open for business and dealing in offshore dollars.

“London Interbank Offered Rate” and “LIBOR” each mean, with respect to any applicable Interest Period, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by Lender from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the Interest Period, for deposits in U.S. Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the rate for that Interest Period will be determined by such alternate method as reasonably selected by Lender.

“Note” means this promissory note, and any renewals, extensions, amendments or supplements hereof.

“Potential Default” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Prime Rate” means, on any day, the rate of interest per annum then most recently established by Lender as its “prime rate,” it being understood and agreed that such rate is set by Lender as a general reference rate of interest, taking into account such factors as Lender may deem appropriate, that it is not necessarily the lowest or best rate actually charged to any customer or a favored rate, that it may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that Lender may make various business or other loans at rates of interest having no relationship to such rate. If Lender (including any subsequent holder of this Note) ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“Principal Debt” means the aggregate unpaid principal balance of this Note at the time in question.

“Tribunal” means any state, commonwealth, federal, foreign, territorial or other court or governmental department, commission, board, bureau, district, authority, agency, central bank, or instrumentality, or any arbitration authority.

Section 4 Prepayment.

(a) Borrower may prepay the principal balance of this Note, in full at any time or in part from time to time, provided that: (i) Lender shall have actually received from Borrower prior irrevocable written notice (the “Prepayment Notice”) of Borrower’s intent to prepay, the amount of principal which will be prepaid (the “Prepaid Principal”), and the date on which the prepayment will be made; (ii) each prepayment shall be in the amount of \$5,000,000.00 or a larger integral multiple of \$1,000,000.00 (unless the prepayment retires the outstanding balance of this Note in full); and (iii) each prepayment shall be in the amount of 100% of the Prepaid Principal, plus accrued unpaid interest thereon to the date of prepayment, plus any other sums which have become due to Lender under the Loan Documents on or before the date of prepayment but have not been paid; and (v) no portion of LIBOR Rate Principal may be prepaid except on the last day of the Interest Period applicable thereto, unless (X) the prior written consent of Lender is obtained which consent, if given, shall provide, without limitation, the manner and order in which the prepayment is to be applied to the Indebtedness, or (Y) Borrower pays to Lender any Consequential Loss as a result thereof, in accordance with Section 4(b) below. If this Note is prepaid in full, any commitment of Lender for further advances shall automatically terminate.

(b) Within fifteen (15) days after request by Lender (or at the time of any prepayment), Borrower shall pay to Lender such amount or amounts as will compensate Lender for any loss, cost, expense, penalty, claim or liability, including any loss incurred in obtaining, prepaying, liquidating or employing deposits or other funds from third parties and any loss of revenue, profit or yield, as determined by Lender in its judgment reasonably exercised (together, “Consequential Loss”) incurred by Lender with respect to any LIBOR Rate, including any LIBOR Rate Election or LIBOR Rate Principal as a result of: (i) the failure of Borrower to make any payment on the date or in the amount specified in any Prepayment Notice from Borrower to Lender; (ii) the failure of Borrower to borrow, continue or convert into LIBOR Rate Principal on the date or in the amount specified in any Rate Election Notice or other notice given by Borrower to Lender; (iii) the early termination of any Interest Period for any reason; or (iv) the payment or prepayment of any amount on a date other than the date such amount is required or permitted to be paid or prepaid. Borrower agrees to pay all Consequential Loss upon any prepayment of LIBOR Rate Principal, whether voluntary or involuntary, whether effected by a credit bid at foreclosure, or whether by reason of acceleration upon an Event of Default. Notwithstanding the foregoing, the amount of the Consequential Loss shall never be less than zero or greater than is permitted by applicable Law. Lender shall provide a notice to Borrower setting forth Lender’s determination of any Consequential Loss, which notice shall be conclusive and binding in the absence of manifest error. Lender reserves the right to provide interim calculations of such Consequential Loss in any notice of default or notice of sale for information purposes, but the exact amount of such Consequential Loss shall be calculated only upon the actual prepayment of LIBOR Rate Principal as described herein. Lender shall have no obligation to purchase, sell and/or match funds in connection with the funding or maintaining of the Loan or any portion thereof. The obligations of Borrower under this Section shall survive any termination of the Loan Documents and payment of this Note and shall not be waived by any delay by Lender in seeking such compensation.

Section 5 Late Charges. If Borrower shall fail to make any payment under the terms of this Note (other than the payment due at maturity and other than a prepayment described in any Prepayment Notice) within fifteen (15) days after the date such payment is due, Borrower shall pay to Lender on demand a late charge equal to four percent (4%) of the amount of such payment. Such fifteen (15) day period shall not be construed as in any way extending the due date of any payment. The late charge is imposed for the purpose of defraying the expenses of Lender incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other amount that Lender may be entitled to receive or action that Lender may be authorized to take as a result of such late payment.

Section 6 Certain Provisions Regarding Payments. All payments made under this Note shall be applied as set forth in Section 3.1 of the Credit Agreement. Remittances shall be made without offset, demand, counterclaim, deduction, or recoupment (each of which is hereby waived) and shall be accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only, notwithstanding any notation on or accompanying such partial payment to the contrary, and shall not in any way (a) waive or excuse the existence of an Event of Default (as hereinafter defined), (b) waive, impair or extinguish any right or remedy available to Lender hereunder or under the other Loan Documents, or (c) waive the requirement of punctual payment and performance or constitute a novation in any respect. Payments received after 2:00 p.m. shall be deemed to be received on, and shall be posted as of, the following Business Day. Whenever any payment under this Note or any other Loan Document falls due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day.

Section 7 Events of Default. The occurrence of any one or more of the following shall constitute an “Event of Default” under this Note:

- (a) Borrower fails to pay when due (whether upon demand, at maturity, by reason of acceleration or otherwise) the principal due under the terms of this Note.
- (b) Borrower fails to pay when due any interest on this Note and such failure continues for a period of 3 Business Days.
- (c) Any covenant, agreement or condition in this Note is not fully and timely performed, observed or kept, subject to any applicable grace or cure period.
- (d) An Event of Default (as therein defined) occurs under the Credit Agreement or any other Loan Document (subject to any applicable grace or cure period).

Section 8 Remedies. Upon the occurrence of an Event of Default, Lender may at any time thereafter exercise any one or more of the following rights, powers and remedies:

- (a) Lender may, subject to the provisions of the Credit Agreement, accelerate the Termination Date and declare the unpaid principal balance and accrued but unpaid interest on this Note, and all other amounts payable hereunder and under the other Loan Documents, at once due and payable, and upon such declaration the same shall at once be due and payable.
- (b) Lender may set off the amount due against any and all accounts, credits, money, securities or other property now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, without notice to or the consent of Borrower.
- (c) Lender may exercise any of its other rights, powers and remedies under the Loan Documents or at law or in equity.

Section 9 Remedies Cumulative. All of the rights and remedies of Lender under this Note and the other Loan Documents are cumulative of each other and of any and all other rights at law or in equity, and the exercise by Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by Lender of any or all such other rights and remedies. No single or partial exercise of any right or remedy shall exhaust it or preclude any other or further exercise thereof, and every right and remedy may be exercised at any time and from time to time. No failure by Lender to exercise, nor delay in exercising, any right or remedy shall operate as a waiver of such right or remedy or as a waiver of any Event of Default.

Section 10 Costs and Expenses of Enforcement. Borrower agrees to pay to Lender on demand all costs and expenses incurred by Lender in seeking to collect this Note or to enforce any of Lender’s rights and remedies under the Loan Documents, including court costs and reasonable attorneys’ fees and expenses, whether or not suit is filed hereon, or whether in connection with bankruptcy, insolvency or appeal.

Section 11 Service of Process. Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to Borrower and (b) serving a copy thereof upon Stephen W. Solomon, c/o The St. Joe Company, 245 Riverside Avenue, Suite 500, Jacksonville, Florida 32202, the agent hereby designated and appointed by Borrower as Borrower’s agent for service of process. Borrower irrevocably agrees that such service shall be deemed to be service of process upon Borrower in any such suit, action, or proceeding. Nothing in this Note shall affect the right of Lender to serve process in any manner otherwise permitted by law and nothing in this Note will limit the right of Lender otherwise to bring proceedings against Borrower in the courts of any jurisdiction or jurisdictions, subject to any provision or agreement for arbitration or dispute resolution set forth in the Loan Agreement.

Section 12 Heirs, Successors and Assigns. The terms of this Note and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents.

Section 13 General Provisions. Time is of the essence with respect to Borrower’s obligations under this Note. If more than one person or entity executes this Note as Borrower, all of said parties shall be jointly and severally liable for payment of the indebtedness evidenced hereby. Borrower and each party executing this Note as Borrower hereby severally (a) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (b) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (c) agree that Lender shall not be required first to institute suit or exhaust its remedies hereon against Borrower or others liable or to become liable hereon or to perfect or enforce its rights against them or any security herefor; (d) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (e) submit (and waive all rights to object) to non-exclusive personal jurisdiction of any state or federal court sitting in the state and county in which payment of this Note is to be made for the enforcement of any and all obligations under this Note and the other Loan Documents; (f) waive the benefit of all homestead and similar exemptions as to this Note; (g) agree that their liability under this Note shall not be affected or impaired by any determination that any title, security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (h) hereby subordinate to the Loan and the Loan Documents any and all rights against Borrower and any security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect

the enforceability or validity of such provision as it may apply to other persons or circumstances. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. This Note and its validity, enforcement and interpretation shall be governed by the laws of the state in which payment of this Note is to be made (without regard to any principles of conflicts of laws) and applicable United States federal law. Whenever a time of day is referred to herein, unless otherwise specified such time shall be the local time of the place where payment of this Note is to be made. The term "Business Day" shall mean a day on which Lender is open for the conduct of substantially all of its banking business at its office in the city in which this Note is payable (excluding Saturdays and Sundays). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Loan Agreement. The words "include" and "including" shall be interpreted as if followed by the words "without limitation."

Section 14 Notices. All notices, requests, consents, approvals or demands (collectively, "Notice") required or permitted by this Note to be given by any party to any other party hereunder shall, unless specified otherwise, be in writing (including facsimile (fax) transmission) and shall be given to such party at its address or fax number set forth in the notice provisions of the Credit Agreement, or at such other address or fax number as such party may hereafter specify for the purpose by Notice to the other party. Each such Notice shall be effective when actually received by the addressee or when the attempted initial delivery is refused or when it cannot be made because of a change of address of which the sending party has not been notified; provided, that notices to Lender under Sections 3.1 through 3.8 hereof, inclusive, and notices of changed address or fax number, shall not be effective until received.

Section 15 No Usury. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Lender's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note and all other indebtedness secured by the Mortgage, and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan (the "Maximum Rate") for so long as the Loan is outstanding. The Lender may, in determining the Maximum Rate, take advantage of: (i) the rate of interest permitted by Florida Statutes, Chapter 658, by reason of both Section 687.12 Florida Statutes ("Interest rates; parity among licensed lenders or creditors") and 12 United States Code, Sections 85 and 86, and (ii) any other law, rule, or regulation on effect from time to time, available to Lender which exempts Lender from any limit upon the rate of interest it may charge or grants to Lender the right to charge a higher rate of interest than that allowed by Florida Statutes, Chapter 687.

THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, Borrower has duly executed this Note under seal as of the date first above written.

Borrower:

THE ST. JOE COMPANY, a Florida corporation

By: [SEAL]

Name:

Title:

All Florida documentary stamp taxes, if any, due on this Note have been paid directly to the Florida Department of Revenue.

EXHIBIT "D"

FORM OF OPINION OF COUNSEL

[LETTERHEAD OF COUNSEL TO THE LOAN PARTIES]

July 28, 2006

Bank of America, N.A.
50 N. Laura St., 17th Floor
Jacksonville, FL 32202
Attn: Denise M. Bell

The Lenders party to the Credit Agreement referred to below

Ladies and Gentlemen:

We have acted as counsel to The St. Joe Company, a corporation formed under the laws of the State of Florida (the "Borrower") in connection with the negotiation, execution and delivery of that certain Credit Agreement dated as of July 28, 2006 (the "Credit Agreement"), by and among the Borrower, the financial institutions party thereto and their assignees under Section 12.5. thereof (the "Lenders"), Bank of America, N.A., as Agent (the "Agent"), and the other parties thereto. We have also acted as counsel to each of the Guarantors listed on Schedule 1 attached hereto (the "Guarantors"; together with the Borrower, the "Loan Parties"), in connection with the Guaranty and the other Credit Documents identified below to which they are party. Capitalized terms not otherwise defined herein have the respective meaning given them in the Credit Agreement.

In these capacities, we have reviewed executed copies of the following:

- (a) the Credit Agreement;
- (b) the Notes;
- (c) the Guaranty; and
- (d) [list other applicable Credit Documents].

The documents and instruments set forth in items (a) through (d) above are referred to herein as the "Credit Documents".

In addition to the foregoing, we have reviewed the [articles or certificate of incorporation, by-laws, declaration of trust, partnership agreement and limited liability company operating agreement, as applicable,] of each Loan Party and certain resolutions of the board of trustees or directors, as applicable, of each Loan Party (collectively, the "Organizational Documents") and have also examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, and other instruments, and made such other investigations of law and fact, as we have deemed necessary or advisable for the purposes of rendering this opinion. In our examination of documents, we assumed the genuineness of all signatures on documents presented to us as originals (other than the signatures of officers of the Loan Parties) and the conformity to originals of documents presented to us as conformed or reproduced copies.

Based upon the foregoing, and subject to all of the qualifications and assumptions set forth herein, we are of the opinion that:

1. The Borrower is a corporation, duly organized, validly existing and in good standing under the laws of the State of Florida, and has the power to execute and deliver, and to perform its obligations under, the Credit Documents to which it is a party, to own and use its assets, and to conduct its business as presently conducted. The Borrower is qualified to transact business as a foreign ___in the following jurisdictions: ___.

2. Each Guarantor is a [corporation, trust, partnership or limited liability company, as applicable,] duly organized or formed, validly existing and in good standing under the laws of the State of its organization or formation and has the power to execute and deliver, and to perform its obligations under, the Credit Documents to which it is a party, to own and use its assets, and to conduct its business as presently conducted. Each Guarantor is qualified to transact business as a foreign [corporation, trust, partnership or limited liability company, as applicable,] in the indicated jurisdictions set forth on Schedule I attached hereto.

3. Each Loan Party has duly authorized the execution and delivery of the Credit Documents to which it is a party and the performance by such Loan Party of all of its obligations under each such Credit Document.

4. Each Loan Party has duly executed and delivered the Credit Documents to which it is a party.

5. Each Credit Document is a valid and binding obligation of each Loan Party which is a party thereto, enforceable against each such Loan Party in accordance with its terms, except as such enforceability may be limited by: (a) applicable bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws relating to or affecting the enforcement of creditors' rights generally and (b) the fact that equitable remedies or relief (including, but not limited to, the remedy of specific performance) are subject to the discretion of the court before which any such remedies or relief may be sought.

6. The execution and delivery by each Loan Party of the Credit Documents to which it is a party do not, and if each Loan Party were now to perform its obligations under such Credit Documents, such performance would not, result in any:

- (a) violation of such Loan Party's Organizational Documents;
- (b) violation of any existing federal or state constitution, statute, regulation, rule, order, or law to which such Loan Party or its assets are subject;

(c) breach or violation of or default under, any agreement, instrument, indenture or other document evidencing any indebtedness for money borrowed or any other material agreement to which, to our knowledge, such Loan Party is bound or under which a Loan Party or its assets is subject;

(d) creation or imposition of a lien or security interest in, on or against the assets of such Loan Party under any agreement, instrument, indenture or other document evidencing any indebtedness for money borrowed or any other material agreement to which, to our knowledge, such Loan Party is bound or under which a Loan Party or its assets is subject; or

(e) violation of any judicial or administrative decree, writ, judgment or order to which, to our knowledge, such Loan Party or its assets are subject.

7. The execution, delivery and performance by each Loan Party of each Credit Document to which it is a party, and the consummation of the transactions thereunder, do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority of the United States of America or the States of Florida, ___or ___.

8. To our knowledge, there are no judgments outstanding against any of the Loan Parties or affecting any of their respective assets, nor is there any litigation or other proceeding against any of the Loan Parties or its assets pending or overtly threatened, could reasonably be expected to have a materially adverse effect on (a) the business, assets, liabilities, condition (financial or otherwise), results of operations or business prospects of the Borrower or any other Loan Party or (b) the validity or enforceability of any of the Credit Documents.

9. None of the Loan Parties is, or, after giving effect to any Loan will be, subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act or the Investment Company Act of 1940 or to any federal or state statute or regulation limiting its ability to incur indebtedness for borrowed money.

10. No transfer, mortgage, intangible, documentary stamp or similar taxes are payable by the Agent or the Lenders to the States of Florida or ___or any political subdivision thereof in connection with (a) the execution and delivery of the Credit Documents or (b) the creation of the Indebtedness and the other Obligations evidenced by any of the Credit Documents.

11. Assuming that Borrower applies the proceeds of the Loan as provided in the Credit Agreement, the transactions contemplated by the Credit Documents do not violate the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System of the United States of America.

12. The consideration to be paid to the Agent and the Lenders for the financial accommodations to be provided to the Loan Parties pursuant to the Credit Agreement does not violate any law of the States of Florida or ___relating to interest and usury.

This opinion is limited to the laws of the States of Florida, ___and ___ and the federal laws of the United States of America, and we express no opinions with respect to the law of any other jurisdiction.

[Other Customary Qualifications/Assumptions/Limitations]

This opinion is furnished to you solely for your benefit in connection with the consummation of the transactions contemplated by the Credit Agreement and may not be relied upon by any other Person, other than an Assignee of a Lender, or for any other purpose without our express, prior written consent.

Very truly yours,

[NAME OF LAW FIRM]

By:

A Partner

SCHEDULE 1

Guarantors

Name	Jurisdiction of Formation	Jurisdictions of Foreign Qualification
_____	_____	_____

S.CONT
EXHIBIT "E"

FORM OF COMPLIANCE CERTIFICATE

_____, 200_

Jacksonville, FL 32202
Attn: Denise M. Bell

Each of the Lenders Party to the Credit Agreement referred to below

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement dated as of July 28, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among The St. Joe Company (the "Borrower"), the financial institutions party thereto and their assignees under Section 12.5. thereof (the "Lenders"), Bank of America, N.A., as Agent (the "Agent") and the other parties thereto. Capitalized terms used herein, and not otherwise defined herein, have their respective meanings given them in the Credit Agreement.

Pursuant to Section 8.3. of the Credit Agreement, the undersigned hereby certifies to the Agent and the Lenders as follows:

(1) The undersigned is the ___ of the Borrower.

(2) The undersigned has examined the books and records of the Borrower and has conducted such other examinations and investigations as are reasonably necessary to provide this Compliance Certificate.

(3) No Default or Event of Default exists *[if such is not the case, specify such Default or Event of Default and its nature, when it occurred and whether it is continuing and the steps being taken by the Borrower with respect to such event, condition or failure]*.

(4) The representations and warranties made or deemed made by the Borrower and the other Loan Parties in the Credit Documents to which any is a party, are true and correct in all material respects on and as of the date hereof except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and correct on and as of such earlier date) and except for changes in factual circumstances not prohibited under the Credit Documents.

(5) Attached hereto as Schedule 1 are reasonably detailed calculations establishing whether or not the Borrower and its Subsidiaries were in compliance with the covenants contained in Sections 9.1. and ___ of the Credit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first above written.

Name:
Title:

SCHEDULE 1

[Calculations to be Attached]

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of July 27, 2006 (the "Effective Date"), by and between ___(the "Executive") and **The St. Joe Company**, a Florida corporation (the "Company").

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued service and dedication of the Executive; and

WHEREAS, the Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by concerns that his/her employment may be terminated without Cause or by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control; and

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's executive management, including the Executive, to their assigned duties with the Company, without distraction in the face of potentially disruptive circumstances arising from the possibility of a Change in Control;

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.

"Annual Bonus" has the meaning given such term in Section 4.2.

"Bonus Amount" means the targeted Annual Bonus for the Fiscal Period pursuant to the Bonus Plan.

"Cause" means, when used with respect to the termination of the employment of the Executive by the Company, termination due to (a) the Executive's continued failure to substantially perform the Executive's employment duties (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) which are demonstrably willful and deliberate on the Executive's part and which are not remedied in a reasonable period of time after receipt of written notice from the Company; or (b) the willful engaging by the Executive in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company. No act or failure to act on the part of the Executive shall be considered "willful" if done, or omitted to be done, by the Executive in good faith or with reasonable belief that the Executive's action or omission was in the best interests of the Company.

"Change of Control" means the occurrence of any of the following events:

(a) The acquisition (whether by tender offer, exchange offer or other business combination or by the purchase of shares or other securities (including from the Company), and whether in a single transaction or multiple transactions), by any Person or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either the Company's then outstanding Common Stock or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"); provided, however, that any acquisition by (i) the Company or its subsidiaries or (ii) any employee benefit plan (or related trust) of the Company or its subsidiaries or (iii) any corporation with respect to which, following such acquisition, more than 50% of, respectively, such corporation's then outstanding common stock and the voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the beneficial owners of either the Company's outstanding Common Stock or the Company Voting Securities immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the Company's outstanding Common Stock or the Company Voting Securities, as the case may be, shall not constitute a Change of Control; or

(b) Individuals who, as of July 1, 2006, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided that any individual becoming a director subsequent to July 1, 2006 who is elected by the Company's shareholders or was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Board (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(c) The Company consummates (x) a reorganization, merger, consolidation or other business combination, in each case with respect to which all or substantially all of the Persons who were the respective beneficial owners of the Company's then outstanding Common Stock and the Company Voting Securities immediately prior to such reorganization, merger, consolidation or business combination do not, following such reorganization, merger, consolidation or business combination,

beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger, consolidation or business combination, or (y) a complete liquidation or dissolution of the Company, or (z) the sale or other disposition of all or substantially all of the assets of the Company in one transaction or series of related transactions.

(d) Anything in this Agreement to the contrary notwithstanding, if an event that would, but for this paragraph, constitute a Change of Control results from or arises out of a purchase or other acquisition of the Company, directly or indirectly, by a Person in which the Executive has a direct or indirect equity interest, such event shall not constitute a Change of Control; provided, however, that the limitation contained in this sentence shall not apply to any direct or indirect equity interest in a Person (1) which equity interest is part of a class of equity interests which are publicly traded on any national securities exchange or other market system, (2) received by the Executive, without the Executive's explicit concurrence or consent, as a result of a purchase or other acquisition of the Company by such corporation or other entity, or (3) received by the Executive, without the Executive's explicit concurrence or consent, in connection with a purchase or other acquisition of the Company by such Person in respect of any stock options or performance awards granted to the Executive by the Company.

"Change of Control Period" means the two year period following a Change of Control; provided that for purposes of this Agreement there can be no more than one Change of Control Period.

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

"Date of Termination" means the date of the Executive's death, the Disability Effective Date, or the date on which the termination of the Executive's employment by the Company for Cause or without Cause or by the Executive for Good Reason or without Good Reason is effective, as the case may be.

"Disability" means that the Executive has been unable, for the period specified in the Company's disability plan for senior executives, but not less than a period of 180 consecutive business days, to perform the Executive's duties under this Agreement, as a result of physical or mental illness or injury.

"Disability Effective Date" has the meaning given such term in Section 5.1.

"Employment Period" means the period commencing on the date hereof and ending on the first anniversary of such date; provided, however, that commencing on the date that is six months after the date hereof and on each annual anniversary of such date (such date and each annual anniversary thereof is hereinafter referred to as the "Renewal Date"), the Employment Period shall be automatically extended without any action required of either party to this Agreement so as to terminate one year from such Renewal Date, unless at least 30 days prior to the applicable Renewal Date, either party gives written notice to the other that it wishes not to extend the Employment Period (the "Non-Renewal Notice") in which event the Employment Period will expire one year from the date of the Non-Renewal Notice. The expiration of the Employment Period resulting from the delivery of a Non-Renewal Notice will not be deemed a termination of the Executive's employment without Cause. Notwithstanding the foregoing, unless the Employment Period has already terminated, the Employment Period shall be automatically extended upon a Change of Control so as to terminate 18 months from the date of the Change of Control.

"Fiscal Period" shall mean either (i) a full calendar year or (ii) the period from January 1 through the Date of Termination, the date of a Change of Control or other applicable measurement date that is less than a calendar year.

"Good Reason" means the Executive's termination of the Executive's employment for any one or more of the following reasons without the Executive's express written consent: (a) a significant diminution in the Executive's position, authority, comparable duties or responsibilities, excluding for these purposes (i) an isolated, insubstantial or inadvertent action not taken in bad faith that is remedied by the Company promptly after receipt of notice thereof given by the Executive, (ii) a change in the person to whom (but not the position to which) the Executive reports, or (iii) the Executive ceasing to be an executive officer subject to Section 16(b) of the Exchange Act; (b) any failure by the Company to comply with any of the provisions of Section 4 of this Agreement (including during a Change of Control Period only (i) adopting a bonus plan that does not have substantially similar terms and payments for comparable performance, and (ii) providing Welfare Benefit Plans, Vacation and Fringe Benefits and Perquisites that are in the aggregate less favorable to the Executive than those in effect 90 days before the Change of Control) other than an isolated, insubstantial or inadvertent failure not occurring in bad faith that is remedied by the Company promptly after receipt of notice thereof given by the Executive; (c) the Company's requiring the Executive to be based at any office or location more than 50 miles from the location where the Executive was employed on the date hereof and in no event shall the Executive be required to travel outside such location more often than 150 days in any calendar year; (d) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or (e) any failure by the Company to comply with and satisfy Section 9.3 of this Agreement.

"Notice of Termination" shall mean a Notice of Termination for Cause under Section 5.2, Notice of Termination without Good Reason under Section 5.3, or a Notice of Termination for Good Reason under Section 5.4.

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

2. Term of Employment

Subject to the terms and provisions set forth in this Agreement, the Company shall continue to employ the Executive, and the Executive agrees to remain in the employ of the Company, for the Employment Period, unless either party terminates the Executive's employment pursuant to the terms of this Agreement.

3. Position and Duties

3.1 Positions and Duties. During the Employment Period, the Executive shall be employed and shall serve as a senior corporate officer with such duties and responsibilities as are customarily assigned to an officer with the title(s) held by Executive as set forth on the signature page hereof.

3.2 Best Efforts. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote substantially all his/her attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive under this Agreement, use the Executive's reasonable best efforts to carry out such responsibilities faithfully and efficiently. It shall not be considered a violation of the foregoing for the Executive to (A) serve on up to two corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an Executive of the Company in accordance with this Agreement.

4. Compensation and Other Benefits

The Executive's compensation during the Employment Period shall be determined by the Board upon recommendation of the committee of the Board having responsibility for approving the compensation of senior executives, subject to the provisions below:

4.1 Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Base Salary") not less than the Executive's base salary in effect on the date hereof. The Base Salary shall be payable in accordance with the Company's regular payroll practices for its senior executives, as in effect from time to time. During the Employment Period, the Executive's Base Salary will be reviewed at least annually by the Compensation Committee of the Board (the "Committee"), and the Committee may, in its sole discretion, increase the Base Salary. Any increase in the Base Salary shall not limit or reduce any other obligation of the Company under this Agreement. The term "Base Salary" shall thereafter refer to the Base Salary as so increased.

4.2 Annual Bonus. With respect to each year during the Employment Period, the Executive shall be designated as a participant in the Company's Annual Incentive Plan or any similar bonus plan for senior executives (the "Bonus Plan"), which provides for bonus payments to the Executive, and subject to meeting the criteria of the Bonus Plan established by the Board in its discretion, shall receive the bonus award provided for therein (the "Annual Bonus"). Each such Annual Bonus shall be paid not later than the 15th day of the third month of the year following the Fiscal Period for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

4.3 Incentive, Retirement, and Savings Plans. During the Employment Period, the Executive shall participate in all incentive, pension, retirement, supplemental retirement, savings, stock option, restricted stock and other stock grant and equity compensation plans, as well as all other employee benefit plans and programs, which are made available from time to time by the Company for the benefit of similarly situated senior executives of the Company.

4.4 Welfare Benefit Plans. During the Employment Period, the Executive and his/her spouse and other eligible dependents shall participate in, and be covered by, all of the health and other welfare benefit plans, practices, policies and programs that are made available from time to time by the Company for the benefit of senior executives and/or other Executives of the Company (collectively the "Welfare Benefit Plans").

4.5 Expense Reimbursement. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses, including reasonable business travel expenses, incurred by the Executive in performing the Executive's duties and responsibilities under this Agreement in accordance with the policies, programs, procedures and practices of the Company as in effect at the time the expense was incurred, as the same may be changed from time to time.

4.6 Vacation and Fringe Benefits. During the Employment Period, the Executive shall be entitled to vacation days each Fiscal Period at such times which do not materially interfere with the performance of the Executive's duties and responsibilities under this Agreement in accordance with the vacation policy of the Company. In addition, during the Employment Period, the Executive shall be eligible to benefit from such fringe benefits, in accordance with the policies, programs, procedures and practices of the Company, as may be in effect and provided from time to time to senior executives and/or other Executives of the Company (collectively the "Vacation and Fringe Benefits").

4.7 Perquisites. During the Employment Period the Company will also (a) pay for the Executive to have an annual physical examination, (b) [for Executive Officers] pay up to \$10,000 per year for financial planning expenses, all of the above in accordance with the Company's current policy (collectively the "Perquisites").

5. Termination of Employment

5.1 Death or Disability. The Executive's employment, and the Employment Period, shall terminate automatically upon the Executive's death. The Company shall be entitled to terminate the Executive's employment because of the Executive's Disability during the Employment Period. A termination of the Executive's employment by the Company for Disability shall be

communicated to the Executive by written notice, and shall be effective on the 30th day after receipt of such notice by the Executive (“Disability Effective Date”) at which time the Employment Period shall end, unless the Executive returns to full-time performance of the Executive’s duties before the Disability Effective Date.

5.2 Termination by the Company. The Company may terminate the Executive’s employment hereunder for Cause or without Cause at any time during the Employment Period at which time the Employment Period shall end. The Company shall give the Executive written notice of its intention to terminate the Executive’s employment and the effective date of Executive’s termination of employment, and for terminations for Cause the notice shall set forth in reasonable detail the specific conduct of the Executive that it considers to constitute Cause and the specific provisions of this Agreement on which it relies (the “Notice of Termination for Cause”).

5.3 Termination by Executive. The Executive may terminate his/her employment hereunder without the Company’s approval at any time during the Employment Period without Good Reason upon not less than 60 nor more than 90 days advance written notice to the Company stating the date on which the Employment Period shall end (the “Notice of Termination without Good Reason”). A termination of the Executive’s employment by the Executive without Good Reason shall be effected by giving the Company written notice of the termination and setting forth the date of such termination. Notwithstanding the foregoing, the Company may elect to have any such termination become effective immediately or at such other date, not later than the date specified in the Notice of Termination without Good Reason, as the Company may determine; however, it will continue the Executive’s Base Salary, Welfare Benefit Plans, Vacation and Fringe Benefits, and Perquisites through the date specified by the Executive for their termination in such Notice unless the Company terminates the Executive’s employment pursuant to this Agreement prior to such date.

5.4 Termination by Executive for Good Reason. The Executive may terminate his/her employment hereunder for Good Reason by giving the Company written notice (“Notice of Termination for Good Reason”) of the termination, setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason and the specific provision(s) of this Agreement on which the Executive relies. The failure by the Executive to set forth in the Notice of Termination for Good Reason any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of the Executive hereunder or preclude the Executive from asserting such fact or circumstance in enforcing the Executive’s rights hereunder.

6. Obligations of the Company upon Termination of Employment

6.1 Termination upon Death or Disability. If an Executive’s employment is terminated by death or the Company terminates the Executive’s employment for Disability the Company shall:

(a) pay to the Executive (or in the event of termination of employment by reason of the Executive’s death, the Executive’s legal representative or the Executive’s estate if no representative has been appointed) in a lump sum in cash, within 30 days after the Date of Termination, or as otherwise provided in this Section 6.1, any portion of the Executive’s Base Salary through the Date of Termination that has not been paid plus any earned but unpaid Annual Bonus, deferred compensation or other payments due the Executive;

(b) if approved by the Compensation Committee, in their sole discretion, pay to the Executive a pro rata portion of any Annual Bonus the Executive would have earned in that Fiscal Period (based on the days covered by the Bonus Plan in that Fiscal Period divided by the number of days in that Fiscal Period) as if he/she had been employed for the full Fiscal Period, payable at the same time the Company pays other executives bonuses for that Fiscal Period; and

(c) make available to the Executive (or the Executive’s eligible dependents) any rights to continued health and welfare benefits provided by law (i.e., COBRA) or payable to the Executive under the terms of the Welfare Benefit Plans in effect immediately prior to the Executive’s death or Disability.

Anything in this Agreement to the contrary notwithstanding, if the Executive’s death or Disability occurs during the Change of Control Period, the Executive or Executive’s family shall be entitled to receive benefits at least equal to the most favorable benefits provided by the Company and any of its Affiliates to disabled executives or the surviving families of peer executives of the Company and such Affiliates under such plans, programs, practices and policies relating to family disability or death benefits, if any, as in effect with respect to other peer executives and their families at any time during the 90-day period immediately preceding the Change of Control or, if more favorable to the Executive and/or the Executive’s family, as in effect on the date of the Executive’s death or Disability with respect to other peer executives of the Company and its Affiliates and their families.

6.2 Termination by the Executive other than for Good Reason. If the Executive voluntarily terminates employment during the Employment Period, other than for Good Reason, the Company shall pay to the Executive any portion of the Executive’s Base Salary through the Date of Termination that has not been paid, plus any other amounts due the Executive under this Agreement within 30 days and the Executive shall have any rights to continued health and welfare benefits provided by law (i.e., COBRA) or payable to the Executive under the terms of the Welfare Benefit Plans in effect immediately prior to the Date of Termination. If the Executive voluntarily terminates employment during the Employment Period, other than for Good Reason, then the Executive shall not be entitled to any Annual Bonus for the Fiscal Period that includes the Executive’s Date of Termination.

6.3 Termination by the Company for Cause. If the Executive’s employment is terminated by the Company for Cause during the Employment Period, the Company shall pay to the Executive any portion of the Executive’s Base Salary through the Date of Termination that has not been paid, plus any other amounts due the Executive under this Agreement within 30 days and the Executive shall have any rights to continued health and welfare benefits provided by law (i.e., COBRA) or payable to the Executive under the terms of such plans and programs as in effect immediately prior to the Notice of Termination. If the Executive is

terminated for Cause during the Employment Period, then the Executive shall not be entitled to any Annual Bonus for the Fiscal Period that includes the date of the Notice of Termination for Cause.

6.4 Termination by the Company other than for Cause or Due to Death or Disability or by the Executive for Good Reason. If the Executive's employment is terminated (i) by the Company other than for Cause or due to death or Disability or (ii) by the Executive for Good Reason, in either case during the Employment Period and not during a Change of Control Period, the Company shall:

(a) pay to the Executive, in a lump sum within 30 days of the Date of Termination, an amount equal to 1.5 times the sum of the Executive's Base Salary plus the Bonus Amount;

(b) pay to the Executive a pro rata portion of the Annual Bonus the Executive would have earned in that Fiscal Period (based on the days covered by the Bonus Plan divided by the number of days in that Fiscal Period) as if he/she had been employed for the full Fiscal Period payable at the same time the Company pays other executive bonuses for that Fiscal Period;

(c) pay the Company's portion of 18 months of health and welfare (COBRA) benefits that provide the Executive with coverage comparable to other executives that are employed by the Company during that time; and

(d) upon the Executive's providing appropriate documentation, pay up to \$20,000 as reimbursement for outplacement services provided the Executive provides proper documentation supporting expenditures for this purpose within 18 months of the Date of Termination.

6.5 Termination following a Change of Control. If (a) contemporaneously with or during the Change of Control Period, the Executive's employment is terminated (i) by the Company or a successor entity other than for Cause or (ii) by the Executive for Good Reason or (b) if the Executive's employment with the Company is terminated or the Executive ceases to be an officer of the Company prior to the date on which a Change of Control occurs and it is reasonably demonstrated that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control or (ii) otherwise arose in connection with or in anticipation of the Change of Control, the Company shall:

(a) pay to the Executive, in a lump sum on the six month anniversary of the Date of Termination, an amount equal to two times the sum of the Base Salary and the Bonus Amount;

(b) pay to the Executive a pro rata portion of the Annual Bonus the Executive would have earned in that Fiscal Period (based on the days covered by the Bonus Plan divided by the number of days in that Fiscal Period) as if he/she had been employed for the full Fiscal Period payable at the same time the Company pays other executive bonuses for that Fiscal Period;

(c) pay to the Executive an amount equal to the excess of (i) the actuarial equivalent of the benefit under the Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan immediately prior to the commencement of the Change of Control Period) and any excess or supplemental retirement plan in which the Executive participates (collectively, the "SERP") that the Executive would receive if the Executive's employment continued for [three—for Executive Officers][two— for other officers] years after the Date of Termination, assuming for this purpose that (1) all accrued benefits are fully vested, (2) that the Executive's compensation in each of the [three— for Executive Officers][two— for other officers] years is that required by Sections 4.1 and 4.2, and (3) that the Executive is [three— for Executive Officers][two— for other officers] years older than the Executive is on the Date of Termination, over (ii) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

(d) continue benefits to the Executive or the Executive's family from the Date of Termination through the end of the Change of Control Period, or such longer period as any plan, program, practice or policy may provide, at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Sections 4.4, 4.6 and 4.7 of this Agreement if the Executive's employment had not been terminated, in accordance with the most favorable plans, practices, programs or policies of the Company and its Affiliates applicable to other peer executives and their families during the 90-day period immediately preceding the Date of Termination, or, if more favorable to the Executive, as in effect at any time thereafter with respect to other peer executives of the Company and its Affiliates and their families;

(e) upon the Executive's providing appropriate documentation, pay up to \$20,000 as reimbursement for outplacement services provided the Executive provides proper documentation supporting expenditures for this purpose within 18 months of the Date of Termination; and

(f) make any additional payments required to be paid pursuant to Section 10 hereof.

6.6 Non Disparagement. The Company agrees that the Company will not make any negative or disparaging comments about the Executive unless required by legal process to do so.

6.7 Return of Payments. Anything in this Agreement to the contrary notwithstanding, all payments and benefits to Executive under this Section 6 are conditional upon Executive's compliance with Sections 8.1, 8.5, 8.6 and 8.7 (the "Restrictions"). Until such Restrictions are completely satisfied, the Executive shall be a constructive trustee of such payments and benefits and shall return them to the Company promptly if he/she violates any aspect of such Restrictions.

7. Effect of Termination

The provisions of this Section 7 shall apply in the event of termination of the Executive's employment, pursuant to Section 5 or otherwise.

7.1 Payment in Full. Payment by the Company to Executive of any Base Salary and other specified amounts or benefits which are due the Executive (or, as the case may be, the Executive's designated beneficiary, estate, surviving spouse or dependents) under the applicable termination provision of Sections 6.1, 6.2, 6.3, 6.4 or 6.5 shall constitute the entire obligation of the Company to the Executive under this Agreement, except that nothing in this Section 7.1 is intended or shall be construed to affect the rights and obligations of the Company (or its Affiliates), on the one hand, and the Executive, on the other, with respect to any option plans, option agreements, restricted stock grants, awards or agreements, subscription agreements, stockholders agreements, employee benefit plans or other equity arrangements or agreements to the extent said rights or obligations survive termination of employment under the provisions of documents relating thereto. The Executive shall only be eligible to receive the benefits of Sections 6.1, 6.2, 6.3, 6.4 or 6.5 of this Agreement and shall not be entitled to receive benefits under more than one such section. The Company's obligation to provide payment and/or benefits set forth herein shall be conditioned upon the Executive's (or the Executive's executor or legal representative) execution of a Separation and Release Agreement substantially in the form attached hereto as Exhibit A.

7.2 Termination of Benefits. Except as set forth above and for any right of continuation of health coverage at the Executive's cost to the extent provided by Sections 601 through 608 of ERISA, all of the Executive's rights to any benefits under the Welfare Benefit Plans shall terminate pursuant to the terms of the applicable benefit plans based on the Date of Termination.

7.3 Return of Property. Within a reasonable time after the date of termination of employment, the Executive shall return to the Company all of the Company's property of which he/she is in possession, including, without limitation, any material and documentation that constitutes Confidential Information, credit cards, computers, and keys.

8. Executive's Commitment to the Company

8.1 Confidentiality. The Executive shall not, during the Employment Period or for two years after the Employment Period (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 8.1. Notwithstanding the foregoing, the Executive may disclose such Confidential Information as he/she 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 their best efforts under such circumstances 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.

8.2 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 requires him/her to incur out-of-pocket expenses, including without limitation reasonable attorney's fees, the Company or its assignee will reimburse such expenses, provided they are reasonable 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 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/her individual capacity, as opposed to any privilege or legal protection from disclosure held by the Company.

8.3 Compliance with Securities Laws. The Executive agrees not to directly or indirectly buy or sell the Company stock or other securities as long as he/she possesses "material non-public information" as that term is defined by interpretations of the Exchange Act 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 during the Employment Period until two business days after the public release of the financial results for the fiscal quarter ending after the Executive's Date of Termination.

8.4 Position as Officer and Director. Upon the Executive's termination of employment the Executive shall resign as an Officer/Director from the Company and all Affiliates and 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.

8.5 Non Compete. The Executive agrees not to directly or indirectly compete with the business of the Company and its successors and assigns during the Employment Period and for a period of one year following the Executive's termination of employment. 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. "Competes" 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 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.

8.6 Non-Solicitation. The Executive agrees for a period of one year from the Executive's 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 Company or its Affiliate's employees.

8.7 Non Disparagement. The Executive agrees that the Executive will not make any negative or disparaging comments about the Company unless required by legal process to do so.

8.8 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 8. 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 8, and to specific performance of each of the terms of this Section 8 in addition to any other legal or equitable remedies that the Company may have, including those set forth in Section 6.7. The Executive further agrees that he/she shall not, in any equity proceeding relating to the enforcement of the terms of this Section 8, raise the defense that the Company has an adequate remedy at law.

8.9 Special Severability. The terms and provisions of this Section 8 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, and neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected.

9. Successors

9.1 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. This Agreement shall inure to the benefit of and be enforceable by the Executive's heirs, beneficiaries and/or legal representatives.

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

9.3 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.

10. Additional Payments

10.1 Excise Tax Payments. Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company pursuant to Section 6.5 hereof to or for the benefit of the Executive (a "Payment"), would 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, including accelerating payments to the Executive if possible, however if the Payment results in an Excise Tax and reducing the Payment by up to 10% eliminates the Excise Tax then the Executive agrees to reduce the Payment (by up to 10%) until it does not trigger an Excise Tax. If any Excise Tax would still exist after the aforementioned reduction in the Payment then there shall be no reduction in the Payment.

10.2 Calculation of Gross-Up Payments. Subject to the provisions of Section 10.3, all determinations required to be made under this Section 10, including whether a Gross-Up Payment is required and the amount of such 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 15 business days of the Date of Termination, if applicable, or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. The initial Gross-Up Payment, if any, as determined pursuant to this Section 10.2, shall be paid to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with an opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial 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 its remedies pursuant to Section 10.3 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.

10.3 Contested Payments. 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 the 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 10.3, 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.

10.4 Refunds. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 10.3, 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 10.3) 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 10.3, 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.

10.5 Earlier Payment by Company. The Company may in its sole discretion make any payments required by this Agreement to the Executive before the time it is otherwise required to be paid pursuant to this Agreement and the Executive may not claim that such payment is also required on the date otherwise due under this Agreement.

10.6 Code Section 409A. (a) 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 by reason of 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 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 Executive's termination of service will be accumulated and paid to Executive, without interest, on the first day following the six-month anniversary of Executive's termination of service, whereupon the normal payment schedule will resume.

(b) With respect to the continuation of medical coverage after the Date of Termination, if deemed necessary or advisable to secure an exemption from Code Section 409A, the Company shall impute income to 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 Date of Termination 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

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 Executive.

11. 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, counterclaim, 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.

12. Indemnification

The Company shall pay or indemnify the Executive to the full extent permitted by law and the by-laws of the Company for all expenses, costs, liabilities and legal fees which the Executive may incur in the discharge of the Executive's duties hereunder.

13. Miscellaneous

13.1 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.

13.2 Amendments/Waiver. This Agreement may not be amended, waived, or modified otherwise than by a written agreement executed by the parties to this Agreement or their respective successors and legal representatives. No waiver by any 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.

13.3 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:

If to the Company:

The Compensation Committee of the Board of Directors of The St. Joe Company
c/o The St. Joe Company
245 Riverside Avenue Suite 500
Jacksonville, FL 32202

or to such other addresses as either party furnishes to the other in writing in accordance with this Section 13.3. Notices and communications shall be effective when actually received by the addressee.

13.4 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.

13.5 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.

13.6 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 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.

13.7 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.

13.8 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.

13.9 Survivorship. The obligations of the Company and the Executive under Sections 6, 7, 8, 9, 10, 11, 12 and 13 shall survive the expiration or termination for any reason of this Agreement.

13.10 Assignment. 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 anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void.

13.11 Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Company or any of its Affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other agreements with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program except as explicitly modified by this Agreement.

13.12 Arbitration. The Executive and the Company both agree to submit any disputes under this Agreement to binding arbitration with a mutually agreeable arbitrator and to make their best efforts to settle any disputes within 90 days. In the event this does not occur and the Executive has cooperated in the arbitration process the Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to Section 10 of this Agreement), plus in each case interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

IN WITNESS WHEREOF, the Executive has hereunto set their 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

EXECUTIVE

By: ___

Name:

Title:

Name:

Title:

Exhibit A

GENERAL RELEASE

1. General Release.

In consideration of the payments and benefits to be made under the Employment Agreement (the "Agreement") dated as of July 27, 2006 between The St. Joe Company (the "Company") and ___ (the "Executive"), with the intention of binding the Executive and the Executive's heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge the Company and each of its subsidiaries and affiliates (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 (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 under this General Release and the Agreement;
- (b) rights of the Executive relating to equity awards held by the Executive as of his or her Date of Termination (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,

(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 Date of Termination in accordance with applicable Company policy; and

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

2. No Admissions. The Executive acknowledges and agrees that this General Release is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied.

3. Application to all Forms of Relief. This General Release applies to any relief 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.

4. Specific Waiver. The Executive specifically acknowledges that his or her acceptance of the terms of this General Release is, among other things, a specific waiver of his or her rights, 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.

5. No Complaints or Other Claims. The Executive acknowledges and agrees that he or she 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.

6. Conditions of General Release.

(a) Terms and Conditions. From and after the Date of Termination, the Executive shall abide by all the terms and conditions of this General Release and the terms and conditions set forth in the Agreement which is incorporated herein by reference and the restrictive covenants set forth in Section 8 of the Agreement which are incorporated by reference.

(b) Cooperation. Following the Termination Date, the Executive shall reasonably cooperate with the Company upon reasonable request of the Board and be reasonably available to the Company with respect to matters arising out of the Executive's services to the Company Affiliated Group.

(c) No Representation. The Executive acknowledges that, other than as set forth in this General Release and the Agreement, (i) no promises have been made to him or her and (ii) in signing this General Release the Executive is not relying upon any statement or representation made by or on behalf of any Company Released Party and each or any of them concerning the merits of any claims or the nature, amount, extent or duration of any damages relating to any claims or the amount of any money, benefits, or compensation due the Executive or claimed by the Executive, or concerning the General Release or concerning any other thing or matter.

(d) Injunctive Relief. In the event of a breach or threatened breach by the Executive of this Section 6, the Executive agrees that the Company shall be entitled to injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, the Executive acknowledging that damages would be inadequate or insufficient.

7. Voluntariness. The Executive agrees that he or she is relying solely upon his or her own judgment; that the Executive is over 18 years of age and is legally competent to sign this General Release; that the Executive is signing this General Release of his or her own free will; that the Executive has read and understood the General Release before signing it; and that the Executive is signing this General Release in exchange for consideration that he or she believes is satisfactory and adequate.

8. Legal Counsel. The Executive acknowledges that he or she has been informed of the right to consult with legal counsel and has been encouraged to do so.

9. Complete Agreement/Severability. This General 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 General Release. All provisions and portions of this General Release are severable. If any provision or portion of this General Release or the application of any provision or portion of the General Release shall be determined to be invalid or unenforceable to any extent or for any reason, all other provisions and portions of this General 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 or she has been given a period of 21 days within which to consider this General 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 General Release at any time within this period of time by signing the General Release and returning it to the Company.

11. Revocability. This General Release shall not become effective or enforceable until seven calendar days after the Executive signs it. The Executive may revoke his or her acceptance of this General Release at any time within that seven 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 General Release for all purposes.

12. Governing Law. Except for issues or matters as to which federal law is applicable, this General 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.

Please indicate your acceptance of this General Release by signing and dating this release and returning it to the Company. A duplicate of this release is enclosed for your records.

The St. Joe Company

By: __

Name:

Title:

ACCEPTED AND AGREED:

—

Name:

RESTRICTED STOCK AGREEMENT

Award Details:

Participant:

Plan Year:

Number of Restricted Shares:

Date of Grant:

Fair Market Value (at close of business on Date of Grant):

Agreement:

This Restricted Stock Agreement (“Agreement”) is entered into as of the Date of Grant between the Participant and The St. Joe Company, a Florida corporation (the “Company”), pursuant to the Company’s Stock Incentive Plan established for the Plan Year designated above (the “Plan”).

WHEREAS, the Company desires to grant, and the Participant desires to receive, an award of Restricted Shares pursuant to the terms and conditions of the Plan and this Agreement,

NOW, THEREFORE, the Participant and the Company hereby agree as follows:

1. The Plan and Defined Terms. The provisions of the Plan and the Award Details listed above are incorporated into this Agreement by reference. Capitalized terms used but not defined in this Agreement or the Award Details set forth above shall have the meanings ascribed to them in the Plan.

2. Grant of Restricted Shares. As of the Date of Grant, the Company hereby grants to the Participant the number of Restricted Shares listed above, subject to the terms and conditions of the Plan and this Agreement.

3. Vesting of Restricted Shares. The Restricted Shares shall vest as follows: ___; provided, however, that such vesting shall be accelerated or delayed as a result of the first of the following events to occur:

(a) Death. If the Participant dies, the Restricted Shares shall become vested in full as of the date of the Participant’s death.

(b) Disability. If the Participant becomes totally or permanently disabled (as those terms are defined in the Company’s long-term disability plan, as in effect on the date of such determination), the Restricted Shares shall become vested in full as of the date of the disability.

(c) Corporate Event. If there is a Corporate Event, the Restricted Shares shall become vested in full on the date of the Corporate Event. For purposes of this Subsection, “Corporate Event” means (a) the consummation of a merger or similar transaction as a result of which the Company’s stockholders own 50% or less of the surviving entity’s voting securities after such merger or similar transaction, (b) the sale, transfer, exchange or other disposition of all or substantially all of the Company’s assets, or (c) the liquidation or dissolution of the Company. A transaction shall not constitute a Corporate Event if its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

(d) Termination for Cause. If the Participant’s employment is terminated for Cause, the Committee may revoke all or any portion of the Restricted Shares.

(e) Retirement. If the Participant retires, the Restricted Shares shall continue to vest after his or her retirement according to the terms of this Agreement so long as the Participant does not perform services (in an employee, independent contractor or other capacity) on a substantially full-time basis for any third party. For purposes of this Agreement, “retirement” shall mean (i) termination of employment for other than Cause after completion of five continuous years of service with the Company and attainment of age 55, or (ii) as otherwise determined by the Compensation Committee. The Compensation Committee shall determine, in its sole discretion, if services are performed on a “substantially full-time basis.”

For purposes of vesting under this Section, the Participant’s service remains “continuous” even if the Participant goes on military leave, sick leave, or another bona fide leave of absence, if the leave was approved by the Company in writing and if continued crediting of service is required by the terms of the leave or by applicable law. However, the Participant must return to active work promptly, for a substantial period of time, upon the termination of such approved leave, or an interruption of service will be deemed to have occurred as of the date such leave began.

4. Restrictions on Transfer of Restricted Shares. Until the Restricted Shares become vested pursuant to Section 3, the Restricted Shares shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be

subject to sale under execution, attachment, levy or similar process.

5. Forfeiture of Restricted Shares. If the Participant's employment terminates, all Restricted Shares that are not vested under Section 3 as of the date of such termination of employment shall automatically be forfeited and canceled (without any payment to the Participant) as of the date of termination of employment. No additional Restricted Shares shall vest after the Participant's employment terminates. If the Participant retires, this paragraph shall not apply unless and until the Participant is found to be working on a substantially full-time basis in violation of paragraph 3(e).

6. Stock Certificates. The Participant hereby acknowledges that stock certificate(s) for the number of Restricted Shares awarded under this Agreement will not be delivered by the Company to the Participant until such Restricted Shares vest.

7. Voting and Dividend Rights. The Participant shall have the same voting and dividend rights with respect to the Restricted Shares as the Company's other shareholders, provided, however, that any dividends paid as Common Shares shall be subject to the same transfer restrictions and forfeiture provisions as the Restricted Shares.

8. Regulation by the Committee. This Agreement and the Restricted Shares shall be subject to such administrative procedures and rules as the Committee shall adopt. All decisions of the Committee upon any question arising under the Plan or under this Agreement shall be conclusive and binding upon the Participant.

9. Compliance with Law and Regulations. The obligations of the Company hereunder are subject to all applicable Federal and state laws and to the applicable rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed and any other government or regulatory agency. The Company shall not be required to remove restrictions from Restricted Shares prior to (a) the listing of the Common Shares on any such stock exchange and (b) the completion of any registration or qualification of such Common Shares under any Federal or state law, or any rule, regulation or other requirement of any government or regulatory agency which the Company shall, in its sole discretion, determine to be necessary or advisable. In making such determination, the Company may rely upon an opinion of counsel for the Company. The Participant shall not have the right to compel the Company to register or qualify the Common Shares subject to this award under Federal or state securities laws.

10. Conditions of Acceptance. As a condition of accepting the Restricted Shares, Participant agrees as follows:

(a) Company Policies. Participant agrees that he or she has read and will comply with The St. Joe Company Insider Trading Policy and The St. Joe Company Code of Conduct. Copies of such policies are available on the Company's website, through the office of the Company's Senior Vice President of Human Resources or through the office of the Company's General Counsel.

(b) Restrictions on Resale and Marital Property Settlements. Participant agrees not to sell any vested Restricted Shares if applicable laws or Company policies prohibit such a sale. Regardless of any marital property settlement agreement, the Company is not obligated to honor or recognize Participant's former spouse's interest in unvested Restricted Shares.

11. Amendment of Severance and Employment Agreements. By executing this Agreement, the Participant and the Company hereby agree that this Agreement constitutes an amendment to the Participant's employment agreement and/or severance agreement (if any) with the Company to the effect that any provision of such employment or severance agreement that grants accelerated vesting and/or lapse of restrictions on restricted stock in the event of a "change in control" (as defined therein) shall not apply to the Restricted Shares awarded under this Agreement. Participant agrees to execute any additional documentation requested by the Company to further evidence such amendment.

12. Adjustments. In the event of a stock split, a stock dividend or any other event described in the Article of the Plan entitled "Protection Against Dilution," the number of Common Shares subject to this award may be adjusted pursuant to the Plan if deemed appropriate by the Committee in its sole discretion.

13. Term of Agreement. This Agreement terminates when all Restricted Shares are either vested or forfeited and canceled as provided in the Plan and this Agreement.

14. Tax Matters.

(a) Participant shall be liable for any and all taxes, including withholding taxes, arising out of this grant or the vesting of Restricted Shares hereunder. Participant acknowledges that, at his or her option, Participant (i) shall be entitled to make the election permitted under section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), to include in gross income in the taxable year in which the Restricted Shares are granted, the fair market value of such shares at the time of grant, notwithstanding that such shares may be subject to a substantial risk of forfeiture within the meaning of the Code, or (ii) may elect to include in gross income the fair market value of the Restricted Shares as of the date on which such restriction lapses.

(b) The Participant may elect to satisfy any withholding tax obligation arising out of the grant or the vesting of Restricted Shares hereunder (unless Participant shall make an election under Section 83(b) of the Code with respect thereto) by having the Company retain vested Restricted Shares having a fair market value equal to the Company's minimum withholding obligation (which amount may be rounded to the next highest whole share).

15. No Retention Rights. Neither the Restricted Shares nor anything contained in this Agreement shall give Participant the right to be retained by the Company or a subsidiary of the Company as an employee or in any other capacity. The Company and its subsidiaries reserve the right to terminate Participant's service at any time, with or without Cause.

16. Applicable Law. This Agreement will be interpreted and enforced under the laws of the State of Florida.

17. Participant's Access to the Plan. Participant may obtain an additional copy of the Plan by contacting The St. Joe Company Human Resources Department in Jacksonville, Florida.

[Signature Page Follows]

This Agreement and the Plan constitute the entire understanding between Participant and the Company regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

PARTICIPANT

Date ____

Participant Signature

THE ST. JOE COMPANY

Date ____

By: ____
Name: ____
Title: ____

STOCK OPTION AGREEMENT
(Nonstatutory)

Award Details:

Participant:

Plan Year:

Number of Common Shares subject to Option:

Date of Grant:

Exercise Price:

Agreement:

This Stock Option Agreement (“Agreement”) is entered into between the Participant and The St. Joe Company, a Florida corporation (the “Company”), as of the Date of Grant pursuant to the Company’s Stock Incentive Plan for the designated Plan Year (the “Plan”).

WHEREAS, the Company desires to grant, and Participant desires to receive, a nonstatutory stock option pursuant to the terms and conditions of the Plan and this Agreement,

NOW, THEREFORE, Participant and Company hereby agree as follows:

1. **The Plan and Defined Terms.** The provisions of the Plan and the Award Details listed above are incorporated into this Agreement by reference. Capitalized terms used but not defined in this Agreement or Award Details set forth above shall have the meanings ascribed to them in the Plan.

2. **Grant of Option.** As of the Date of Grant, the Company hereby grants to Participant the Option described above, subject to the terms and conditions of the Plan and this Agreement.

3. **Vesting of Option.** The Common Shares subject to this Option shall vest as follows: ___; provided, however, that such vesting shall be accelerated or delayed as a result of the first of the following events to occur:

(a) **Death.** If the Participant dies, the Option shall become vested in full as of the date of the Participant’s death, and shall be exercisable by the appropriate beneficiary(ies) as set forth herein.

(b) **Disability.** If the Participant becomes totally or permanently disabled (as those terms are defined in the Company’s long-term disability plan, as in effect on the date of such determination), the Option shall become vested in full as of the date of the disability.

(c) **Corporate Event.** If there is a Corporate Event (as defined below), the Option shall become vested in full on the date of the Corporate Event.

(d) **Termination for Cause.** Notwithstanding any provision in this Agreement to the contrary, if the Participant is terminated for Cause, the Company may revoke all or any part of the Option, whether or not vested.

(e) **Retirement.** If the Participant retires, the Option shall continue to vest after his or her retirement according to the terms of this Agreement so long as the Participant does not perform services (in an employee, independent contractor or other capacity) on a substantially full-time basis for any third party. For purposes of this Agreement, “retirement” shall mean (i) termination of employment for other than Cause after completion of five continuous years of service with the Company and attainment of age 55, or (ii) as otherwise determined by the Compensation Committee. The Compensation Committee shall determine, in its sole discretion, if services are performed on a “substantially full-time basis.”

For purposes of vesting under this Section, the Participant’s service remains “continuous” even if the Participant goes on military leave, sick leave, or another bona fide leave of absence, if the leave was approved by the Company in writing and if continued crediting of service is required by the terms of the leave or by applicable law. However, the Participant must return to active work promptly upon the termination of such approved leave or an interruption of service will be deemed to have occurred as of the date such leave began.

4. **Term of the Option.** This Agreement and the Participant’s right to exercise the vested portion of the Option shall expire on the earlier of the 10th anniversary of the Date of Grant or the deadline specified for any of the following events:

(a) **Death.** If Participant dies, the Option must be exercised by the appropriate beneficiary(ies) within 12 months after the date of death.

(b) Disability. If Participant becomes permanently or totally disabled (as those terms are defined in the Company's long-term disability plan, as in effect on the date of such determination), the Option must be exercised within 12 months after the date of the disability.

(c) Corporate Event. If Participant is terminated in connection with a Corporate Event, the Option must be exercised within 12 months after the date of termination.

(d) Other Termination of Employment. If Participant's employment terminates for any reason other than death, disability, retirement or in connection with a Corporate Event, the vested portion of the Option must be exercised within 3 months after such termination.

5. Corporate Event. As used in this Agreement, "Corporate Event" means the occurrence of any of the following events after the date of this Agreement:

(a) The consummation of a merger or similar transactions as a result of which the Company's stockholders own 50% or less of the surviving entity's voting securities after such merger or similar transaction.

(b) The sale, transfer, exchange or other disposition of all or substantially all of the Company's assets.

(c) The liquidation or dissolution of the Company.

Notwithstanding the foregoing, a transaction shall not constitute a Corporate Event if its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

6. Amendment of Employment/Severance Agreement. By executing this Agreement, the Participant and the Company hereby agree that this Agreement constitutes an amendment of the Participant's employment agreement and/or severance agreement (if any) with the Company to the effect that any provision of such employment or severance agreement that grants accelerated vesting of stock options in the event of a "change in control" (as defined therein) shall not apply to the options awarded under this Agreement. Participant agrees to execute any additional documentation requested by the Company to further evidence such amendment.

7. Exercising Vested Stock Options. The following provisions apply to the exercise of the Option:

(a) Notice of Exercise and Payment. When the Participant wishes to exercise all or a part of the Option, Participant must notify the Company by filing a signed "Notice of Exercise" in the form and manner prescribed by the Company. The notice will be effective when it is received by the Company. If the Option is being exercised following Participant's death, the notice must be signed and filed by the beneficiary(ies) and must be accompanied by proof (satisfactory to the Company) of each beneficiary's right to exercise the Option. Full payment of the Exercise Price, in a form deemed permissible by the Committee, may be required at the time of filing the notice.

(b) Restrictions on Exercise. The Company will not permit Participant to exercise any portion of the Option if the exercise of the Option or issuance of shares at that time would violate any applicable law, regulation or Company policy.

(c) Withholding Taxes and Stock Withholding. Participant will not be allowed to exercise any portion of the Option unless Participant makes arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of the exercise. These arrangements may include (i) a cash payment by the Participant, (ii) withholding Common Shares that otherwise would be issued to the Participant upon exercise of the Option, the Fair Market Value of which equals the minimum statutory withholding requirement, or (iii) tendering to the Company Common Shares held by the Participant for at least six (6) months prior to the exercise of the Option. The Fair Market Value of such Common Shares shall be determined as of the effective date of the Option exercise.

(d) Limitations on Transfer and Exercise.

(i) During Participant's Lifetime. During the Participant's lifetime, the Option may be exercised only by the Participant. The Option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process. The Participant may, however, transfer the Option to a trust for immediate family members if the Committee consents and the trustee and beneficiaries of such trust agree to be bound by the terms of the Plan and the Option.

(ii) Upon Participant's Death. Upon Participant's death, the Option may be transferred by beneficiary designation, bequest, or inheritance (pursuant to the applicable state's laws of descent and distribution). The Option may thereafter be exercised by the personal representative of Participant's estate or by any person who has acquired the Option from the Participant by beneficiary designation, bequest or inheritance.

(iii) Divorce. Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from the Participant's former spouse, nor is the Company obligated to recognize the Participant's former spouse's interest in the Option in any other way.

(iv) *After Exercise*. The Participant agrees not to sell any Common Shares purchased pursuant to the exercise of the Option if applicable laws or Company policies prohibit such a sale.

8. Company Policies. Participant agrees that he or she has read and will comply with The St. Joe Company Insider Trading Policy and The St. Joe Company Code of Conduct. Copies of such policies are available on the Company's website, through the office of the Company's Senior Vice President of Human Resources or through the office of the Company's General Counsel.

9. No Retention Rights. Neither the Option nor anything contained in this Agreement shall give the Participant the right to be retained by the Company or a subsidiary of the Company as an employee or in any other capacity. The Company and its subsidiaries reserve the right to terminate the Participant's service at any time, with or without Cause.

10. Compliance with Law and Regulations. The obligations of the Company hereunder are subject to all applicable Federal and state laws and to the applicable rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed and any other government or regulatory agency. The Company shall not be required to transfer any Common Shares pursuant to the exercise of the Option prior to (a) the listing of the Common Shares on any such stock exchange and (b) the completion of any registration or qualification of such Common Shares under any Federal or state law, or any rule, regulation or other requirement of any government or regulatory agency which the Company shall, in its sole discretion, determine to be necessary or advisable. In making such determination, the Company may rely upon an opinion of counsel for the Company. The Participant shall not have the right to compel the Company to register or qualify the Common Shares subject to the Option under Federal or state securities laws.

11. Regulation by the Committee. This Agreement and the Option shall be subject to such administrative procedures and rules as the Committee shall adopt. All decisions of the Committee upon any question arising under the Plan or under this Agreement shall be conclusive and binding upon the Participant.

12. Adjustments. In the event of a stock split, a stock dividend or any other event described in the Article of the Plan entitled "Protection Against Dilution," the number of Common Shares subject to the Option and the applicable Exercise Price may be adjusted pursuant to the Plan if deemed appropriate by the Committee in its sole discretion.

13. Applicable Law. This Agreement will be interpreted and enforced under the laws of the State of Florida.

14. Participant's Access to the Plan. The Participant may obtain an additional copy of the Plan by contacting The St. Joe Company Human Resources Department in Jacksonville, Florida.

This Agreement and the Plan constitute the entire understanding between Participant and the Company regarding the Option. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

PARTICIPANT

Date _____

Participant Signature _____

THE ST. JOE COMPANY

Date _____

By: _____

Name: _____

Title: _____