

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

In re:

MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670

Chapter 11

**AFFIDAVIT OF THOMAS C. MCCARTHY IN SUPPORT OF  
TRUSTEE'S SALE MOTION**

I, Thomas C. McCarthy, hereby state, swear and depose as follows:

1. I am working under the direction of Peter S. Kaufman, President of Gordian Group, LLC and Head of our Restructuring and Distressed M&A practice at Gordian Group, LLC ("Gordian"), an investment banking firm having significant expertise in bankruptcy, general investment banking and financial advisory issues. Gordian maintains offices at 950 Third Avenue, New York, NY 10022.

2. All facts set forth herein are based on my personal knowledge, on Gordian's overall efforts in respect here to, on my review of information and documentation supplied to me by the Montreal Maine & Atlantic Railway, Ltd. (the "Debtor" or "MMA"), or on my opinion based upon my knowledge of Debtor's assets. If I were called to testify, I could and would testify competently to the facts set forth herein.

3. I submit this affidavit in support of: Motion for Authority to Sell Substantially All of the Debtor's Assets and to Assume and Assign Certain Executory Contracts and Unexpired Leases [D.E. 490].

4. Pursuant to an Order entered by this Court on October 7, 2013, Gordian serves as Investment Banker to Trustee Robert J. Keach (the "Trustee") for the purpose of providing investment banking and financial advisory services in connection with the Section 363 auction process of the Debtor's assets (the "Assets").

5. Upon retention, Gordian began extensive efforts to market MMA, creating a targeted and representative list of potential purchasers – both strategic and financial. Gordian prepared offering materials (a Teaser Memorandum, among other documents), and began reaching out to parties on October 8, 2013. Concurrent with these marketing efforts, Gordian worked with Development Specialists, Inc. (“DSI”) to create and populate a virtual data room, providing interested parties with easy access to pertinent information relating to the Debtor, the Assets, and the auction process. The virtual data room was activated on October 9, 2013.

6. Gordian has reached out to approximately 100 potential purchasers, both domestic and international, throughout the marketing process. Of these contacted parties, approximately 65 demonstrated initial interest and were provided with a Teaser Memorandum to assess preliminarily the opportunity internally.

7. Non-disclosure agreements were requested by more than 35 parties, of which approximately 25 executed the agreement. Upon execution, these parties were granted access to the virtual data room. The parties included, among others:

- a) certain private equity funds with railroad and infrastructure experience;
- b) domestic and international railroad holding companies;
- c) oil and gas related companies with overlapping geographic markets to those of the Debtor; and
- d) certain past and present customers of the Debtor.

8. In addition to these marketing efforts, Gordian worked diligently for and with the Trustee to evaluate certain strategic decisions relating to bid procedures and potential purchasers, ensuring that the process maintained a competitive dynamic.

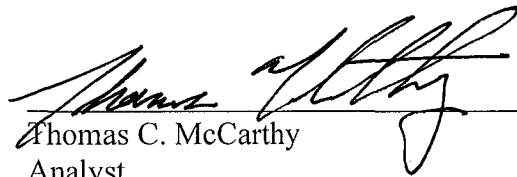
9. Despite the accelerated time frame of the process, Gordian believes the marketing efforts have been adequate to maximize the value of the assets and obtain the best possible value for the Assets. This is particularly true in light of several recent train derailments in North America involving crude oil and the resulting uncertainty involving the regulatory environment for continued transportation of crude by rail. On December 12, 2013, Railroad Acquisition

Holdings, LLC, an affiliate of Fortress Investments Group, entered into an asset purchase agreement (“APA”) as a stalking horse bidder, for the purchase of the entirety of the Assets.

10. Upon confirmation of Railroad Acquisition Holdings, LLC as stalking horse by the court on December 19, 2013, Gordian continued to market the Assets and sent the approved bid procedures and stalking horse APA to approximately 25 potential purchasers. The Trustee, Gordian, and DSI continued to provide due diligence assistance to all potential purchasers up until the auction. Of these potential purchasers, three have submitted competing bids for certain lots designated in the bid procedures.

11. I certify under penalty of perjury that the forgoing is true to the best of my knowledge, information and belief.

IN WITNESS WHEREOF I, Thomas C. McCarthy, hereunder set my hand and seal this 21<sup>st</sup> of January, 2014.

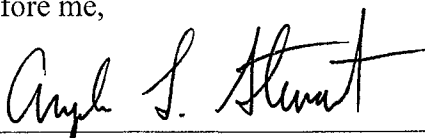
  
\_\_\_\_\_  
Thomas C. McCarthy  
Analyst

STATE OF MAINE  
CUMBERLAND, ss

Date: January 21, 2014

Thomas C. McCarthy personally appeared before me and acknowledged that the foregoing is true and based on his own knowledge, information, or belief, and further, to the extent based on information and belief, that he believes the information to be true.

Before me,

  
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Notary Public

**ANGELA L. STEWART**  
Notary Public, Maine  
My Commission Expires March 9, 2014