

SHEEPSCOT ISLAND COMPANY  
MACMAHAN ISLAND  
GEORGETOWN, MAINE

March 23, 2015

TO: The MacMahan Community

I am writing to update you regarding the status of the lawsuit filed by Franny Pinney and six members of the Taft family against the Company, sign-ups for Cottage and Associate Memberships, the status of the liquidation certificates, payments to the dissenters, and plans for our first Member meeting in May.

Last Friday, Justice Murphy of the Business Court heard oral arguments on the Company's motion to dismiss the lawsuit. In addition to hearing the case, Justice Murphy suggested that the parties try to agree on a statement of relevant facts so that she can make her decision on both the law and whatever additional facts the parties can agree are relevant. We believe the argument went well from the Company's perspective but of course it is impossible to predict what her decision will be or when she will announce it.

I am pleased to be able to report that owners of all cottages except those of the dissenters have signed up for Cottage Memberships. In addition, we have eight Associate Members: Ross Reynolds, Hugh Reynolds, Paul Brown, David McKinney, Betty Myers, Peter Myers, Julie Adinolfi, and Peter Krause. The Board voted to extend the sign-up deadline to April 15, so perhaps there will be more. This deadline is important for anyone considering either Cottage or Associate Membership. The opportunity to sign up and the related ability to cast a vote in Company decision-making will be lost after that date.

Chris Chandler's office is in the process of preparing the liquidation certificates and copies of them will be mailed out shortly. The original certificates will remain at Curtis Thaxter. You should treat your copy as you would any other valuable paper, and you should also remember to keep your contact information up to date with Chris' office.

Checks for the Company's estimated fair value of the dissenters' shares (\$26.81 per share), plus interest from January 1, 2015, (totaling \$22,050.97) were mailed to the dissenters on March 16. Each dissenter has 30 days to decide whether or not to accept our offer and if not, to demand to be paid his or her estimated fair value. The Company would then have 60 days to petition the court to determine fair value.

As you can tell, things are progressing, but slowly. We expect to have more to report at the first Member meeting on May 23 when we will come together for discussion of and vote on the 2015 budget. In the meantime, Chris Martin is wondering about the weather here in Maine and whether he will really be able to start opening things up on April 1. It remains very cold and the snow is disappearing very slowly. All of us are anxious to get outside and play!

Thank you for your continued support and patience as we work towards another MacMahan season.

Lucy Stinson  
President