

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

In re:

MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.,

Debtor.

Bk. No. 13-10670  
Chapter 11

**DECLARATION OF R. ALEXANDER LAKE, GENERAL COUNSEL OF WORLD  
FUEL SERVICES CORPORATION, IN SUPPORT OF CONFIRMATION OF  
TRUSTEE'S REVISED FIRST AMENDED  
PLAN OF LIQUIDATION DATED JULY 15, 2015**

I, R. Alexander Lake, pursuant to 28 U.S.C. § 1746, state as follows:

**Introduction**

1. This Declaration is submitted in support of confirmation of the *Trustee's Revised First Amended Plan of Liquidation Dated July 15, 2015* [Docket No. 1495] (the "Plan").<sup>1</sup>

2. I am the Senior Vice President, General Counsel and Corporate Secretary of World Fuel Services Corporation ("World Fuel"), headquartered at 9800 N.W. 41st Street, Miami, Florida 33178. I am authorized to make this declaration on World Fuel's behalf.

3. All facts set forth herein are based on my personal knowledge without waiving any attorney-client privilege, on information supplied to me by others within the World Fuel organization, upon my review of relevant documents, or on my opinion based upon my experience and knowledge of World Fuel's operations. If I were called to testify, I could and would testify competently to the facts set forth herein.

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and/or the Revised First Amended Disclosure Statement for the Trustee's Plan of Liquidations Dated July 15, 2015 [D.E. 1497] (the "Disclosure Statement").

### **Relevant Background**

4. On July 6, 2013, an unmanned eastbound train operated by Montréal Maine & Atlantic Railway Ltd., the above-captioned debtor (“MMA” or the “Debtor”) and/or MMA Canada comprised of five locomotives and 72 railcars carrying crude oil derailed in Lac-Mégantic, Quebec, Canada (the “Derailment”).

5. World Fuel is included in the definition of “Released Parties” under the Plan and accordingly, will be the beneficiary of the Releases and Injunctions contained in the Plan if confirmed.

### **The Plan Releases and Injunctions**

#### **A. MMA and World Fuel Share an Identity of Interest with Respect to the Claims Covered by the Releases and Injunctions**

6. World Fuel and certain of its affiliates are presently defendants in nineteen (19) lawsuits originally filed in state court in Cook County, Illinois and later transferred to the District of Maine, as well as a class action pending in the Quebec Superior Court for the Judicial District of Mégantic (the “Québec Class Action”) and more than thirty (30) other lawsuits in state and federal courts, each in connection with the Derailment.

7. World Fuel has significant claims against MMA for, *inter alia*, contribution and indemnity. On December 5, 2014, World Fuel and certain of its affiliates filed proofs of claim (Claim Nos. 28, 29, 30, 31, 32) against MMA on those grounds. In addition, certain other parties related to World Fuel filed proofs of claim on those grounds (Claim Nos. 113, 114, 115, 264, 267). Absent confirmation of the Plan and the effectiveness of the Releases and Injunctions contained therein in favor of World Fuel and its affiliates, World Fuel and its related parties intend to pursue these claims against the MMA estate.

8. In addition, World Fuel has significant claims against various other Contributing Parties for, *inter alia*, contribution and indemnity for any liability arising from the Derailment.

**B. World Fuel Has Contributed Substantial Assets to the MMA and MMA Canada Estates**

9. World Fuel engaged in substantial settlement negotiations with Robert J. Keach, trustee for the Debtor's Chapter 11 Case (the "Trustee"). After several months of good faith, arm's-length negotiation, World Fuel agreed to contribute to the settlement fund formulated by the Trustee for satisfaction of Claims against the Debtor, subject to the terms and conditions of the Plan Support and Settlement Agreement (the "Settlement Agreement"), which terms and conditions include the requirement that the Releases and Injunctions become effective.

10. The Settlement Agreement will enable the parties to avoid the expense and delay of protracted litigation relating to World Fuel's alleged liability for the Derailment.

11. World Fuel has strong legal and factual defenses to all claims relating to the Derailment. In light of these defenses, it is by no means certain that MMA's Derailment creditors would be able to recover any amounts whatsoever from World Fuel. Moreover, absent the Settlement Agreement, any potential recovery would be subject to the delay, expense and risks of litigation.

**C. The Releases and Injunction are Essential**

12. The Releases and Injunctions apply to World Fuel. The Settlement Agreement requires World Fuel to receive global releases and injunctions protecting them from any and all claims related in any way to MMA or the Derailment. The global releases and injunctions required under the World Fuel Settlement Agreement are to be achieved through confirmation of a plan in MMA's bankruptcy case.

13. World Fuel negotiated and entered into a settlement on the condition that any settlement was a final settlement of all Derailment-related liability—not only that of World Fuel, but also any potential liability of related parties, including World Fuel's direct and indirect affiliates and their present and former officers, directors, agents, insurers, and

employees. It is on this basis, that World Fuel has agreed to make their significant contribution to the MMA estate.

14. World Fuel expects that, as a result of the settlement, it will be protected from any and all third party claims relating in any way to the Derailment, including, but not limited to any and all claims held by Derailment victims, and any and all contribution and indemnification claims. A settlement that did not include World Fuel's insurers, as well as corporate affiliates, officers, directors, agents and employees could leave World Fuel related entities and individuals at risk for future claims and World Fuel would not settle under such circumstances. Thus, the third party releases and injunction were critical to achieving the proposed settlement.

15. In light of World Fuel's strong defenses to liability, it is by no means certain that MMA's Derailment creditors would be able to recover any amounts whatsoever from World Fuel.

16. Finally, I, on behalf of World Fuel, fully support confirmation of the Plan.

*[signature page follows]*

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: September 21, 2015



R. Alexander Lake  
Senior Vice President, General Counsel &  
Corporate Secretary  
World Fuel Services Corporation