

**EXHIBIT A-4**

**PROJECTED FINANCIAL INFORMATION  
FOR MRC/MARATHON PLAN**

**EXHIBIT A-4-a**

**Newco Projected Financial Information for MRC/Marathon Plan**

**Scotia Development LLC**  
**Newco Projected Financial Information**  
**Introduction**

**SIGNIFICANT BUSINESS AND ECONOMIC ASSUMPTIONS**

For purposes of demonstrating the feasibility of the Plan, the following financial projections for Newco (the "Projections") were prepared by the Plan Proponents. The Projections reflect the Plan Proponents' estimate of their expected consolidated financial position, results of operations and cash flows of the Reorganized Debtors. Accordingly, the Projections reflect the Plan Proponents' judgment as to the occurrence or nonoccurrence of certain future events and of expected future operating performance and business conditions, which are subject to change. The Projections contained herein reflect numerous assumptions, including the confirmation and consummation of the Plan of Reorganization as filed with the Bankruptcy Court. The Projections should be viewed in conjunction with a review of these assumptions including the qualifications and footnotes as set forth herein.

The Projections were prepared by the Plan Proponents in good faith based upon assumptions believed to be reasonable. While presented with numerical specificity, the Projections are based upon a variety of estimates and assumptions subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of the Plan Proponents. Actual results may vary materially from those presented. The Debtors do not, as a matter of course, publish their business plans and strategies or forward looking projections of financial position, results from operations, and cash flows. Accordingly, the Plan Proponents do not anticipate that they will, and disclaim any obligation to furnish updated business plans or projections to the holder of Claims or Equity Interests after the date of this Disclosure Statement exhibit, or to include such information in documents required to be filed with the Securities and Exchange Commission (the "SEC") or to otherwise make such information public. The Projections have not been prepared to comply with the guidelines established with respect to Projections by the Securities and Exchange Commission or the American Institute of Certified Public Accountants ("AICPA") and have not been audited.

In connection with the development of the Plan, the Plan Proponents prepared the Projections with assistance from various professionals. The Projections assume the Plan will be implemented in accordance with its stated terms. The Projections have not been audited or reviewed by independent accountants. The assumptions disclosed herein are those that the Plan Proponents believe to be significant. The Projections are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to, confirmation risks, regulatory and environmental risks, litigation risks and commodity risk as discussed in section 3 of the Disclosure Statement.

**THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (THE "AICPA"), THE FINANCIAL ACCOUNTING STANDARDS BOARD (THE "FASB"), OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") REGARDING PROJECTIONS. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED OR REVIEWED BY THE COMPANY'S REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM. THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE BASED UPON A VARIETY OF ESTIMATES AND ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES WHICH ARE BEYOND THE CONTROL OF THE PLAN PROPONENTS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE PLAN PROPONENTS OR THAT THE PROJECTIONS WILL BE REALIZED, ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PRESENTED IN THESE PROJECTIONS. HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN MAKING THEIR DETERMINATIONS OF WHETHER TO ACCEPT OR REJECT THE PLAN.**

**A-4-a**  
**Newco**  
**Projected Statements of Operations**  
*(Unaudited)*

<i>(dollars in thousands)</i>	Projected	Projected			
	8 Mos. Ending 12/31/2008	For the 12 months Ending December 31,			
		2009	2010	2011	2012
Net Sales	\$ 68,472	\$ 78,902	\$ 81,959	\$ 84,711	\$ 87,001
Cost of Sales	49,206	53,799	51,920	52,466	53,039
<b>Gross profit</b>	<b>19,266</b>	<b>25,103</b>	<b>30,039</b>	<b>32,245</b>	<b>33,962</b>
Selling, general & administrative expenses	4,368	4,589	4,736	4,890	5,052
Restructuring expenses	-	-	-	-	-
<b>Total operating expenses</b>	<b>4,368</b>	<b>4,589</b>	<b>4,736</b>	<b>4,890</b>	<b>5,052</b>
Operating income/(loss)	14,898	20,513	25,303	27,355	28,910
Interest Expense	15,658	19,448	19,994	20,166	20,199
Pension Expense	1,920	1,066	700	400	-
Transition Expense	5,000	-	-	-	-
<b>Income/(loss) before income taxes</b>	<b>(7,680)</b>	<b>(0)</b>	<b>4,609</b>	<b>6,789</b>	<b>8,712</b>
Provision/(benefit) from income taxes	-	-	-	-	-
<b>Net income/(loss)</b>	<b>\$ (7,680)</b>	<b>\$ (0)</b>	<b>\$ 4,609</b>	<b>\$ 6,789</b>	<b>\$ 8,712</b>

**A-4-a**  
**Newco**  
**Projected Balance Sheets**  
*(Unaudited)*

<i>(dollars in thousands)</i>	Projected April 30, 2008	Projected December 31,				
	2008	2009	2010	2011	2012	
<b>Assets:</b>						
Cash & equivalents	\$ 25,618	\$ 22,777	\$ 33,065	\$ 45,020	\$ 54,820	\$ 65,598
Accounts receivable	8,617	6,208	6,500	6,750	6,983	7,175
Inventory	13,285	21,196	22,330	23,047	23,875	24,463
Other current assets	-	-	-	-	-	-
<b>Total current assets</b>	<b>47,520</b>	<b>50,182</b>	<b>61,895</b>	<b>74,817</b>	<b>85,678</b>	<b>97,236</b>
Timber & related assets, net	430,000	427,755	425,872	424,008	422,166	420,344
Property plant & equipment, net	25,000	28,467	29,744	28,429	27,236	26,156
<b>Total non-current assets</b>	<b>455,000</b>	<b>456,222</b>	<b>455,616</b>	<b>452,437</b>	<b>449,402</b>	<b>446,500</b>
<b>Total assets</b>	<b>\$ 502,520</b>	<b>\$ 506,403</b>	<b>\$ 517,511</b>	<b>\$ 527,254</b>	<b>\$ 535,080</b>	<b>\$ 543,736</b>
<b>Liabilities &amp; shareholders' equity/(deficit):</b>						
Accounts payable & accrued expenses	-	4,000	5,000	4,800	5,100	4,500
Accrued interest	-	-	-	-	-	-
Line of credit	15,960	19,054	20,039	20,718	21,455	21,999
<b>Total current liabilities</b>	<b>15,960</b>	<b>23,054</b>	<b>25,039</b>	<b>25,518</b>	<b>26,555</b>	<b>26,499</b>
Senior term	-	-	-	-	-	-
Timber Notes	325,000	329,469	338,591	343,247	343,247	343,247
<b>Total liabilities</b>	<b>340,960</b>	<b>352,523</b>	<b>363,631</b>	<b>368,765</b>	<b>369,802</b>	<b>369,746</b>
Shareholders' equity/(deficit)	161,560	153,880	153,880	158,489	165,278	173,990
<b>Total liabilities &amp; equity</b>	<b>\$ 502,520</b>	<b>\$ 506,403</b>	<b>\$ 517,511</b>	<b>\$ 527,254</b>	<b>\$ 535,080</b>	<b>\$ 543,736</b>

**EXHIBIT**  
**A-4-a**  
**Projected Statements of Cash Flow**  
*(Unaudited)*

<i>(dollars in thousands)</i>	<b>Projected</b>	<b>Projected</b>			
	<b>8 Mos. Ending 12/31/2008</b>	<b>For the 12 months Ending December 31,</b>			
		<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Cash flows from operating activities</b>					
Net income	\$ (7,680)	\$ (0)	\$ 4,609	\$ 6,789	\$ 8,712
Depreciation, amortization & depletion	4,718	5,271	5,377	5,268	5,168
Deferred interest	4,469	9,123	4,656	-	-
(Increase)/decrease in accounts receivable	2,409	(292)	(250)	(233)	(192)
(Increase)/decrease in inventories	(7,911)	(1,134)	(717)	(828)	(588)
Increase/(decrease) in accrued interest	-	-	-	-	-
Increase/(decrease) in payables	4,000	1,000	(200)	300	(600)
Change in net working capital	(1,502)	(425)	(1,167)	(762)	(1,379)
<b>Cash flows from operating activities</b>	<b>5</b>	<b>13,968</b>	<b>13,475</b>	<b>11,295</b>	<b>12,501</b>
<b>Cash flows from financing activities</b>					
Proceeds/(payment) of Timber Notes	-	-	-	-	-
Proceeds/(payment) of short-term borrowings	3,095	985	678	737	545
<b>Cash flows from financing activities</b>	<b>3,095</b>	<b>985</b>	<b>678</b>	<b>737</b>	<b>545</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(5,550)	(3,650)	(1,163)	(1,176)	(1,190)
Investments in timberland and related assets	(390)	(1,015)	(1,035)	(1,056)	(1,077)
<b>Cash flows from investing activities</b>	<b>(5,940)</b>	<b>(4,665)</b>	<b>(2,198)</b>	<b>(2,232)</b>	<b>(2,267)</b>
<b>Beginning cash &amp; cash equivalents balance</b>	<b>25,618</b>	<b>22,777</b>	<b>33,065</b>	<b>45,020</b>	<b>54,820</b>
Net increase/(decrease) in cash	(2,840)	10,288	11,955	9,799	10,779
<b>Ending cash &amp; cash equivalents balance</b>	<b>\$ 22,777</b>	<b>\$ 33,065</b>	<b>\$ 45,020</b>	<b>\$ 54,820</b>	<b>\$ 65,598</b>

**Scotia Development LLC**  
**Newco Projected Financial Information**  
**Notes**

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

The Projections present, to the best of the Plan Proponents' knowledge and belief, the Company's expected financial position, results of operations, and cash flows for the projection period(s). Accordingly, the Projections reflect the Plan Proponents' judgment as of February 22, 2008, the date that these projections were prepared. The assumptions disclosed herein are those that the Plan Proponents believe are significant to the Projections. Because events and circumstances frequently do not occur as expected, there will be differences between the projected and actual results. These differences may be material to the Projections herein.

**Accounting Policies**

The Projections have been prepared in good faith based upon assumptions believed to be reasonable. The Plan Proponents have included an estimated impact of fresh accounting principles of SOP 90-7 in preparing the opening balance sheet. However, no appraisals were conducted with regard to the market value of the assets except for the timber lands and PP&E. Actual fresh start adjustments may differ from those presented herein. The projections include assumptions to various financial accounts of the Company, which are based upon the Plan Proponents' estimates and market conditions.

**Projections Assumptions**

The Plan Proponents, with the assistance of various professionals, prepared the Projections for the eight-month stub period ending December 31, 2008 and the four years ending December 31, 2009, 2010, 2011 and 2012 ("Projection Period"), respectively. The Projections are based on a number of assumptions, and while the Plan Proponents have prepared the Projections in good faith and believe the assumptions to be reasonable, it is important to note that the Plan Proponents can provide no assurance that such assumptions will ultimately be realized. The projections are in real (not nominal) dollars. The Projections should be read in conjunction with the assumptions, qualifications and notes contained herein, the risk factors described in Section 3 of the Disclosure Statement, and the historical financial statements filed by the Debtors as Monthly Operating Reports. The following summarizes the underlying key assumptions upon which the Projections are based.

**General**

*Methodology.* The Projections were prepared on a cost center basis, and then consolidated for Newco operations.

*Plan Consummation and Effective Date.* The Projections are based on an assumption that the Plan would be confirmed as stated in the Disclosure Statement and Plan of Reorganization and would become effective as of April 30, 2008.

*Industry Environment.* Critical assumptions of the Plan Proponents' Projections are harvest rates and lumber pricing. The Plan Proponents relied upon its industry experience and the industry experience of third party experts.

**Projected Consolidated Statement of Operations**

*Revenues.* Revenue estimates for the Projection Period are based upon several factors including the Plan Proponents estimates of the sustainable harvest levels that will be permitted by applicable regulatory bodies as well as the selling prices for lumber products.

*Cost of Sales.* The Projections reflect the Plan Proponents estimates for log & hauling costs, road & reforestation costs, mill conversion costs, freight & distribution costs, and depreciation & depletion.

*S, G & A and Other Costs.* The Projections contain the Plan Proponents assumptions for sales overhead and general management overhead. The Projections also contain assumptions for the costs of maintaining the pension plan and for debt service. The projections include an estimated cost for transitioning to the new ownership and operating practices.

**Projected Consolidated Balance Sheets**

*Accounts Receivable.* Accounts receivable are proportional to the cost of sales for a given period.

*Inventory.* Inventories, consisting of logs and lumber, are adjusted in the stub period to reflect seasonal fluctuations.

*Capital Spending.* Expected to spend \$5,950, \$4,665 and \$2,168 annually for 2008, 2009, and 2010 then approx. \$2,232 per year thereafter.

*Accounts Payable.* Accounts Payable are based on assuming 30 day credit terms.

*Line of Credit.* Assumes borrowing of 85% of eligible Accounts Receivable and 65% of eligible inventory.

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**EXHIBIT A-4-b**

**Townco Projected Financial Information for MRC/Marathon Plan**

**Scotia Development LLC**  
**Townco Projected Financial Information**  
**Introduction**

**SIGNIFICANT BUSINESS AND ECONOMIC ASSUMPTIONS**

For purposes of demonstrating the feasibility of the Plan, the following financial projections for Townco (the "Townco Projections") were prepared by the Plan Proponents. The Townco Projections reflect the Plan Proponents' estimate of their expected financial position, results of operations and asset sales and cash flows of the Reorganized Debtors. Accordingly, the Townco Projections reflect the Plan Proponents' judgment as to the occurrence or nonoccurrence of certain future events and of expected future operating performance and business conditions which are subject to change. The Townco Projections contained herein reflect numerous assumptions, including the confirmation and consummation of the Plan of Reorganization as filed with the Bankruptcy Court. The Projections should be viewed in conjunction with a review of these assumptions including the qualifications and footnotes as set forth herein.

The Townco Projections were prepared by the Plan Proponents in good faith based upon assumptions believed to be reasonable. While presented with numerical specificity, the Townco Projections are based upon a variety of estimates and assumptions subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of the Plan Proponents. Actual results may vary materially from those presented. The Debtors do not, as a matter of course, publish their business plans and strategies or forward looking projections of financial position, results from operations, and cash flows. Accordingly, the Plan Proponents do not anticipate that they will, and disclaim any obligation to furnish updated business plans or projections to the holder of Claims or Equity Interests after the date of this Disclosure Statement exhibit, or to include such information in documents required to be filed with the Securities and Exchange Commission (the "SEC") or to otherwise make such information public. The Townco Projections have not been prepared to comply with the guidelines established with respect to projections by the Securities and Exchange Commission or the American Institute of Certified Public Accountants ("AICPA") and have not been audited.

In connection with the development of the Plan, the Plan Proponents prepared the Townco Projections with assistance from various professionals. The Townco Projections assume the Plan will be implemented in accordance with its stated terms. The Townco Projections have not been audited or reviewed by independent accountants. The assumptions disclosed herein are those that the Plan Proponents believe to be significant. The Townco Projections are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to, execution risks, regulatory and environmental risks and litigation risks as discussed in section 3 of the Disclosure Statement.

**THE TOWNCO PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (THE "AICPA"), THE FINANCIAL ACCOUNTING STANDARDS BOARD (THE "FASB"), OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") REGARDING PROJECTIONS. FURTHERMORE, THE TOWNCO PROJECTIONS HAVE NOT BEEN AUDITED OR REVIEWED BY THE COMPANY'S REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM. THE TOWNCO PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE BASED UPON A VARIETY OF ESTIMATES AND ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES WHICH ARE BEYOND THE CONTROL OF THE PLAN PROPONENTS. CONSEQUENTLY, THE TOWNCO PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE PLAN PROPONENTS OR THAT THE TOWNCO PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PRESENTED IN THESE TOWNCO PROJECTIONS. HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE TOWNCO PROJECTIONS IN MAKING THEIR DETERMINATIONS OF WHETHER TO ACCEPT OR REJECT THE PLAN.**

**EXHIBIT A-4-b**  
**Townco**  
**Projected Statements of Operations**  
*(Unaudited)*

<i>(dollars in thousands)</i>	Projected 8 Mos. Ending 12/31/2008	Projected For the 12 months Ending December 31,			
		2009	2010	2011	2012
Rental Income	\$ 1,443	\$ 1,225	\$ 768	\$ 395	\$ 67
Power Plant Revenue	8,000	12,000	-	-	-
<b>Total Revenue</b>	<b>9,443</b>	<b>13,225</b>	<b>768</b>	<b>395</b>	<b>67</b>
Rental Expenses	2,154	2,336	974	708	399
Power Plant Operating Expenses	8,000	12,000	-	-	-
<b>Total operating expenses</b>	<b>10,154</b>	<b>14,336</b>	<b>974</b>	<b>708</b>	<b>399</b>
<b>Profit From Operations</b>	<b>(711)</b>	<b>(1,111)</b>	<b>(206)</b>	<b>(314)</b>	<b>(332)</b>
Sale of Town Assets	22,529	40,737	14,415	12,644	9,127
Conversion Costs	(7,485)	(8,847)	(3,810)	(1,495)	(548)
<b>Change in Assets held for Sale</b>	<b>15,044</b>	<b>31,890</b>	<b>10,605</b>	<b>11,149</b>	<b>8,579</b>

EXHIBIT A-4-b

**EXHIBIT A-4-b**  
**Townco**  
**Projected Balance Sheets**  
*(Unaudited)*

<i>(dollars in thousands)</i>	Projected April 30, 2008	Projected December 31,				
		2008	2009	2010	2011	2012
<b>Assets:</b>						
Cash & equivalents	\$ -	\$ 14,333	\$ 45,112	\$ 55,511	\$ 66,346	\$ 74,593
<b>Total current assets</b>	<b>-</b>	<b>14,333</b>	<b>45,112</b>	<b>55,511</b>	<b>66,346</b>	<b>74,593</b>
Assets held For Sale	98,395	83,351	51,461	40,856	29,707	21,127
<b>Total non-current assets</b>	<b>98,395</b>	<b>83,351</b>	<b>51,461</b>	<b>40,856</b>	<b>29,707</b>	<b>21,127</b>
<b>Total assets</b>	<b>\$ 98,395</b>	<b>\$ 97,684</b>	<b>\$ 96,573</b>	<b>\$ 96,367</b>	<b>\$ 96,053</b>	<b>\$ 95,721</b>
<b>Liabilities &amp; shareholders' equity/(deficit):</b>						
Shareholders' equity/(deficit)	98,395	97,684	96,573	96,367	96,053	95,721
<b>Total liabilities &amp; equity</b>	<b>\$ 98,395</b>	<b>\$ 97,684</b>	<b>\$ 96,573</b>	<b>\$ 96,367</b>	<b>\$ 96,053</b>	<b>\$ 95,721</b>

**EXHIBIT A-4-b**  
**Townco**  
**Projected Statements of Cash Flow**  
*(Unaudited)*

<i>(dollars in thousands)</i>	<b>Projected</b>	<b>Projected</b>			
	<b>8 Mos. Ending 12/31/2008</b>	<b>For the 12 months Ending December 31,</b>			
		<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
EXHIBIT A-4-b					
<b>Cash flows from operating activities</b>					
Net income	\$ (711)	\$ (1,111)	\$ (206)	\$ (314)	\$ (332)
<b>Cash flows from operating activities</b>	<u>(711)</u>	<u>(1,111)</u>	<u>(206)</u>	<u>(314)</u>	<u>(332)</u>
<b>Cash flows from financing activities</b>					
Sale of Town Assets	22,529	40,737	14,415	12,644	9,127
Conversion Costs	(7,485)	(8,847)	(3,810)	(1,495)	(548)
<b>Cash flows from financing activities</b>	<u>15,044</u>	<u>31,890</u>	<u>10,605</u>	<u>11,149</u>	<u>8,579</u>
<b>Beginning cash &amp; cash equivalents balance</b>	-	14,333	45,112	55,511	66,346
Net increase/(decrease) in cash	14,333	30,779	10,399	10,835	8,247
<b>Ending cash &amp; cash equivalents balance</b>	<u>\$ 14,333</u>	<u>\$ 45,112</u>	<u>\$ 55,511</u>	<u>\$ 66,346</u>	<u>\$ 74,593</u>

**Scotia Development LLC**  
**Townco Projected Financial Information**  
**Notes**

**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**

The Townco Projections present, to the best of the Plan Proponents' knowledge and belief, Townco's expected financial position, results of operations, and cash flows for the projection period(s). Accordingly, the Townco Projections reflect the Plan Proponents' judgment as of February 22, 2008, the date that these projections were prepared. The assumptions disclosed herein are those that the Plan Proponents believe are significant to the Townco Projections. Because events and circumstances frequently do not occur as expected, there will be differences between the projected and actual results. These differences may be material to the Townco Projections herein.

**Accounting Policies**

The Townco Projections have been prepared in good faith based upon assumptions believed to be reasonable. The Townco Projections include assumptions to the sale of the various Town properties, which are based upon the Plan Proponents' estimates and market conditions.

**Projections Assumptions**

The Plan Proponents, with the assistance of various professionals, prepared the Townco Projections for the eight-month stub period ending December 31, 2008 and the four years ending December 31, 2009, 2010, 2011 and 2012 ("Projection Period"), respectively. The Townco Projections are based on a number of assumptions, and while the Plan Proponents have prepared the Townco Projections in good faith and believe the assumptions to be reasonable, it is important to note that the Plan Proponents can provide no assurance that such assumptions will ultimately be realized. The Projections should be read in conjunction with the assumptions, qualifications and notes contained herein, the risk factors described in Section 3] of the Disclosure Statement, and the historical financial statements filed by the Debtors as Monthly Operating Reports. The following summarizes the underlying key assumptions upon which the Projections are based.

**General**

*Methodology.* The Townco Projections were prepared on the basis that effectively all assets are held for sale.

*Plan Consummation and Effective Date.* The Townco Projections are based on an assumption that the Plan would be confirmed as stated in the Disclosure Statement and Plan of Reorganization and would become effective as of April 30, 2008.

*Sale Process.* Critical assumptions of the Plan Proponents' Townco Projections are sale proceeds realized, time to realize sales, infrastructure and conversion costs and holding and selling costs. The Plan Proponents relied upon a restricted appraisal report prepared at their request by CB Richard Ellis dated October 22, 2007.

**Projected Consolidated Statement of Operations**

*Revenues.* Revenue estimates for the Projection Period are based upon the Plan Proponents' estimates of rental income from the residential units, retail and office properties and the sale of electricity generated by the cogeneration plant.

*Cost of Sales.* The Townco Projections reflect the Plan Proponents' estimates for costs related to the rental properties such as real property taxes, utilities, insurance and administrative overhead as well as costs associated with operating the cogeneration plant.

*Sale of Assets.* The Townco Projections contain the Plan Proponents' assumptions for the sale of the residential houses, retail stores, offices and other municipal properties as well as the cogeneration plan. The Townco Projections also contain assumptions for the costs of building the infrastructure required to accommodate the asset sales as well as other costs of conversion including consulting fees and sales commissions.

**Projected Consolidated Balance Sheets**

*Cash.* Net proceeds from asset sales are held as cash.

*Assets held for sale.* Assets held for sale are not depreciated. Instead the value is reduced by the net proceeds from sales.

**THE TOWNCO PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (THE "AICPA"), THE FINANCIAL ACCOUNTING STANDARDS BOARD (THE "FASB"), OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") REGARDING PROJECTIONS. FURTHERMORE, THE TOWNCO PROJECTIONS HAVE NOT BEEN AUDITED OR REVIEWED BY THE COMPANY'S REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM. THE TOWNCO PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE BASED UPON A VARIETY OF ESTIMATES AND ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES WHICH ARE BEYOND THE CONTROL OF THE PLAN PROPONENTS. CONSEQUENTLY, THE TOWNCO PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE PLAN PROPONENTS OR THAT THE TOWNCO PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PRESENTED IN THESE TOWNCO PROJECTIONS. HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE TOWNCO PROJECTIONS IN MAKING THEIR DETERMINATIONS OF WHETHER AT ACCEPT OR REJECT THE PLAN.**