

December 17, 2012

Dear :

I am pleased to announce that the Board of Directors has authorized a distribution in the amount of \$6.2 million payable to the Shareholders of record as of December 14, 2012. This distribution will be paid in two (2) parts. The first will be a cash distribution of \$1.2 million and the remainder will be paid as an unsecured Subordinated Promissory Note with you, the shareholder, as the Payee and the W.C. and A.N. Miller Development Company as the Payor. The decision by the Board of Directors to make this special distribution is a strategic financial action to take advantage of the current existing tax rate. As you may know, regardless of what happens with the current fiscal negotiations, top federal income tax rates on qualified dividend income is scheduled to increase from 15% to 18.8% as a result of the Affordable Care Act. More than likely these rates will be raised further as part of the current negotiations.

In order to take advantage of existing tax rates for future cash flows to shareholders, the Company has issued unsecured Subordinated Promissory Notes having a principal amount due of \$5 million dollars (together with interest at 3% per annum) to shareholders based on percentage of ownership. This debt instrument, which will be an asset of yours owed by the Company to you, will begin to be paid back starting February 2013. Until the principal amount is exhausted, it will serve as a replacement of the current monthly dividend.

It is our expectation that the principal amount of the unsecured Subordinated Promissory Notes to be distributed by the Company to you in 2012 will be taxable to you as dividend income in 2012 even though you will not receive cash from these unsecured Subordinated Promissory Notes until future years. Recognizing dividend income with respect to these unsecured Subordinated Promissory Notes in 2012 should provide you with a capital basis in these unsecured Subordinated Promissory Notes equal to the amount of income recognized, so that the [principal portion of the] future cash payments made with respect to these unsecured Subordinated Promissory Notes should be treated as a return of capital [with the

interest portion being taxable in the year received]. Thus, issuing these unsecured Subordinated Promissory Notes will affect the amount of tax you will owe for 2012.

In order to offset the income tax you will owe on the receipt of these unsecured Subordinated Promissory Notes, the Company has issued a special cash dividend of \$1.2 million dollars. It is our expectation that this special cash dividend will also be taxable to you as dividend income in 2012. **While the amount may vary based on each shareholders individual tax situation, a significant portion of this special distribution will need to be allocated for taxes. Each shareholder is strongly encouraged to consult with a tax advisor to understand his or her specific situation.**

In summary, this action will achieve a number of objectives. First, it will allow the Company to distribute cash at a lower effective rate in the future. Second, it will give management the flexibility to use these current funds for potential future growth. Finally, it will keep us consistent with our strategic plan and dividend guideline of a 50/50 split between investment and distribution.

If you have any questions regarding this matter, please feel free to contact me.

Wishing you a wonderful holiday season!

Sincerely,

Robert R. Miller

THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND THEREFORE CANNOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR ASSIGNED UNLESS IT IS REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER ALL APPLICABLE STATE SECURITIES LAWS, OR UNLESS AN EXEMPTION THEREFROM IS AVAILABLE.

UNSECURED SUBORDINATED PROMISSORY NOTE

\$_____

Bethesda, Maryland

December 31, 2012

FOR VALUE RECEIVED, the undersigned, **W.C. & A.N. Miller Development Company**, a Delaware corporation ("**Payor**"), hereby promises to pay to the order of _____ ("**Payee**", and each of Payee and Payor, a "**Party**"), the principal amount of «Dollar amount» Dollars (\$____) (the "**Principal Amount**"), together with accrued and unpaid interest on the unpaid Principal Amount in accordance with the provisions of this Unsecured Subordinated Promissory Note (this "**Note**").

1. Interest. This Note shall bear simple interest on the unpaid Principal Amount commencing on the date first written above (the "**Issuance Date**") until paid in full at a rate of three percent (3%) per annum. Interest shall be computed on the basis of a 365 day year, counting the actual number of days elapsed. Payor shall pay accrued interest on a monthly basis on the last day of each month, beginning December 31, 2012.

2. Payment of Principal Amount. Payor shall pay the unpaid balance of the Principal Amount of this Note, and all accrued but unpaid interest, to Payee on December 31, 2032, the twentieth (20th) anniversary of the Issuance Date. Payor may, at any time and from time to time without premium or penalty, prepay all or any portion of the outstanding obligations under this Note, including, without limitation, accrued but unpaid interest.

3. Dividend. This Note is payment in full of a pro-rata non-cash dividend declared by the board of directors of the Payor on December 14, 2012 and shall be treated as a dividend for all purposes including, without limitation, U.S. federal income tax purposes and U.S. securities law compliance.

4. Event of Default. Upon the occurrence of, and for the entire duration of, any of the following events of default (each, an "**Event of Default**"), Payee may declare all unpaid principal and accrued interest on the Note held by Payee to be due and payable immediately: (a) Payor fails to pay any amount (whether interest, principal or other amount) when due under this Note and such failure continues for a period of twenty (20) days after Payor receives written notice from Payee of such failure to pay; (b) Payor shall have instituted any proceeding (i) seeking a declaration or entailing a finding that Payor is insolvent under any law relating to bankruptcy, insolvency, relief of debtors or protection of creditors, or any other similar law now or hereafter in effect, or (ii) seeking appointment of a receiver, trustee, liquidator, assignee, sequestrator or other custodian for Payor or for all or any substantial part of Payor's property; or (c) a proceeding shall have been instituted by a third party in respect of Payor (i) seeking a declaration or entailing a finding that Payor is insolvent under any law relating to bankruptcy, insolvency, relief of debtors or protection of creditors, or any other similar law now or hereafter in effect, and such proceeding shall remain undismissed and unstayed for a period of ninety (90) consecutive days, or (ii) seeking appointment of a receiver, trustee, liquidator, assignee, sequestrator or other custodian for Payor or for all or any substantial part of Payor's property, and such proceeding shall result in the entry, making or grant of any such order for relief, declaration, finding, relief or appointment, and such proceeding shall remain undismissed and unstayed for a period of ninety (90) consecutive days.

5. **Notices.** All notices, requests, demands, claims and other communications pertaining to this Note (any of the foregoing, a “**Notice**”) will be in writing addressed as follows: (i) if to Payor, to the address set forth underneath Payor’s signature on the signature page hereto; or (ii) if to Payee, to the address of Payee on the books and records of Payor, as previously designated by Payee. Notices will be deemed given (A) when delivered in person, (B) on the second (2nd) Business Day after being sent, prepaid, by nationally recognized overnight courier that issues a receipt or other confirmation of delivery or (C) on the fifth (5th) Business Day after being sent by U.S. mail as first class registered or certified mail, return receipt requested, postage prepaid. Any Party may change the address to which Notices are to be sent to it by giving written notice of a change of address in the manner provided in this Note for giving Notice.

6. **Place and Method of Payment.** Payor may make payments hereunder by any legal method, including, without limitation, wire transfer, electronic ACH payment, mailing or personal delivery of a check or personal delivery of cash. All payments made by Payor hereunder shall be in U.S. dollars and delivered to Payee at the address or account of Payee on the books and records of Payor, as previously designated by Payee or as hereinafter may be changed by prior written notice provided to Payor in accordance with the terms of this Note. If any date for payment under this Note is not a Business Day, such payment shall instead be due on the next succeeding Business Day. For purposes of this Note, a “**Business Day**” shall mean any day other than a Saturday or Sunday or a day on which commercial banks in New York, New York are not open for the general transaction of business. Payee may, at any time, grant any extension of time, without limit as to the number or the aggregate period of such extensions, for the payment of any Principal Amount or accrued and unpaid interest payable under this Note.

7. **Amendment and Waiver; Cancellation.** This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Payor or Payee, but only by an agreement in writing signed by the Party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought. After all obligations for the payment of money arising under this Note have been paid in full, this Note will be surrendered to Payor for cancellation.

8. **Entire Agreement.** This Note constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes and terminates any prior agreements (written or oral) between the Parties or their respective affiliates with respect to the subject matter hereof.

9. **Construction.** The rule of construction against the drafter of this Note is hereby waived. The headings and subheadings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of this Note.

10. **Assignment.** This Note and the obligations represented hereby shall not be assignable by the Payor without the prior written consent of the Payee except that Payor may assign the same without Payee’s consent to any affiliate of Payor or to an entity into which it merges (where applicable law would deem the same to constitute an assignment) or to an entity to whom Maker assigns all or substantially all of its assets.

11. Governing Law, Jurisdiction and Venue; WAIVER OF JURY TRIAL. This Note shall be governed by and construed in accordance with the laws of the State of Maryland as applied to contracts made and performed within the State of Maryland without regard to principles of conflict of laws. Each Party irrevocably agrees (i) that any claim arising out of or in connection with this Note shall exclusively be brought in any state or federal court located in the State of Maryland (or in any court in which appeal from such courts may be taken), (ii) not to assert, by way of motion, as a defense, or otherwise, in any such claim, any claim that it is not subject personally to the jurisdiction of such court, that the claim is brought in an inconvenient forum, that the venue of the claim is improper or that this Note or the subject matter hereof may not be enforced in or by such court, and (ii) not to challenge such jurisdiction or venue by reason of any offsets or counterclaims in any such claim. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY IN CONNECTION THEREWITH.

IN WITNESS WHEREOF, Payor has executed and delivered this Unsecured Subordinated Promissory Note as of the Issuance Date.

W.C. & A.N. Miller Development Company

By: _____
Name: Robert R. Miller
Title: President

Address for Notices pursuant to Section 5:

W.C. & A.N. Miller Development Company
4701 Sangamore Road, Suite S135
Bethesda, Maryland 20816

Attention: Robert R. Miller

Memo

To: Robert R. Miller
From: Alan L. Gordon, CPA
Date: 11/26/2012
Re: Payment of Dividends in the form of subordinated promissory notes and cash

It is our understanding that the Board of Directors of the WC & AN Development Company (the Company) is considering issuing in lieu of dividends, the following:

1. Unsecured Subordinated Promissory Notes totaling \$5 million – The subordinated promissory notes are intended to be in lieu of dividend and will be repaid to the shareholders plus interest. The shareholders will be subject to income tax on the receipt of the note. In addition, the distribution will be reported to Internal Revenue Service on Form 1099-DIV. Any interest earned on the debentures will be taxable to the shareholders as ordinary income.
2. Cash totaling \$1.2 million
3. Dividends can be treated for tax purposes in four different manners, as follows:
 - a. Ordinary dividends – An ordinary dividend is taxed at the incremental tax rates of the recipient.
 - b. Qualified dividend – A qualified dividend is taxed as a long-term capital gain, at a maximum rate of 15% (in 2012). A qualified dividend is defined as dividends received during the tax year from a domestic corporation or a qualified foreign corporation.
 - c. Capital gain distribution – A capital gain distribution is taxed as a long term capital gain, at a maximum rate of 15% (in 2012)
 - d. Return of capital – A distribution considered a return of capital reduces the respective shareholder's tax basis in the related stock and any excess is treated as long-term capital gain. To the extent basis is being reduced, there is no tax.

The attached example is a hypothetical example and should be used to better understand the tax applications of the distributions. Shareholders should consult with his or her own personal tax adviser to determine their respective tax consequences of the distributions.

WC & AN Miller Development Company
Hypothetical Example
2012 Distributions to Shareholders

Ownership Percentage	1.00%
Total amount of Promissory Note	5,000,000
Promissory Note allocated to 1% shareholders	50,000
Total Cash distribution	1,200,000
Cash distribution allocated to 1% shareholder	12,000
Total distributions allocated to 1% shareholder	62,000
Federal tax rate applicable to qualified dividends and capital gain distributions	15.00%
Potential federal tax on distributions	9,300

Shareholders should consult their personal tax advisors relative to the tax consequences of this transaction