

CANADA

PROVINCE OF QUEBEC
DISTRICT OF SAINT-FRANÇOIS
N°: 450-11-000167-134

SUPERIOR COURT
(Commercial Division)

(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
C. C-36, as amended)

IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:

MONTREAL, MAINE & ATLANTIC CANADA CO.
(MONTREAL, MAINE & ATLANTIQUE CANADA
CIE)

Debtor-Petitioner

-and-

RICHTER ADVISORY GROUP INC. (RICHTER
GROUPE CONSEIL INC.)

Monitor

-and-

RAILROAD ACQUISITION HOLDINGS LLC

Mise en cause

**MOTION FOR AN ORDER (a) APPROVING BID PROCEDURES FOR THE SALE OF
THE DEBTOR'S ASSETS, (b) APPROVING A STALKING HORSE BID (c)
APPROVING A BREAK-UP FEE AND EXPENSE REIMBURSEMENT (d)
SCHEDULING AN AUCTION (e) APPROVING PROCEDURES FOR THE
ASSIGNMENT AND ASSUMPTION OF CERTAIN EXECUTORY CONTRACTS AND
UNEXPIRED LEASES and (f) APPROVING A FORM OF NOTICES OF SALE
(Sections 9, 10, 11.3 and 36 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985,
c. C-36 ("CCAA"))**

TO THE HONOURABLE JUSTICE GAÉTAN DUMAS OF THE SUPERIOR COURT, SITTING
IN COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF SAINT-FRANÇOIS, THE
PETITIONER RESPECTFULLY SUBMITS AS FOLLOWS:

RELIEF SOUGHT

1. Montreal Maine & Atlantic Canada Co. ("MM&A") hereby requests that this honourable Court enter an order:

- i) Approving certain bidding procedures (the “**Bid Procedures**”) by which MM&A may sell substantially all of its assets;
- ii) Ordering that Railroad Acquisition Holdings LLC (the “**Stalking Horse**”) constitutes a Qualified Bidder and that the Asset Purchase Agreement dated December 12, 2013 filed in support hereof as **Exhibit R-1** (the “**Stalking Horse APA**”) shall constitute a Qualified Bid for all purposes and in all respects in connection with the Bid Procedures;
- iii) Approving the Stalking Horse APA, subject to the terms and conditions of the Bid Procedures;
- iv) Approving a break-up fee and expense reimbursement in favor of the Stalking Horse;
- v) Scheduling an auction;
- vi) Approving procedures relating to the assumption by and the assignment in favor of the Stalking Horse or the Successful Bidder(s) (as the terms are defined in the Bid Procedures) of certain executory contracts and unexpired leases;
- vii) Scheduling a hearing to consider the sale of MM&A’s assets; and
- viii) Approving the form of notice of sale which sets forth, *inter alia*, the date of the hearing to consider the sale of MM&A’s assets;

BACKGROUND

2. On August 8, 2013, this Honourable Court issued an order extending the protection of the *Companies’ Creditors Arrangement Act* (“**CCAA**”) to MM&A pursuant to section 11.02 of the CCAA (as amended on August 23, 2013, the “**Initial Order**”);
3. Pursuant to the Initial Order, Richter Advisory Group Inc. (Richter Groupe Conseil Inc.) was appointed as Monitor of the Petitioner (the “**Monitor**”) and a stay of proceedings (the “**Stay of Proceedings**”) was ordered until and including September 6, 2013 (the “**Stay Period**”);
4. The Stay Period has since been extended by order of this Court to January 28, 2014;
5. In addition to protecting the Petitioner, the Stay of Proceedings also extends to *inter alia* the members of the Petitioner’s corporate group (the Petitioner and the other members of its corporate group collectively referred to as the “**Petitioner’s Corporate Group**”) listed in Schedule “A” hereto and to the persons listed in Schedule “B” hereto (collectively, the “**Non Petitioner Defendants**”). As appears from Schedules “A” and “B”, the members of the Petitioner’s Corporate Group and the Non Petitioner Defendants include, *inter alia*, Montreal, Maine & Atlantic Railway Ltd (“**MM&AR**”), (the Petitioner’s parent company), as well as their liability insurer, XL Insurance Company Ltd.;
6. MM&A’s filing under the CCAA was precipitated by the tragic train derailment in Lac-Mégantic on July 6, 2013 (the “**Derailment**”). The Derailment also precipitated the filing of Chapter 11 bankruptcy proceedings by MM&AR in the United States Bankruptcy Court, District of Maine (the “**Chapter 11 Case**”);

7. On August 21, 2013, the United States trustee appointed Robert J. Keach to serve as trustee in the Chapter 11 Case (the “**Chapter 11 Trustee**”);
8. On September 4, 2013, the Court entered an order adopting the Cross-Border Insolvency Protocol (the “**Protocol**”). In light of the Protocol, the Petitioner and Monitor have conferred with the Chapter 11 Trustee appointed in the Chapter 11 Case regarding the relief sought in this Motion;
9. On October 9, 2013, this Honourable Court authorized MM&A to execute the agreement negotiated by MM&A, the Monitor and the Chapter 11 Trustee with an investment banker, namely Gordian Group, whereby the latter, in accordance with the joint instructions of the Monitor, MM&A and the Chapter 11 Trustee was to manage a sales process of both MM&A’s and MM&AR’s assets and business, including to identify potential bidders, to obtain from them expressions of interest and select a stalking horse bidder;

THE SELECTION OF THE STALKING HORSE

10. The Gordian Group identified and solicited more than 40 potential bidders and 18 of them executed a non-disclosure agreement and conducted verifications with respect with MM&A’s and MM&AR’s assets and business, through consultation of the information made available to them in a virtual data room or otherwise;
11. Each of these potential bidders were offered the possibility to act as the stalking horse bidder;
12. Although it is expected that some of these interested parties will participate in the auction contemplated under the Bid Procedures, Railroad Acquisition Holdings LLC is the only one willing, at this stage, to act as the Stalking Horse Bidder;
13. In view of the foregoing, Gordian, MMA, the Monitor and the Chapter 11 Trustee concentrated their efforts on the negotiation and conclusion of a satisfactory stalking horse bid with Railroad Acquisition Holdings LLC;
14. These efforts ultimately led to the execution, on December 12, 2013, of the Stalking Horse APA;
15. In the context of the negotiation of the Stalking Horse APA, Gordian Group, MM&A, the Monitor and the Chapter 11 Trustee satisfied themselves of the Stalking Horse’s ability to perform all transactions provided for under the Stalking Horse APA:
 - This Stalking Horse is an affiliate of Fortress Investment Group LLC (“**Fortress**”), incorporated for the purposes of carrying on the acquisition of MM&A and MM&AR’s assets;
 - Fortress is a global investment management firm acting on behalf of over 1,500 institutional investors and private clients worldwide;
 - Fortress undertook to confirm, prior to the hearing of this Motion, the irrevocable and sufficient capitalization of the Stalking Horse or, alternatively, that it will

guarantee the Stalking Horse's obligations under the Stalking Horse APA or provide a letter of credit to secure said obligations;

SUMMARY OF THE STALKING HORSE APA

16. The Stalking Horse APA (Exhibit R-1) contains the material terms of the Stalking Horse's proposed purchase and should be consulted as to all of the terms of the proposed sale. Certain material terms of the Stalking Horse APA can be summarized as follows:¹

- i) **Purchased Assets:** All assets of MM&AR and MM&A other than the Excluded Assets (collectively, the "Assets").
- ii) **Assigned Contracts and Leases:** all executory contracts and all unexpired leases (the "Assigned Contracts and Leases"), subject to the addition or removal of certain executory contracts and unexpired leases by the Stalking Horse pursuant to the terms of the Stalking Horse APA, shall be assigned to the Stalking Horse.
- iii) **Excluded Assets:** includes: cash; cash equivalents; accounts; accounts receivable; rights of reimbursement; setoff rights; rights of recoupment and any rights arising out of governmental programs; causes of action other than the Assigned Causes of Action selected by the Stalking Horse pursuant to Section 2.1(a)(xv) and Section 2.1(b)(xv) of the Stalking Horse APA; the Debtors' rights and interests under any insurance policies; any and all claims, causes of action, or liabilities relating to or arising out of the Derailment; deposits; contracts and leases not assigned to the Stalking Horse.
- iv) **Sale Free and Clear:** The transfer of the Assets to the Stalking Horse shall be free and clear of all liens, claims, encumbrances and interests.
- v) **Purchase Price:** The purchase price for the Assets consists of: US Fourteen Million, Two Hundred and Fifty Thousand Dollars (US\$14,250,000.00) (the "Purchase Price").
- vi) **Deposit:** The Stalking Horse will deliver to counsel to the Chapter 11 Trustee, as escrow agent, a deposit of US\$750,000 (the "Deposit") within five (5) Business Days following the execution of the Stalking Horse APA. The Deposit (and any interest accrued thereon) shall be credited as a partial payment of the Purchase Price payable at the Closing.
- vii) **Cure Costs:** The Stalking Horse shall pay any amounts payable under Section 11.3 (4) CCAA and the relevant provision of the *United States Bankruptcy Code* in order to effectuate the assumption of the Assigned Contracts and Leases, provided, however, that such cure costs shall not exceed the Cure Cost Cap set forth in the Stalking Horse APA, namely an amount of U.S.\$1,300,000 in the aggregate (Section 2.3 (a) (iii) of the Stalking Horse APA).

¹ The summary of the terms of the Stalking Horse APA set forth herein is intended solely to provide a brief overview of certain material terms thereof. This summary is qualified entirely by reference to the Stalking Horse APA, and in the event of any conflict or inconsistency between the provisions of this Motion and the Stalking Horse APA, the Stalking Horse APA shall prevail.

- viii) **Closing Costs:** The Stalking Horse shall pay any recording fees and transfer taxes, except as otherwise provided in the Sale Order or Vesting Order. Other costs associated with the closing of the Stalking Horse APA shall be allocated as provided for in the Stalking Horse APA.
- ix) **Break-Up Fee:** The Stalking Horse APA requires that, in the event that a higher or better offer or offers is approved by the Bankruptcy Court and/or Canadian Court, the Debtors pay to the Stalking Horse a break-up fee in the amount of 3.5% of the Purchase Price (the "Break-Up Fee") and a reimbursement of actual expenses incurred by the Stalking Horse (the "Expense Reimbursement") in an amount not to exceed US\$500,000.00. The Break-Up Fee and Expense Reimbursement shall constitute administrative expenses under sections 503(b)(1) and 507(a)(1) of the Bankruptcy Code and be secured by a charge on MM&A's assets to be granted by this Court.
- x) **Conditions to Closing:** includes: entry of orders by this Court and the United States Bankruptcy Court for the District of Maine approving Bid Procedures, Sale Motion, and assumption, assignment and cure procedures; and all required governmental approvals and permits.

THE BREAK-UP FEE AND THE EXPENSE REIMBURSEMENT

17. As consideration for the value of the bid for the Sale of the Assets proposed by the Stalking Horse, as set forth in the Stalking Horse APA (the "**Stalking Horse Bid**"), in the event that this Court and the *U.S. Bankruptcy Court* should determine that any competitive bid or set of competitive bids in the aggregate constitute a higher or otherwise better offer than the Stalking Horse Bid, or that acceptance of a bid or bids other than the Stalking Horse Bid is in the public interest, and the Chapter 11 Trustee and MM&A thereafter close on the sale of the Assets to one or more third parties, then, subject to the terms of the Stalking Horse APA, the Stalking Horse shall receive the Break-Up Fee in the amount of US\$498,750 (or 3.5% of the Purchase Price under the Stalking Horse APA) and an expense reimbursement for the Stalking Horse's reasonable expenses in an amount not to exceed US\$500,000.00;
18. The Stalking Horse has incurred and will incur significant time, expense and costs in negotiating the terms of the Stalking Horse APA, as well as in conducting due diligence and participating in the bidding process contemplated under the Bid Procedures. The Stalking Horse APA will serve as a basis by which other offers, if any, will be measured. In light of these considerations, MM&A submits that the Break-Up Fee and Expense Reimbursement are reasonable and should be approved by this Court;
19. Break-up fees serve a number of useful functions: (1) they attract bidders; (2) they help to ensure that a bidder does not withdraw its bid; and (3) they help to establish a bid standard for other bidders;
20. MM&A submits that this Court should consider the following questions in assessing the appropriateness of break-up fees: (1) whether the relationship between the parties who negotiated the break-up fee is tainted by self-dealing or manipulation; (2) whether the fee hampers, rather than encourages, bidding; and (3) whether the amount of the break-up fee is reasonably relative to the proposed purchase price;

21. Applying this test to the Break-Up Fee and Expense Reimbursement, it should first be noted that they are the product of arms' length negotiations between unrelated parties. Second, the Break-Up Fee and accompanying provisions encourage meaningful bidding by: (i) attracting and retaining the Stalking Horse bid, where no other party was willing, at this stage, to make a firm offer to acquire all or a portion of the Assets; and (ii) establishing a benchmark against which MM&A, the Monitor and the Chapter 11 Trustee can evaluate overbids. Third, MM&A believes that the Break-Up Fee is fair and reasonable relative to the amount to be paid to the MM&A and MM&AR's estates if the sale of the Assets is approved. The Break-Up Fee totals three and a half percent (3.5%) of the Purchase Price, and the Expense Reimbursement is capped at US\$500,000.00; MM&A and MM&AR shall be jointly and severally liable for both the Break-Up Fee and the Expense Reimbursement. Importantly, the Stalking Horse was unwilling to enter into the Stalking Horse APA absent the protections afforded by the Break-Up Fee and the Expense Reimbursement. Viewed in this light, the Break-Up Fee and Expense Reimbursement are reasonable;
22. The Stalking Horse APA contemplates that any competing offer for all of the Assets must provide an initial minimum overbid no less than US\$1,498,750.00 more than the Stalking Horse's offer (the "Initial Minimum Overbid"). Subsequent bidding increments for all of the Assets must be no less than US\$500,000.00 more than the previous bid, although the Trustee, the Monitor and MM&A reserve the right to reduce this amount at the Auction. The initial minimum overbid is inclusive of the Break-Up Fee and maximum Expense Reimbursement of US\$500,000.00 payable to the Stalking Horse, plus the subsequent bidding increment. Given the size of this transaction, subsequent bidding increments of US\$500,000.00 will not discourage competing bids at an auction. Bids for less than all of the Assets will be permitted at the Auction; the initial minimum bid for each "lot," as well as the subsequent bidding increments for each "lot" (subject to adjustment at the Auction) are set forth in the Bid Procedures as follows:

LOT	INITIAL MINIMUM BID	MINIMUM INCREMENTS
All asset Lot	US \$15,748,750	US \$500,000
MMA Lot	US \$10,557,662	US \$400,000
MMA Canada Lot	US \$5,197,088	US \$200,000
Modified MMA lot (i.e. MMA Lot less the Newport Subdivision)	US \$9,801,662	US \$350,000
Newport Subdivision	US \$750,000	US \$50,000

23. In addition, pursuant to Section 5.4 of the Stalking Horse APA, MM&A must obtain the issuance by this honourable Court of an order establishing a charge (the "**Stalking Horse Charge**") upon MM&A's assets securing payment of the Break-up Fee and Expense Reimbursement that shall put the Stalking Horse in the same legal position relative to the property of MM&A as Sections 503 (b) (1) and 507 (a) (2) of the U.S. Bankruptcy Court put the Stalking Horse relative to the property of MM&AR (i.e. the Break-up Fee and Expense Reimbursement to be considered as administrative priority expenses in the Chapter 11 case of MM&AR);
24. Accordingly, MM&A hereby requests this honourable Court to establish the Stalking Horse Charge and to declare that the Stalking Horse Charge shall have priority over all

other claims against the assets of MM&A, with the exception of the CCAA Charges (as defined in the Initial Order) and all other valid security or charges affecting MM&A's assets;

25. The Break-up Fee, the Expense Reimbursement and Stalking Horse Charge are essential elements of the Stalking Horse APA and failure to obtain approval of them would expose MM&A to the termination of the Stalking Horse APA, thus leaving MM&A without a stalking horse bidder;
26. Under the circumstances and in view of the fact that the Stalking Horse APA is considered to be MM&A's best option at the present time, it is submitted that the Stalking Horse charge should be granted;
27. Moreover, the Stalking Horse Charge is unlikely to cause any prejudice to MM&A's other creditors as the Break-up Fee and the Expense Reimbursement shall only become payable if another bidder is selected as the successful bidder in connection with the sale of MM&A's assets following an auction in which case, according to the requirements of the Bid Procedures, such alternative transaction shall provide sufficient additional funds to satisfy the payment of the Break-up Fee and of the Expense Reimbursement as required;

THE PROPOSED BID PROCEDURES

28. To ensure that the MM&A's estate receives the highest and best offer for its assets, MM&A will solicit competing bids for its assets pursuant for the proposed Bid Procedures filed herewith as **Exhibit R-2**;
29. MM&A submits that the Bid Procedures do not provide an undue advantage to the Stalking Horse Bid, provide the same access to information to all potential bidders, provide the option to contain the same contingency as any stalking horse bid and promote overall fairness. Of course, the primary goal of any sale process is to maximize the proceeds received by the estate and it is respectfully submitted that said goal would be achieved by the approval by this honourable Court of the Bid Procedures;
30. The Bid Procedures provide for the following process in connection with the sale of the Assets:²

² The summary of the terms of the Bid Procedures set forth herein is intended solely to provide a brief overview of certain material terms thereof. The summary is qualified entirely by reference to the Bid Procedures and in the event of any conflict or inconsistency between the provision of this Motion and the Bid Procedures, the Bid Procedures shall prevail. The capitalized terms used in this section have the meaning ascribed to them in the Bid Procedures.

I. BID QUALIFICATIONS

1. **The Bidding Process.** The Trustee, the Monitor, and MMA Canada, in conjunction with their respective advisors and using reasonable discretion taking into account their fiduciary duties, shall collectively: (i) determine whether any person is a Potential Bidder (hereinafter defined); (ii) coordinate the efforts of Potential Bidders in conducting their respective due diligence investigations regarding the Assets; (iii) receive offers from Qualified Bidders (hereinafter defined); and (iv) negotiate any offer made to acquire the Assets, together or separately (collectively, the "Bidding Process"). Neither the Trustee, the Monitor, MMA Canada, nor their respective representatives shall be obligated to furnish any information of any kind whatsoever relating to the Assets to any person who is not a Potential Bidder.

2. **Participation Requirements.** Unless otherwise ordered by the Bankruptcy Court or the Canadian Court, for cause shown, or as otherwise determined by the Trustee, the Monitor, and MMA Canada, in their reasonable discretion, taking into account their fiduciary duties, in order to participate in the Bidding Process each person (a "Qualified Bidder") must submit a bid that adheres to the following requirements (a "Qualified Bid"):

- a. All Qualified Bids must be submitted to **the Trustee**: Bernstein, Shur, Sawyer & Nelson, P.A., c/o Robert J. Keach, Esq., 100 Middle Street, P.O. Box 9729, Portland, ME 04104, **counsel for MMA Canada**: Gowling Lafleur Henderson LLP, c/o Patrice Benoit, 3700-1 Place Ville Marie, Montreal, Québec H3B 3P4, Canada, **the Monitor**: Andrew Adessky, Richter Consulting, 1981 McGill College Avenue, 12th Floor, Montreal, Québec, H3A 0G6, Canada, and **counsel to the Monitor**: Woods LLP, c/o Sylvain Vauclair, 2000 McGill College Avenue, Suite 1700, Montreal Québec H3A 3H3, Canada, not later than **5:00 p.m.** (prevailing Eastern Time) on January 17, 2014 (the "Bid Deadline"). Upon determination that any Bid is not a Qualified Bid, the Trustee and/or MMA Canada, or their respective counsel, shall notify such bidder of such determination forthwith, but in any event not later than 5:00 p.m. (prevailing Eastern Time) on January 20, 2014, and shall provide such bidder with the basis for such determination.
- b. All Qualified Bids shall be in the form of an offer letter from a person or persons that the Trustee, the Monitor, and MMA Canada, in their reasonable discretion, taking into account their fiduciary duties, collectively deem financially able to consummate the Sale of the Assets or Lot(s) on which that person or persons bid, which letter states:
 - i. that such Qualified Bidder offers to purchase the Assets (or a "Lot," as defined below) upon the terms and conditions set forth in an attached clean executed asset purchase agreement

- (an electronic version in Word format) as well as an attached version of such asset purchase agreement blacklined against the Stalking Horse APA (also an electronic version in Word format) received on or before the Bid Deadline, with hard copies to follow, together with all exhibits and schedules, including terms relating to price and the time of closing (the "Proposed Agreement");
- ii. that such Qualified Bidder is prepared to consummate the transaction, following entry of an order of this Court and the Canadian Court, as applicable, approving the Sale to the Successful Bidder(s) (as defined above, the "Approval Orders");
 - iii. that in the event such Qualified Bidder becomes the Successful Bidder or a holder of a Back-Up Bid (both are defined below), such Qualified Bidder's offer is irrevocable until five (5) business days after the closing of the Sale of the Assets;
 - iv. the actual value of such Qualified Bidder's bid to the Debtors' respective estates (the "Purchase Price"), which Purchase Price must be greater than or equal to the minimum initial bid price for the applicable Lot or the aggregate of the minimum initial bid prices for all Lots which are the subject of the Bid, as set forth below;
 - v. which of the Debtors' respective leases and executory contracts are to be assumed in connection with the consummation of the Qualified Bidder's bid; and
 - vi. that the Qualified Bidder consents to the jurisdiction of both the Bankruptcy Court and the Canadian Court as to all matters relating to the Auction or the Sale of the Assets.
- c. All Qualified Bids shall be accompanied by a deposit into escrow with the Trustee of an amount equal to five percent (5%) of the Purchase Price (the "Good Faith Deposit").
 - d. All Qualified Bids shall be accompanied by satisfactory evidence, in the reasonable opinion of the Trustee, the Monitor, and MMA Canada, in their reasonable discretion, taking into account their fiduciary duties, of committed financing or other ability to perform all transactions contemplated by the Proposed Agreement.
 - e. Qualified Bids shall not contain any financing conditions or other contingencies not contained in the Stalking Horse APA.

- f. All Qualified Bids must provide adequate assurance of future performance to counterparties to any executory contracts and unexpired leases to be assumed by the Potential Bidder.

The documents referred to in subparagraphs (a) through (f) are referred to herein as the required bid documents (the "Required Bid Documents").

3. **Due Diligence.** The Trustee and MMA Canada shall afford each Potential Bidder (hereinafter defined) due diligence access to the Assets. Due diligence access may include management presentations as may be scheduled by the Trustee, MMA Canada, and the Monitor, access to data rooms, onsite inspections and such other matters which a Potential Bidder may request and as to which the Trustee, MMA Canada, and the Monitor may agree, in their reasonable discretion, taking into account their fiduciary duties, provided that all such information shall be made available to each Potential Bidder on an equal basis. Neither the Trustee, nor the Monitor, nor the Debtors or any of their affiliates (nor any of their respective representatives), is obligated to furnish any information relating to the Assets to any person except to Potential Bidders and Qualified Bidders. Potential Bidders are advised to exercise their own discretion before relying on any information regarding the Assets provided by anyone other than the Trustee, the Monitor, the Debtors, or their respective representatives. To be a "Potential Bidder," each bidder must have delivered an executed confidentiality agreement in a form satisfactory to the Trustee, the Monitor, and MMA Canada, in their reasonable discretion, taking into account their fiduciary duties.

4. **No Representations or Warranties.** The Sale of the Assets shall be without representations or warranties of any kind, nature, or description by the Trustee, the Monitor, the Debtors, their respective agents or the Debtors' respective estates, except to the extent set forth in the Proposed Agreement of the Successful Bidder and agreed to by the Sellers thereunder. Except as otherwise provided in the Proposed Agreement, the Assets to be acquired shall be free and clear of all liens, claims, and encumbrances of any kind or nature thereon and there against (collectively, the "Transferred Encumbrances"), with such Transferred Encumbrances to attach to the proceeds of the sale. Each Potential Bidder and Qualified Bidder shall be deemed to acknowledge and represent that it has relied solely upon its own independent review, investigation and/or inspection of any documents and information in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection with the Assets, the Bidding Process or the Auction, except as expressly stated in these Bid Procedures or, as to the Successful Bidder, in the applicable Proposed Agreement.

5. **The Stalking Horse.** The Stalking Horse is a Qualified Bidder (and, for the avoidance of doubt, a Potential Bidder) and the Stalking

Horse Bid is a Qualified Bid for all of the Assets. Notwithstanding any other provision in these Bid Procedures, in the event that the Stalking Horse Bid is not selected as the Successful Bid, the Stalking Horse Bid shall not be a Back-Up Bid unless the Stalking Horse consents. In the event that one or more Qualified Bids other than the Stalking Horse Bid is selected as the Successful Bid or Successful Bids and is approved as the Successful Bid or Successful Bids by the Bankruptcy Court and/or the Canadian Court, the Stalking Horse shall be entitled to the Break-Up Fee, the Expense Reimbursement and a refund of the Good Faith Deposit in accordance with, and subject to, the terms of the Stalking Horse APA. For purposes of these Bid Procedures, the Stalking Horse's Qualified Bid is currently valued at \$14,250,000.00.

II. AUCTION

If the Trustee, MMA Canada, and the Monitor receive a Qualified Bid prior to the Bid Deadline, other than the Qualified Bid of the Stalking Horse, the Trustee, the Monitor, and MMA Canada, or their respective representatives, shall conduct a joint auction (the "Auction") at Bernstein, Shur, Sawyer & Nelson, P.A., 100 Middle Street, Portland, Maine, 04101 on January 21, 2014, beginning at 10:00 a.m. (prevailing Eastern Time) or such later time or other place as the Trustee, the Monitor and/or MMA Canada shall notify all Qualified Bidders who have submitted Qualified Bids. Only representatives of the Stalking Horse, the Trustee, the Trustee's representatives, the Debtors' respective representatives, the Monitor, the Monitor's representatives, the United States Trustee, representatives of the Federal Railroad Administration, the Maine Department of Transportation, and the Province of Québec (or its agencies), and any Qualified Bidders who have submitted Qualified Bids shall be entitled to attend the Auction.

The Trustee, the Monitor, and/or MMA Canada, in their reasonable discretion, taking into account their fiduciary duties, may announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make subsequent overbids) for conducting the Auction. Based upon the terms of the Qualified Bids received, the number of Qualified Bidders participating in the Auction, and such other information as the Trustee, the Monitor, and MMA Canada, in their reasonable discretion, taking into account their fiduciary duties, determine is relevant, the Trustee, the Monitor, and MMA Canada, in their reasonable discretion, taking into account their fiduciary duties, may conduct the Auction in the manner they collective determine will achieve the maximum value for the Assets.

At the Auction, the Assets will be offered in the following lots (the "Lots") in such order as the Trustee, MMA Canada, and the Monitor shall determine in their discretion:

- a. All of the assets to be transferred to the Purchaser in the Stalking

Horse APA, consisting of substantially all of the assets of MMA and MMA Canada, with the exception of the Excluded Assets (as defined in the Stalking Horse APA) (the "All Asset Lot");

- b. *All of the assets of MMA (other than the Excluded Assets owned by MMA) (the "MMA Lot");*
- c. *All of the assets of MMA Canada (other than the Excluded Assets owed by MMA Canada) (the "MMA Canada Lot");*
- d. *All of the assets of the MMA Lot other than the Newport Subdivision (as shown on the map attached to these Bid Procedures) (the "Modified MMA Lot"); and*
- e. *The Newport Subdivision, consisting of the track and related real estate and rights applicable only to the Newport Subdivision (the "Newport Subdivision Lot").*

The minimum initial bid for each of the Lots set forth above shall be as follows:

<u>All Asset Lot:</u>	\$15,748,750
<u>MMA Lot:</u>	\$10,551,662
<u>MMA Canada Lot:</u>	\$5,197,088
<u>Modified MMA Lot:</u>	\$9,801,662
<u>Newport Subdivision:</u>	\$750,000.00

At the commencement of the Auction and at the conclusion of each round of bidding at the Auction, the then highest or otherwise best offer for each Lot shall be announced by the Trustee, the Monitor, MMA Canada, and/or one or more of their respective representatives, along with the basis for such determination, including identification of any non-economic terms that form the basis for such determination. In comparing the proposed purchase price in any competing Qualified Bid to the bid of the Stalking Horse, the proposed purchase price of such competing Qualified Bid shall be reduced by the Break-Up Fee and the Expense Reimbursement.

Subsequent bids shall be made in minimum increments of not less than the following (unless such amount is increased or decreased as set forth below):

<u>All Asset Lot:</u>	\$500,000
<u>MMA Lot:</u>	\$400,000
<u>MMA Canada Lot:</u>	\$200,000
<u>Modified MMA Lot:</u>	\$350,000
<u>Newport Subdivision:</u>	\$50,000

Following the offering of all Lots and preliminary completion of rounds of bidding for all Lots, the Trustee, MMA Canada, and the Monitor may compare the then highest and best offer for the All Asset Lot (the “Best All Asset Bid”) with any combination of offers for the Lots other than the All Asset Lot (the “Combined Lot Bids”) to determine which of the two is the highest and best offer and the offer which best addresses the public interest (as that term is used in 11 U.S.C. § 1165, the “Public Interest”). After announcement of that determination, additional rounds of bidding may be conducted with the bidder having made the Best All Asset Bid and each of the previous bidders making the highest and best bid for each of the other Lots being permitted to increase their bids. Following such additional bidding, the then-increased Best All Asset Bid and the then-increased Combined Lot Bids shall again be compared. This process may be repeated at the discretion of the Trustee, MMA Canada, and the Monitor until they conclude, at their discretion, that bidding has been completed, and subject to the right to conduct a round of sealed bidding, as set forth below.

Prior to concluding the Auction, the Trustee, the Monitor, and MMA Canada shall: (i) review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the Sale process, including those factors affecting the speed and certainty of consummating the Sale; and (ii) using the reasonable discretion of the Trustee, the Monitor, and MMA Canada, taking into account their fiduciary duties and the Public Interest, identify and announce to all attending the Auction, the highest or otherwise best offer which is also in the Public Interest (the “Successful Bid”) and shall rank the remaining Qualified Bids (each a “Back-up Bid”) and the basis for such determination.

The Trustee, MMA Canada and the Monitor may reject at any time before announcing the Successful Bid(s) at the Auction, any bid that, in the reasonable discretion of the Trustee, the Monitor, and MMA Canada, taking into account their fiduciary duties and the Public Interest, is: (i) inadequate or insufficient; or (ii) not in conformity with the Bankruptcy Code, the CCAA, or the Bid Procedures.

The Trustee, MMA Canada, and the Successful Bidder(s) shall be required to execute the asset purchase agreement(s) for the Successful Bid(s) at the conclusion of the Auction or immediately thereafter. The bidder as to any Back-up Bid shall also execute an asset purchase agreement, contingent on the failure to close of any Successful Bid.

Absent irregularities in the conduct of the Auction, the Court will not consider bids made after the Auction has been closed.

III. ACCEPTANCE OF QUALIFIED BIDS

The Assets shall be sold to the Stalking Horse (in the absence of an Auction) or the Successful Bidder(s), as the case may be, submitting the highest or otherwise best Qualified Bid(s) at the Auction, which Qualified

Bid(s) is/are also in the Public Interest, after approval by the Bankruptcy Court and the Canadian Court pursuant to the Approval Orders. The Trustee's presentation to the Bankruptcy Court for approval of a particular Qualified Bid does not constitute the Trustee's acceptance of such Qualified Bid, and the Monitor's or MMA Canada's presentation to the Canadian Court for approval of a Qualified Bid does not constitute MMA Canada's acceptance of such Qualified Bid. The Trustee and MMA Canada shall have accepted a Qualified Bid only when that Qualified Bid has been approved pursuant to a Sale Order entered by the Bankruptcy Court and pursuant to the Vesting Order entered by the Canadian Court.

IV. APPROVAL HEARING

After the conclusion of the Auction, the Bankruptcy Court and the Canadian Court shall conduct a joint hearing or individual hearings (with rulings conditioned upon the ruling of the other Court) (together or each, the "Approval Hearing") to approve the Sale. At the Approval Hearing, the Trustee, MMA Canada, and the Monitor will seek entry of the Approval Orders, among other things, authorizing and approving the Sale of the Assets to the Successful Bidder(s), as determined by the Trustee, MMA Canada, and the Monitor in accordance with the Bid Procedures, pursuant to the terms and conditions set forth in the Proposed Agreement(s) submitted by the Successful Bidder(s) (as such agreement may be modified prior to, during or after the Auction with the agreement of the Trustee, MMA Canada, and the Monitor). The Approval Hearing may be adjourned or rescheduled without notice other than by an announcement of the adjourned date in open court. Following the entry of the Approval Orders approving the Sale, in the event that the Successful Bidder, as determined at the Auction, fails to close on the Sale through no fault of the Trustee, MMA Canada, and/or the Monitor, the Trustee and MMA Canada may (in their discretion) sell the Assets to the holder of the highest and best Back-Up Bid which is also in the Public Interest or, failing that, to the next highest and best Back-Up Bid (which is also in the Public Interest) as determined by the Trustee, MMA Canada, and the Monitor, without further approval of the Bankruptcy Court or the Canadian Court (and with such sequence to continue until a closing occurs, should the Trustee, MMA Canada and the Monitor agree to pursue such a closing, in their discretion).

V. MISCELLANEOUS

1. **Return of Good Faith Deposit.** The Good Faith Deposits of the Qualified Bidders submitting a Successful Bid or Back-Up Bid shall be retained by the Trustee and such Successful Bid or Back-Up Bids will remain open and irrevocable, notwithstanding Bankruptcy Court and Canadian Court approval of the Sale pursuant to the terms of a Successful Bid by a Qualified Bidder, until the closing on the Sale of the Assets; provided that the Good Faith Deposit of the Stalking Horse shall be returned in accordance with and subject to the terms of the Stalking Horse APA. If a Successful Bidder fails to consummate an approved Sale

because of a breach or failure to perform on the part of such Successful Bidder, the Trustee will not have any obligation to return the Good Faith Deposit deposited by such Successful Bidder, which shall be retained by the Trustee and MMA Canada as liquidated damages to the extent the Trustee or MMA Canada are entitled to such damages under the Proposed Agreement. Such deposit shall be allocated between the estates of the Debtors as agreed to by the Trustee, MMA Canada, and the Monitor, or, absent such agreement, a final order of the Bankruptcy Court and the Canadian Court.

2. **Reservation of Rights.** The Trustee, MMA Canada, and the Monitor may: (i) determine, in their reasonable business judgment and taking into account their fiduciary duties, which Qualified Bid, if any, is the highest or otherwise best offer and in the Public Interest; (ii) consult with any significant constituency in connection with the bidding process and Bid Procedures; and (iii) reject at any time before announcing the Successful Bid(s) at the Auction, any bid that, in the reasonable discretion of the Trustee, MMA Canada, and the Monitor, taking into account their fiduciary duties, and the Public Interest, is: (x) inadequate or insufficient; or (y) not in conformity with the Bankruptcy Code or the Bid Procedures.

In addition to the rights set forth above, the Trustee, MMA Canada, and the Monitor may, collectively, modify these Bid Procedures or impose, at or prior to the Auction, additional terms and conditions on the proposed Sale of the Assets if, in their reasonable judgment, taking into account their fiduciary duties, such modifications would be in the best interests of the Debtors' respective estates, maximize the value of the Assets, and/or promote an open and fair Auction process; provided, however, that the Trustee, MMA Canada, and the Monitor shall not have the right to (i) modify or alter any right of the Stalking Horse to receive the Break-Up Fee, the Expense Reimbursement or a refund of the Good Faith Deposit in accordance with, and subject to, the terms of the Stalking Horse APA or (ii) waive or modify the minimum initial bid amount set forth in these Bid Procedures for the All Asset Lot. Without limitation, at any point during the Auction, the Trustee, MMA Canada and the Monitor shall have the absolute right to convert the bidding process from an open auction to a "sealed bid auction," in which case all Qualified Bidders shall have one opportunity to make a final, sealed bid. If this option is exercised, then the Trustee, MMA Canada, and the Monitor shall collect all sealed bids, analyze them, and determine the highest and best bid or combination of bids which is/are in the Public Interest, select the Successful Bidders, and rank all of the Back-Up Bids as set forth above.

31. As a sale of MM&A's assets is in the best interest of MM&A's estate and the Bid Procedures are intended to foster bidding to maximize a return on the assets, the Bid Procedures should be approved by the honourable Court, including the scheduling of a hearing on January 23, 2014 in order to authorize and approve the sale of MM&A's assets to the Stalking Horse or to alternative Successful Bidder(s) (the "**Sale Hearing**");

PROPOSED PROCEDURES RELATING TO THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

32. In connection with the Stalking Horse APA, the Stalking Horse has requested that certain executory contracts and unexpired leases be assigned to it;
33. Given the nature of MM&A's business and operations, it expected that any Successful Bidder, other than the Stalking Horse, will also require the assignment in its favour of certain executory contracts and unexpired leases;
34. As set forth in Section 2.1 (a) (iii) of the Stalking Horse APA, the Stalking Horse undertakes to pay to the counter-parties to the executory contracts and unexpired leases to be assigned, any amount payable pursuant to Sections 365 (b) (1) (A) (B) or (C) of the Bankruptcy Code or Section 11.3 of the CCAA, provided, however, that such amounts shall not exceed U.S.\$1,300,000 in the aggregate (the "**Cure Cost Cap**"), provided, further, that to the extent that such amounts in the aggregate exceed the Cure Cost Cap, the Stalking Horse's only remedies shall be to (i) designate certain contracts or leases as no longer being assigned or (ii) terminate the Stalking Horse APA;
35. To avoid the time and expense of addressing cure issues on a piecemeal basis, MM&A requests approval of procedures for objections to assumption and assignment, and to establish the cure amounts, if any, that are owed under the Assigned Contracts and Leases, as further provided in **Exhibit R-3** filed in support hereof (the "**Assumption and Assignment Procedures**");
36. To determine the amount that must be paid to each counter-party to an executory contract or unexpired lease (each, a "**Counter-Party**"), MM&A needs to accurately determine the extent of the Debtor's cure obligations, if any. MM&A is currently preparing a Motion pursuant to Section 11.3 of the CCAA (the "**Section 11.3 Motion**") which shall provide a listing of the executory contracts and unexpired leases proposed to be assumed and assigned, as well as the cure amounts, if any, that MM&A believes are owed under each such contract or lease;
37. Pursuant to the Section 11.3 Motion, MM&A will seek an order from this honourable Court approving the assignment of any such contract or lease selected by the Stalking Horse or the Successful Bidder, as the case may be. The Section 11.3 Motion will be served on each Counter-Party and the service list within seven (7) calendar days following entry of an order approving this Motion and will be appended to the Bid Procedures;
38. MM&A requests that this Court require any Counter-Party to file and serve by January 22, 2004 (or such later date, as set forth in the Assumption and Assignment Procedures (Exhibit R-3)), any objection to the assumption and assignment of the Assigned Contract or Lease and the cure amount asserted by MM&A on the Section 11.3 Motion in accordance with the Assignment and Assumption Procedures. Any such objection should contain the cure amount such Counter-Party believes is owing and any other basis for the objection;
39. The failure of a Counter-Party to submit such objection will be deemed to be consent to the assumption, assignment and/or transfer of its Assigned Contract or Lease and

forever bar such Counter-Party from (i) asserting any other cure amount or otherwise disputing such amounts with respect to the contracts and leases set forth on the Contract & Cure Schedule, (ii) objecting to the proposed adequate assurance of future performance, and/or (iii) objecting to the assumption, assignment and/or transfer of its Assigned Contract or Lease, the whole as per the Assumption and Assignment Procedures (exhibit R-3).

40. MM&A requests that this Court hear any objection with respect to any cure amounts at the Sale Hearing or adjourn any hearing on such objection on the condition that the difference between the amount asserted by the Counter-Party and MM&A, or such lower amount as this Court shall fix, shall be held in escrow from the sale proceeds, pending further order of this Court or mutual agreement of the parties. MM&A submits that such an objection should not be deemed an objection to the assumption, assignment and sale of any Assigned Contract and Leases, but only as a reservation of the Counter-Party's rights to request a subsequent determination as to the correct cure amount.
41. Adequate assurance of future performance depends on the facts and circumstances of each case. As necessary, the proposed assignee (i.e. the Stalking Horse or another Successful Bidder) must demonstrate to the Court that it can provide adequate assurance of future performance in connection with any executory contract or unexpired lease to be assigned, or will have obtained any necessary consents of the Counter-Parties to such contract or lease.
42. At the Sale Hearing, MM&A will request that this Court determine that the Stalking Horse, or the maker of the winning bid, has provided adequate assurance of future performance to each Counter-Party.

PROPOSED FORM AND MANNER OF NOTICE

43. A proposed form of notice with respect to the sale of the Assets and the objection, overbid and hearing dates is filed herewith as **Exhibit R-4** (the "Sale Notice"). MM&A respectfully requests that the Court approve such Sale Notice, as such approval is a requirement under the Stalking Horse APA.
44. MM&A and the Chapter 11 Trustee intend, upon approval of this Motion and a parallel motion in the MM&AR Chapter 11 Case, to:
 - i) Serve copies of a Motion for a vesting order and of the Sale Notice (or the similar pleading and notice in the MM&AR Chapter 11 Case) upon:
 - a) The United States Trustee;
 - b) The twenty largest non-insider unsecured creditors of MM&A and MM&AR;
 - c) Local, state and federal taxing authorities for each jurisdiction in which the Assets are located;
 - d) Counsel to the Stalking Horse;
 - e) Counsel to MM&AR;

- f) The Monitor;
 - g) Counsel to the Monitor;
 - h) Prospective bidders (or their counsel) that are known to MM&A, the Monitor and the Chapter 11 Trustee and their advisors;
 - i) The Counter-Parties to the executory contracts and unexpired leases on the Contract & Cure Schedule;
 - j) Counsel to the Official Committee of Derailment Claimants;
 - k) Counsel to the Maine Department of Transportation;
 - l) Counsel to the Federal Railroad Administration;
 - m) The United States Environmental Protection Agency;
 - n) Town of Lac Megantic;
 - o) Ministry of Sustainable Development, Environment, Wildlife and Parks;
 - p) Transport Canada;
 - q) All parties known to MM&A, the Monitor and the Trustee to have or assert any liens, claims and encumbrances or other interests against the Assets; and
 - r) All parties having filed requests for notices in the MM&A CCAA proceedings (service list) and in the MM&AR Chapter 11 Case; and
 - s) Serve a copy of the Sale Notice by first-class mail upon all creditors, including all plaintiffs and counsel in any and all lawsuits and other actions arising out of or related to the Derailment.
45. The Chapter 11 Trustee and MM&A also intend to give publication notice, including publishing notice of the sale (substantially in the form of **Exhibit R-5** filed in support hereof), in the: (a) Wall Street Journal, (b) Journal of Commerce, (c) Portland Press Herald, (d) Globe & Mail, (e) Montreal Gazette, (g) La Presse, (h) La Tribune and (i) L'Écho de Frontenac (the "**Publication Notice**");

FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:

1. GRANT the present Motion
2. DECLARE sufficient the service and notice of the Present Motion;
3. APPROVE the Stalking Horse Asset Purchase Agreement (Exhibit R-1), dated as December 12, 2013, by and between Robert J. Keach, as Chapter 11 Trustee for the estate of Montreal, Maine and Atlantic Railway, LTD, Montreal, Maine & Atlantic Canada Co. and Railroad Acquisition Holdings LLC, including, without limitation, the obligations of Montreal, Maine & Atlantic Canada Co. and Montreal, Maine & Atlantic Railway, Ltd,

to pay the Break-up Fee, and the Expense Reimbursement (as such terms as defined in the Stalking Horse Asset Purchas Agreement) to Railroad Acquisition Holdings LLC on the terms and conditions set forth in the Stalking Horse Assets Purchase Agreement;

4. APPROVE the Bid Procedures, as set out in exhibit R-2;
5. ORDER that the capitalized terms used herein, but not defined, shall have the meaning ascribed to them in the Bid Procedures (exhibit R-2) or, if not defined therein, in the Initial Order;
6. DECLARE that Railroad Acquisition Holdings LLC shall be the Stalking Horse for the purpose of the competitive bidding process set out in the Bid Procedures;
7. AUTHORIZE and DIRECT MMA Canada to conduct, together with the Trustee and the Monitor, the competitive bidding process set out in the Bid Procedures in accordance with said Bid Procedures;
8. ORDER that to the extent that the Trustee, MM&A Canada and the Monitor receive a Qualified Bid prior to the Bid Deadline, other than the Qualified Bid of the Stalking Horse, the Trustee, the Monitor and MM&A Canada or their respective representatives, shall conduct a joint auction (the "**Auction**") at Bernstein Shur Sawyer & Nelson B.A., 100 Meadle Street, Portland, Maine, 04101 on January 21, 2014, beginning at 10:00 a.m., (prevailing Eastern Time) or such later time or other place as the Trustee, the Monitor and/or MM&A Canada shall notify all Qualified Bidders, who had submitted Qualified Bids;
9. AUTHORIZE and DIRECT the Monitor and MM&A Canada to carry out, with the Trustee, any such Auction in accordance with the Bid Procedures;
10. DECLARE that a hearing shall take place before the Superior Court of Quebec, Commercial Division, on January 23, 2014, in order to authorize and approve the sale of MM&A Canada's assets, pursuant to the terms set out in the Stalking Horse Assets Purchase Agreement (exhibit R-1), or pursuant to the terms of an alternative transaction with the Successful Bidder(s) at the Auction, as the case may be (the "**Sale Hearing**");
11. ORDER that in the event that no Qualified Bids other than the Qualified Bid submitted by the Stalking Horse, are received pursuant to the terms of the Bid Procedures, MM&A Canada is authorized and directed to (i) cancel the Auction and (ii) seek entry of the Vesting Order (as defined in the Stalking Horse Assets Purchase Agreement (exhibit R-1)), in accordance with the Bid Procedures;
12. DECLARE that, pursuant to the terms of the Stalking Horse Asset Purchase Agreement (exhibit R-1) and as security for MM&A and MM&AR to pay the Break-up Fee and the Expense Reimbursement to the Stalking Horse, as hereby approved under the terms and conditions set forth under the Stalking Horse Assets Purchase Agreement (exhibit R-1) and the Bid Procedures (exhibit R-2), the Stalking Horse is hereby granted a charge and security in the Property to the extent of the aggregate amount of CAN\$1,100,000, which charge shall be subordinated to the CCAA Charges and to any and all other valid Encumbrances affecting the Property charged by such Encumbrances;

13. APPROVE the Assumption and Assignment Procedures (exhibit R-3);
14. APPROVE the Notice of Sale and the Publication Notice (exhibits R-4 et R-5);
15. ORDER that, in connection with the Bid Procedures (exhibit R-2), MM&A Canada and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to Qualified Bidders and their advisors, but only to the extent required in connection with the terms of the Bid Procedures and the bidding and sale process to be conducted thereunder. Each Qualified Bidder shall maintain and protect the privacy of said information and limit the use of said information to its participation in said bidding and sale process to be conducted under the Bid Procedures and, if it does not complete the Purchase of the Assets, shall return all such information to MM&A Canada or, in the alternative, destroy all such information;
16. REQUEST the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal Court or administrative body and any federal or state Court or administrative body in the United States of America, including the United States Bankruptcy Court for the District of Maine and, any Court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of this Order;
17. ORDER the provisional execution of this Order, notwithstanding any appeal and without the necessity of furnishing any security.
18. THE WHOLE without costs except in case of contestation.

MONTREAL, December 16, 2013

Gowling Lafleur Henderson LLP
GOWLING LAFLEUR HENDERSON LLP
Attorneys for Petitioner

CANADA

PROVINCE OF QUEBEC
DISTRICT OF SAINT-FRAN OIS
N : 450-11-000167-134

SUPERIOR COURT
(Commercial Division)

(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
C. C-36, as amended)

IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:

**MONTREAL, MAINE & ATLANTIC CANADA CO.
(MONTREAL, MAINE & ATLANTIQUE CANADA
CIE)**

Debtor- Petitioner

and

**RICHTER ADVISORY GROUP INC. (RICHTER
GROUPE CONSEIL INC.)**

Monitor

and-

RAILROAD ACQUISITION HOLDINGS LLC

Mise en cause

NOTICE OF PRESENTATION

TO: **Service list**

TAKE NOTICE that the present *Motion for an order (a) approving Bid Procedures for the sale of the debtor's assets, (b) approving a Stalking Horse Bid (c) approving a Break-up Fee and Expense Reimbursement (d) scheduling an Auction (e) approving procedures for the assignment and assumption of certain executory contract and unexpired leases (f) approving a form of Notice of sale* will be presented for adjudication before the Honourable Justice Ga tan Dumas of the Superior Court of Quebec on **December 20, 2013** in room 1 of the Courthouse located at 375 King St. West in Sherbrooke, at 10:00 am or so soon as counsel may be heard

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, December 16, 2013

Gowling Lafleur Henderson LLP
GOWLING LAFLEUR HENDERSON LLP
Attorneys for Petitioner

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF SAINT-FRANÇOIS
N°: 450-11-000167-134

(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
C. C-36, as amended)

IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:

**MONTREAL, MAINE & ATLANTIC CANADA CO.
(MONTREAL, MAINE & ATLANTIQUE CANADA
CIE)**

Debtor- Petitioner

and

**RICHTER ADVISORY GROUP INC. (RICHTER
GROUPE CONSEIL INC.)**

Monitor

and-

RAILROAD ACQUISITION HOLDINGS LLC

Mise en cause

LIST OF EXHIBITS

- Exhibit R-1: Assets Purchase Agreement dated December 12, 2013;
- Exhibit R-2: Bid Procedures;
- Exhibit R-3: Assigned Contracts and Leases;
- Exhibit R-4: Form of notice with respect to the sale of the Assets and the objection, overbid and hearing dates;
- Exhibit R-5: Form of publishing notice of the sale.

MONTRÉAL, December 16, 2013

Gowling Lafleur Henderson LLP
GOWLING LAFLEUR HENDERSON LLP
Attorneys for Petitioner

Nº 450-11-000167-134

**SUPERIOR COURT
PROVINCE OF QUEBEC
DISTRICT OF SAINT-FRANÇOIS**

Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
C. C-36, as amended)
IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:
**MONTRÉAL, MAINE & ATLANTIC CANADA CO.
(MONTREAL, MAINE & ATLANTIQUE CANADA
CIE)**

Debtor-PETITIONNER

and

RICHTER ADVISORY GROUP INC.

MONITOR

-and-

RAILROAD ACQUISITION HOLDINGS LLC

Mise en cause

BL0052

**MOTION FOR AN ORDER (A) APPROVING BID
PROCEDURES FOR THE SALE OF THE DEBTOR'S
ASSETS, (B) APPROVING A STALKING HORSE BID (C)
APPROVING A BREAK-UP FEE AND EXPENSE
REIMBURSEMENT (D) SCHEDULING AN AUCTION (E)
APPROVING PROCEDURES FOR THE ASSIGNMENT
AND ASSUMPTION OF CERTAIN EXECUTORY
CONTRACT AND UNEXPIRED LEASES (F)
APPROVING A FORM OF NOTICE OF SALE**

ORIGINAL

Me Patrice Benoit
Gowling Lafleur Henderson LLP

BL0052

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