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FOR IMMEDIATE RELEASE

State Reaches Deal to Purchase Montreal, Maine and Atlantic Railway

AUGUSTA – The State of Maine has reached an agreement to purchase 233 miles of track in Aroostook and Penobscot counties from the Montreal, Maine and Atlantic Railway.

“This agreement will ensure that Northern Maine continues to have access to rail service,” Governor John E. Baldacci said. “Improved rail connections are critical to Maine’s economy, and this line particularly will help to protect thousands of jobs and major employers in Aroostook and Penobscot counties. The economic impact of the successful rehabilitation of this line will be felt throughout Maine.”

The owners of the railroad had begun the process to abandon the line, which would have cut off rail service to Northern Maine and hurt important industries throughout Maine.

The agreement, which concludes more than a year of negotiations between the State and the Montreal, Maine and Atlantic Railway, calls for a purchase price of \$20.1 million in cash for the rail line from Millinocket to Madawaska and branch lines to Caribou, Presque Isle, Easton, Houlton and Limestone.

The State will receive title to the line, free of any liens, along with overhead traffic rights to move freight over certain lines that MMA is retaining. These trackage rights will allow a new operator to connect with the Canadian National line at Van Buren and the Eastern Maine Railway in Brownville Junction. MMA will provide any needed interchange infrastructure and track at these interchange locations for the new operator.

Funding for the purchase includes: \$7 million from a June 2010 bond, \$4 million from a November 2009 bond that is being repurposed, \$7 million from state reserve accounts, \$1.1 million from rail balances from canceled projects, and \$1 million from a major shipper on the line.

In addition, Maine was notified last Friday that the state will receive \$10,546,436 in federal TIGER II funds for track improvements that will allow trains to move faster and provide more reliable service to Maine shippers who do business in a very competitive environment.

As the sale is finalized, MaineDOT will issue a Request for Proposals to solicit a private rail operator to provide service over the lines being purchased. MaineDOT has already received numerous expressions of interest from established railroads and expects lively competition for this franchise.

The agreement to purchase this section of the MMA Railway preserves a vital economic corridor and transportation asset in Northern Maine. More than 25 businesses in the area rely on this rail link, and an estimated 750-1,000 jobs could have been threatened or at risk if the tracks were abandoned.

“This will certainly improve the business climate in Northern Maine,” said MaineDOT Commissioner David Cole. “Lifting this cloud of uncertainty not only helps stabilize these rail dependent industries, but with improved services lays the groundwork for future expansion and new business opportunities.”

The combination of the TIGER II capital grant to improve the rail infrastructure and the opportunity for more efficient rail operations means a great deal to the overall state economy as well. The preservation and improvement of this service ensures the steady supply of raw products to paper mills in the south and to manufacturing customers throughout the region and nationally.

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