

CANADA
PROVINCE OF QUEBEC
DISTRICT OF ST-FRANÇOIS
No.: 450-11-000167-134

SUPERIOR COURT
(Commercial Division)
The Companies' Creditors Arrangement Act

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

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

Petitioner

-and-

RICHTER ADVISORY GROUP INC. (RICHTER
GROUPE CONSEIL INC.) a duly incorporated legal
person having its principal place of business at
1981 McGill College, 12th Floor, in the city and
district of Montreal, Quebec, H3A 0G6

Monitor

TWENTY-THIRD REPORT OF THE MONITOR
August 31, 2016

INTRODUCTION

1. On August 6, 2013, Montreal, Maine & Atlantic Canada Co. ("MMAC") filed a Motion for the Issuance of an Initial Order pursuant to Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "CCAA"). On August 8, 2013, the Honourable Martin Castonguay, J.S.C., issued an initial order (the "Initial Order") which *inter alia* appointed Richter Advisory Group Inc. as the Monitor in these CCAA proceedings (the "Monitor"). An initial stay of proceedings was ordered until September 6, 2013 ("Stay Period").
2. The CCAA proceedings have since been supervised by the Honourable Gaétan Dumas, J.S.C. and the Stay Period has been extended fourteen times with the most recent extension having been granted to December 15, 2016.

3. We refer to the Monitor's prior reports for an overview of the CCAA proceedings and a summary of all motions issued and orders granted to date.
4. Capitalized terms not defined in this Report have the meaning ascribed thereto in the Monitor's previous reports or in MMAC's Plan of Compromise and Arrangement filed on March 31, 2015 and amended on June 8, 2015 (the "Amended Plan"). All amounts reflected in this report are stated in Canadian currency unless otherwise noted.
5. The purpose of this Twenty-Third Report of the Monitor is to inform the Court with respect to the claims review and the status of distributions.

CLAIMS REVIEW AND STATUS OF DISTRIBUTIONS

6. The status of the claims review and the payment of distributions under the Amended Plan is as follows:

- **Wrongful Death Claims:** as reported in the Monitor's Twenty-Second Report dated April 19, 2016, the WD Trustee (in the United States) has confirmed that nearly all of the approximately US\$81.7 million (approx. CDN\$114 million) which were transferred by the Monitor to the Chapter 11 Trustee and then to the WD Trustee have been distributed to the WD claimants. An amount of approximately US\$1.6 million is being held pending the resolution of one disputed claim and the final payment of the expenses incurred by the WD Trust.
- **Bodily Injury and Moral Damage Claims:** to date, the Monitor has made interim distributions totalling 75% of Proven Claims in this category, as valued in accordance with Schedule F to the Amended Plan.

Further to more than 4,250 distributions (see the Monitor's Twenty-Second Report), the Monitor received 443 contestations and has been working to resolve these disputes. To date, 262 of these disputes have been resolved or are no longer being pursued and the Monitor believes that a further 116 contestations are close to resolution based on negotiations with Class Counsel (with respect to Class Members) and counsel to other claimants. The Monitor is still attempting to resolve the remaining 65 contestations. If these remaining contestations cannot be consensually resolved, the Monitor will refer them to the claims officer and possibly seek directions from this Court in order to proceed with certain claims as test cases.

Based on the status of the discussions concerning the resolution of the various contestations, the Monitor hopes to proceed with the payment of the balance of the distribution payable on account of Bodily Injury and Moral Damages, with respect to Proven Claims, in September or October of 2016.

- **Property and Economic Damages Claims:** Approximately 1,800 claims were filed in the CCAA and the Chapter 11.

The Monitor's review of those claims is ongoing but as of August 2016 the Monitor has allowed approximately 1,200 of the claims, as filed (or as amended). The remaining claims are still under review but the Monitor expects that the majority of those claims will be totally or partially disallowed.

The Monitor has determined that it can proceed with the payment of interim distributions to claimants holding Proven Claims. This interim distribution will be equal to 50% of the projected total distribution for each Proven Claim.

In the upcoming weeks, the Monitor will also begin to issue notices of total or partial disallowance in respect of the claims that are still under review. As those disallowances are resolved and the claims relating thereto become Proven Claims, the Monitor will pay out further interim distributions until a full distribution has been paid to all Proven Claims and all other claims have been finally disallowed.

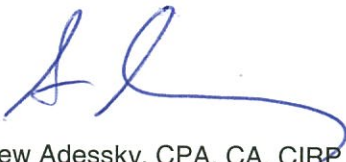
- **Subrogated Insurer Claims:** the distribution with respect to these claims was made in May, 2016.
- **Government Claims:** a distribution with respect to these claims was made in June, 2016.

CHAPTER 11

7. As noted in the Monitor's twenty-first report to court dated November 24, 2015, various administrative/secured claims have been filed in the Chapter 11 which the Chapter 11 Trustee has contested. A hearing in respect of many of these contested claims is scheduled for October, 2016 in the U.S. Bankruptcy Court in Portland, Maine.

Respectfully submitted at Montreal, this 31st day of August, 2016.

Richter Advisory Group Inc.
Monitor



Andrew Adessky, CPA, CA, CIRP