



**Interstate General Company L.P., A Limited Partnership**

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## **IGC UNITHOLDER REPORT**

**December 7, 2006**

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**Middleburg, VA** --- Interstate General Company ("IGC") announced today that its affiliate, Interstate Waste Technologies, Inc. ("IWT"), has completed the sale of 68 acres of land in Towne Center South, Waldorf, Maryland. The closing occurred on November 28, 2006. The sale price, paid in cash, was \$18.6 million, less non-refundable deposits totaling \$975,000 previously paid to IGC. Mortgage indebtedness in the amount of \$8,116,703.50 was paid at closing.

The net proceeds of sale will be used by IWT to repay its indebtedness to IGC; to lend money to another IGC affiliate, Caribe Waste Technologies, Inc. ("CWT"), to repay a portion of CWT's indebtedness to IGC; and to pay vendors and other creditors, including IGC payables assumed by IWT in the transfer by IGC of certain assets and liabilities to IWT effective January 1, 2006.

The remainder of the net proceeds will be retained by IWT to meet operating expenses.

At its meeting on December 4, IGC's Board adopted a Plan of Reorganization, Distribution and Liquidation that provides for the following:

- ❖ A reverse split whereby each 1,000 IGC units presently outstanding ("Old Units") will be combined into one new IGC Unit ("New Unit"). As part of the reverse split, persons owning less than 1,000 Old Units will receive a payment of \$3 per Old Unit. The Old Units not convertible into New Units will be effectively canceled. Persons holding 1,000 or more units will receive New Units, which may include a fractional New Unit.
- ❖ IGC will make a distribution with respect to New Units equal to \$2.00 per Old Unit.
- ❖ The Board set a record date of December 4, 2006 for the \$3 payment and \$2 distribution, with an expected payment date on or before December 22, 2006.
- ❖ The IWT/CWT Trust holding shares of the capital stock of IWT and CWT will be terminated pursuant to which the trustees will distribute the shares of IWT and CWT pro rata to the holders of IGC's New Units.

Following the distribution of the IWT/CWT shares by the trustees of the IWT/CWT Trust, IWT and CWT will be private corporations. A public market for the shares will not exist.

In arriving at the payment of \$3.00 per Old IGC unit, IGC's directors considered the price at which the units traded prior to their being de-listed in December 2004, the absence of a public market for units, the difficulty in predicting the success or possible failure of IWT and/or CWT and the limited resources available to fund their future operations.

Prior to the termination of IGC, the outstanding New Units of IGC will be canceled. IGC unitholders will receive Schedule K-1s covering their share of IGC's income, loss deductions and credits for the year ending December 31, 2006. IGC will complete its liquidation and terminate as soon as all required actions and filings can be completed. Former IGC unitholders holding shares of IWT and CWT will receive periodic reports from management and annual financial statements for the two companies.

The consummation of all proposed transactions is subject to compliance with applicable federal and state securities and partnership laws and regulations.

IWT/CWT will continue with their business plan. IWT is participating in competitive procurements in New York City, the City of Los Angeles and the County of Los Angeles. IWT and its gasification technology were found "qualified" in reports by consultants for each proposed project. At present, these procurements are in a preliminary stage. IWT expects to raise additional capital from joint venture partners or other funding sources to enable it to carry these projects beyond the competitive procurement phase.

As previously reported, CWT is actively pursuing a waste-to-energy project with the Municipality of Caguas in Puerto Rico. CWT intends to continue to pursue the necessary municipal and power purchase agreements and is hopeful that the Caguas project will be built. However, given the time that has passed since inception and the obstacles that remain, the likelihood of success is uncertain.

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This press release contains forward-looking statements. Investors are cautioned that all forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those in the forward-looking statement. Forward-looking statements relate to anticipated revenues, gross margins, earnings, and the growth of the market for our projects. Numerous factors could cause results to differ, including but not limited to changes in market demand and acceptance of company facilities, impact of competitive facilities and pricing, dependence on third party suppliers, changes in government regulations, and the normal cyclical nature of the real estate and waste facility development markets. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it gives no assurance that its expectations will be attained.