


**HOWE BARNES IS PLEASED TO ANNOUNCE
OUR RECENT FINANCING TRANSACTION**

**Howe Barnes acted as placement agent for the private placement of
Katahdin Bankshares Corp. common stock**

March 2007
\$4,995,000



Katahdin
Bankshares Corp.
Patten, Maine

37,000 Shares
Common Stock

Price \$135.00 Per Share

Katahdin Bankshares Corp. (OTCBB: KTHN), headquartered in Houlton, Maine, is the bank holding company for Katahdin Trust Company, a full service community bank located in Northern Maine with 14 locations in Aroostook and Penobscot County. At December 31, 2006, the Company had assets of \$393 million, loans of \$290 million, deposits of \$315 million and shareholders' equity of \$26 million.

The Company will use the net proceeds from the offering for the acquisition of The Maine Financial Group, Inc., a commercial loan brokerage company located in the Portland metropolitan area of Southern Maine. With the transaction, the Company will add equipment financing for individuals and businesses in the trucking, construction, forest products and marine industries throughout northern New England.

Financial Highlights (\$000)

Total Assets	\$393,360	ROAA	1.08%
Total Equity	\$25,823	ROAE	17.15%
Total Loans	\$289,687	Net Income	\$4,117
Total Deposits	\$314,866	EPS	\$13.70

**Financials as of December 31, 2006*

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