

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF ST-FRANCOIS

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

N°: 450-11-000167-134

Sherbrooke, December 19, 2013

PRESENT: The Honourable Justice Gaétan
Dumas, J.S.C.

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

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

Debtor-Petitioner

and

TRAVELERS PROPERTY CASUALTY
COMPANY OF AMERICA

Respondent

and

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

Monitor

ORDER

SEEING Petitioner's *Motion for an order approving compromise and settlement with Travelers Property Casualty Company of America*, the exhibits, the affidavit of Mr. Robert C. Grindrod, and the Monitor's fourth report filed in support thereof, as well as the submissions of counsel present at the hearing;

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

1. ORDERS that the Motion is properly presentable on December 19, 2013 [and that the time for service of the Motion herein be and is hereby abridged];
2. GRANTS the Motion;
3. APPROVES the following compromise and settlement :
 - a) Travelers Property Casualty Company of America ("**Travelers**") shall pay a total of Three Million Eight Hundred Thousand United States Dollars (U.S.\$3,800,000.00) to Montreal Maine & Atlantic Canada Co. ("**MM&A**") and Montreal, Maine & Atlantic Railway Ltd ("**MM&AR**") (the "**Settlement Payment**"). The Settlement Payment shall be allocated 65% to MM&A and 35% to MM&AR. The Settlement Payment shall be paid by Travelers in immediately available funds at the latest five 5 business days after the settlement being approved by both the U.S. Bankruptcy Court and this Court and the time to appeal or seek leave to appeal from both of those orders has expired, or any such appeals or motions for leave to appeals have been fully and finally resolved;
 - b) The Settlement Payment shall be made in two payments to account for the allocation described above: (i) one payment in the amount of U.S.\$2,470,000.00 shall be paid to MM&A through the Monitor to the order of Richter Advisory Group Inc. IN TRUST and shall be kept in trust by the Monitor until further order of this Court; and (ii) one payment in the amount of U.S.\$1,330,000.00 shall be paid to MM&AR IN TRUST and shall be kept in trust by MM&AR until further order of the U.S. Bankruptcy Court for the District of Maine;
 - c) The Settlement Payment shall be in full and final satisfaction of any and all claims of the named insureds arising under the Policy and resulting from the Derailment and Travelers shall be released from any and all liability arising under or relating to the Policy in relation to such claims of the named insureds, including any claims for costs and fees related to the Travelers Motions and appeals in Quebec and Maine;

- d) The settlement is conditioned on LMS Acquisition Corporation, Montreal, Maine & Atlantic Corporation and Rail World, Inc., as named insureds under the Policy, executing a release of any claim they may have under the Policy and resulting from the Derailment;
 - e) Travelers shall desist from its Appeals without cost, within seven (7) days of payment of the Settlement Payment;
4. ORDERS that the settlement contemplated herein is conditioned upon approval of the similar relief sought by MM&AR in the Chapter 11 Case;
 5. AUTHORIZES the parties to enter into any documents reasonably necessary to effectuate the terms of the settlement described in conclusion three (3) hereof;
 6. GRANTS such further relief as this Honourable Court may deem appropriate;
 7. ORDERS the provisional execution of the Order notwithstanding any appeal, without the necessity of furnishing any security;
 8. THE WHOLE without costs.

GAËTAN DUMAS

THE HONOURABLE GAËTAN DUMAS, J.S.C.