

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

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

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**IN THE MATTER OF THE PLAN OF  
ARRANGEMENT WITH RESPECT TO:**

**MONTREAL, MAINE & ATLANTIC CANADA CO.  
(MONTREAL, MAINE & ATLANTIQUE CANADA  
CIE)**, a legal person duly incorporated under the  
laws of the province of Nova Scotia, having a place  
of business at 1, Place Ville Marie, 37<sup>th</sup> Floor,  
Montreal, Quebec H3B 3P4 (at the offices of its  
attorney ("fondé de pouvoir"))

**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, 12<sup>th</sup> Floor, in the city and  
district of Montreal, Quebec, H3A 0G6

**Monitor**

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**ELEVENTH REPORT OF THE MONITOR  
ON THE STATE OF PETITIONER'S FINANCIAL AFFAIRS  
June 27, 2014**

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**INTRODUCTION**

1. On August 6, 2013, Montreal, Maine & Atlantic Canada Co. (hereafter in this Report "MM&A" or "Petitioner") filed with the Quebec Superior Court a Motion for the Issuance of an Initial Order ("Motion") 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. ("Richter") as Monitor (the "Monitor").

2. On August 21, 2013, the Petitioner filed a Motion to Amend the Initial Order and Seek a Charge and Security on the Property of Petitioner to Secure Funds for Self-Insured Obligations ("Charge and Security Motion"). The Monitor filed its First Report in respect of the Charge and Security Motion. On August 23, 2013, the Court granted an order amending the Initial Order to include the Self-Insured Obligation Charge.
3. On September 3, 2013, the Petitioner filed a Motion for an Order Extending the Stay Period and to Approve a Cross-Border Insolvency Protocol ("First Extension Motion"). The Monitor filed its Second Report on September 3, 2013 in support of the First Extension Motion. On September 4, 2013, the Court extended the stay of proceedings until October 9, 2013 and approved the cross-border insolvency protocol.
4. On October 4, 2013, the Petitioner filed a Motion for a Second Order Extending the Stay Period ("Second Extension Motion") requesting an extension of the stay of proceedings to January 28, 2014. The Monitor filed its Third Report on October 4, 2013 in support of the Second Extension Motion. On October 9, 2013, the Court extended the stay of proceedings until January 28, 2014.
5. On October 4, 2013, the Petitioner also filed a Motion to Increase the Amount of the Administration Charge, which increase was approved by the Court on October 9, 2013.
6. On December 13, 2013, the Petitioner filed a Motion for an Order Approving a Compromise and Settlement with Travelers Property Casualty Company of America ("Travelers Motion"), which compromise and settlement was approved by the Court on December 19, 2013 ("Travelers Settlement").
7. On December 13, 2013, the Petitioner filed a Motion for an Order Approving a Process to Solicit Claims and for the Establishment of a Claims Bar Date ("Claims Motion"). At the request of the Petitioner and other interested parties, the Claims Motion was postponed and was scheduled to be heard on February 11, 2014 ("February 11, 2014 Hearing"). Following several postponements, the Claims Motion was heard on March 28, 2014 ("March 28, 2014 Hearing").
8. On December 13, 2013, the Petitioner and the Monitor jointly filed a Motion to Increase the Amount of the Administration Charge. On December 19, 2013, the Court granted an increase in the Administration Charge.
9. On December 16, 2013, the Petitioner filed a 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 Notice of Sale ("Sale Motion"). The Sale Motion was approved by the Court on December 19, 2013.

10. On November 1, 2013, the Motion for an Order Appointing Yannick Gagné, Guy Ouellet, Serge Jacques and Louis-Serges Parent as the Representatives of the Class Described in Appendix "A" hereto ("Class Representatives Motion") was filed and was originally scheduled to be heard on December 19, 2013, but after several postponements, was heard at the March 28, 2014 Hearing.
11. On December 17, 2013, the Chapter 11 Trustee filed a Contestation of the Class Representatives Motion.
12. On January 17, 2014, the Petitioner filed a Motion for an Order Approving and Authorizing the Assignment of Contracts ("Contract Assignment Motion"). The Contract Assignment Motion was approved by the Court on January 23, 2014.
13. On January 19, 2014, the Petitioner filed a Motion for the Issuance of (i) An Order Authorizing the Sale of the Assets of the Petitioner and of (ii) a Vesting Order ("Sale and Vesting Motion"). The Sale and Vesting Motion was approved by the Court on January 23, 2014.
14. On January 20, 2014, the Petitioner filed a Motion for a Third Order Extending the Stay Period ("Third Extension Motion"). The Monitor filed its Fifth Report on January 22, 2014 in support of the Third Extension Motion. On January 23, 2014, the Court extended the stay of proceedings until February 11, 2014.
15. On February 4, 2014, the Class Action Plaintiffs filed a Claims Cross-Motion of the Class Action Plaintiffs for an Order Approving a Process to Solicit Claims and for the Establishment of a Claims Bar Date followed by the filing on February 5, 2014 of the Class Action Plaintiffs Plan of Argument ("Claims Cross-Motion"). The Claims Cross-Motion which was scheduled to be heard at the February 11, 2014 Hearing was postponed and has been withdrawn.
16. On February 5, 2014, Orford Express Inc. filed a Motion to Modify a Prior Order and to Obtain Various Declaratory Orders ("Orford Motion"). The Orford Motion which was scheduled to be heard on February 26, 2014, was postponed by the Court and was heard on March 21, 2014. On March 28, 2014, a judgment was issued denying the Orford Motion.
17. On February 7, 2014, the Petitioner filed a Motion for a Fourth Order Extending the Stay Period to February 26, 2014 ("Fourth Extension Motion"). The Monitor filed its Sixth Report on February 10, 2014 in support of the Fourth Extension Motion. On February 11, 2014, the Court extended the stay of proceedings until February 26, 2014.

18. On February 7, 2014, the Monitor filed a Motion for Directions in respect of a Motion for Joint Status Conference filed on February 7, 2014 by the Official Committee of Victims in the Chapter 11 proceedings ("Directions Motion"). On February 12, 2014, the Court issued a letter notifying the service list of its intention to grant the Directions Motion and further issued an order on February 17, 2014 in support of a Joint Status Conference to be held in Bangor, Maine on February 26, 2014.
19. On February 7, 2014, the Chapter 11 Trustee filed two separate affidavits in connection with the Claims Motion and the Claims Cross-Motion.
20. On February 19, 2014, the Petitioner filed a Motion for a Fifth Order Extending the Stay Period to March 12, 2014 ("Fifth Extension Motion"). Pursuant to instructions from the Court, in the absence of any contestation and with the confirmed support of the largest creditor, the Province of Quebec ("Province") as well as the largest secured creditor, the Federal Railroad Administration ("FRA"), no hearing was held. On February 25, 2014, the Court extended the stay of proceedings until March 12, 2014.
21. On March 10, 2014, the Petitioner filed a Motion for a Sixth Order Extending the Stay Period. On March 12, 2014, the Court extended the stay of proceedings to April 30, 2014 ("Sixth Extension Motion").
22. On March 10, 2014, the Petitioner and the Monitor jointly filed a Motion to Increase the Amount of the Administration Charge. On March 14, 2014, the Court granted an increase in the Administration Charge.
23. On March 24, 2014, Orford filed a "Requête Pour l'émission d'une ordonnance de sauvegarde" ("Safeguard Motion") which was to be presented at the March 28, 2014 Hearing. In light of the judgment on the Orford Motion, the Safeguard Motion is no longer applicable and will not be heard.
24. On March 25, 2014, the Petitioner amended its Claims Procedure Order in respect of the Claims Motion as well as amended the Representation Order in respect of the Class Representative Motion.
25. On March 26, 2014, the Petitioner and the Monitor jointly filed a Motion to Request a Supplemental Administration Charge ("Supplemental Administration Charge"). The Supplemental Administration Charge was postponed and will be heard at a later date.
26. The Claims Motion and the Class Representatives Motion were heard at the March 28, 2014 Hearing. On March 31, 2014, the Honourable Gaétan Dumas, J.S.C., issued his judgment granting

the Claims Motion and the Class Representative Motion as amended. The orders granting these motions were signed on April 4, 2014.

27. On April 25, 2014, the Petitioner filed a Motion for a Seventh Order Extending the Stay Period to June 30, 2014 ("Seventh Extension Motion"). On April 29, 2014, the Court extended the stay of proceedings to June 30, 2014.
28. On May 8, 2014, the Petitioner filed a Motion for an Order Approving the Distribution of the Proceeds of Settlement with Travelers Property Casualty Company of America ("Distribution Motion").
29. On May 8, 2014, the Petitioner filed a Motion for an Order Approving the Third Amendment to the Asset Purchase Agreement and the Sale of Certain Receivables ("Third Amendment Motion"). On May 9, 2014, the Court approved the Third Amendment Motion.
30. On June 6, 2014, the Petitioner filed an Amended Motion for an Order Approving the Distribution of the Proceeds of Settlement with Travelers Property Casualty Company of America ("Amended Distribution Motion"). The Amended Distribution Motion was heard in Court on June 11, 2014. On June 16, 2014, the Court approved the Petitioner's motion ("Amended Distribution Order").
31. On June 11, 2014, the Petitioner filed with the Court an Amended Claims Procedure Order ("Amended Claims Procedure Order") with an extended Claims Bar Date to July 14, 2014 solely for the Wrongful Death Victims as defined in the aforementioned order. The Court granted the Amended Claims Procedure Order on June 13, 2014.
32. On June 26, 2014, the Petitioner filed a Motion for an Eighth Order Extending the Stay Period to September 30, 2014 ("Eighth Extension Motion"). The Eighth Extension Motion will be heard on June 30, 2014.
33. All amounts reflected in this report are stated in Canadian currency unless otherwise noted.
34. The purpose of this Eleventh Report of the Monitor is to inform the Court on the following subjects:
  - General Corporate Information and Purpose of CCAA filing;
  - Canadian Transportation Agency;
  - Service of the Railway Line in Lac-Mégantic;
  - Financial Position;
  - Extension Request;

- Claims Process;
- Settlement Discussions;
- Sale of Assets;
- Compromise and Settlement with Travelers Property Casualty Company of America;
- Payment of Professionals;
- Chapter 11 Proceedings;
- Activities of the Monitor;
- Conclusion.

35. We inform the Court that the Monitor has not conducted an audit or investigation of the information which has been provided to it by the Petitioner and that accordingly, no opinion is expressed regarding the accuracy, reliability or completeness of the information contained within this Report. The information contained herein is based on a review of unaudited financial information provided to the Monitor by the Petitioner's management and the Chapter 11 Trustee's Financial Advisor as well as discussions with the Petitioner's management and employees, the Chapter 11 Trustee and the Chapter 11 Trustee's Financial Advisor.

#### **GENERAL CORPORATE INFORMATION AND PURPOSE OF CCAA FILING**

36. As noted in the Monitor's prior reports, the Petitioner operates a shortline freight railroad company in the Province of Quebec. It is a wholly owned subsidiary of Montreal, Maine & Atlantic Railway Ltd. ("MM&AR") which operated a shortline railroad in the States of Vermont and Maine (MM&A and MM&AR are hereinafter collectively referred to as the "Companies"). Together, the Companies operated approximately 500 route miles and serviced customers in Canada and the United States. An affiliated company, LMS Acquisition Corp. ("LMS") located in Hermon, Maine, operates a 130,000 square foot warehouse offering warehousing and lumber distribution.

37. We refer to the Monitor's prior reports for a description of the purpose of the CCAA proceedings.

#### **CANADIAN TRANSPORTATION AGENCY ("CTA")**

38. On June 23, 2014, MM&A filed a request with the CTA to amend the suspension date for its Certificate of Fitness to August 1, 2014 (from the current expiry date of June 30, 2014), the whole to ensure the continuation of MM&A's operations in Canada in the event that the sale of assets was not completed by June 30, 2014. As noted below, the closing is now expected to occur on June 30, 2014 in which case the extension request will be withdrawn.

39. In support of the request for an extension of the Certificate of Fitness to August 1, 2014, MM&A has obtained a further extension of its insurance policy from June 30, 2014 to August 1, 2014, if required.

#### **SERVICE OF RAILWAY LINE IN LAC-MÉGANTIC**

40. We refer to the Monitor's Fourth, Fifth, Sixth and Seventh Reports for a summary of rail service to the City of Lac-Mégantic ("City"). As previously reported, MM&A restarted service to the City's industrial park in December 2013. On June 3, 2014, MM&A, the City and Central Maine & Quebec Railway Canada Inc. ("CMQ") entered into an agreement ("City Agreement") regarding ongoing service both before the sale of assets (by MM&A) and after the sale of the assets (by CMQ). CMQ is an indirect wholly owned subsidiary of Railroad Acquisition Holdings Inc. ("RAH"), the purchaser under the terms of the Asset Purchase Agreement.
41. Pursuant to the City Agreement, east-west service through the City was resumed between Canada and the United States on June 16, 2014. The City Agreement includes an operating plan which governs crew size, speed and other operating conditions. Further, there are restrictions with respect to the transportation of dangerous goods. MM&A will continue to voluntarily embargo the transport of any dangerous goods including crude oil.

#### **FINANCIAL POSITION**

42. In conjunction with the filing of the Ninth Report of the Monitor on April 25, 2014, weekly cash flow projections for the period, April 21, 2014 to June 30, 2014 were submitted. The cash flow projections included with the Ninth Report of the Monitor estimated that the closing of the sale of assets of the Companies would occur by the week ended May 16, 2014.
43. As noted below, the sale of assets for MM&AR was concluded on May 15, 2014 and the sale of MM&A's assets is expected to occur on June 30, 2014.
44. Wheeling & Lake Erie Railway Company ("Wheeling") had provided the Companies with a US\$6 million line of credit which had been utilized in full as of the commencement of the restructuring proceedings. The accounts receivable and inventory of MM&AR as of the filing date, secured the line of credit. Subsequent to the Camden DIP financing, as defined below, MM&AR has set aside the proceeds of all U.S. accounts receivable collected for pre-petition sales and for post-petition sales through October 18, 2013. MM&AR has been remitting these deposits to Wheeling on a regular basis.
45. As at June 20, 2014 the total amount remitted to Wheeling was approximately US\$1.2 million. A further US\$0.7 million is being held in escrow:

- US\$0.5 million thereof relates to the proceeds of the sale of tax credits earned by MM&AR. Following a hearing on January 23, 2014 in the United States Bankruptcy Court for the District of Maine (“US Court”) as to whether or not Wheeling has a security interest over the tax credits, on March 17, 2014 the US Court ruled that \$342k of the proceeds are subject to Wheeling’s security interest and the Chapter 11 Trustee, on behalf of MM&AR is entitled to the balance of \$148k.
  - The remaining US\$0.2 million held in escrow, may be remitted to Wheeling if the realization of assets subject to Wheeling’s security does not generate sufficient proceeds to pay the amounts owed to Wheeling.
46. As of May 15, 2014, the consolidated cash balance of the Companies amounted to US\$1.0 million versus a projected bank balance of US\$0.1 million. In addition, the Companies used US\$4.8 million of the DIP financing which was projected. The overall positive variance of US\$0.9 million is primarily attributable to the following:
- US\$0.5 million positive cash receipts variance resulting from the better than forecasted collection of accounts receivable which is timing related and will reverse in future periods;
  - US\$0.4 million lower than projected payroll, material and supplies and freight car and locomotive expenses.
47. For additional details, we refer you to Exhibit “1” attached hereto, entitled Comparative Cash Flow for the period April 19, 2014 to May 15, 2014.
48. Following the closing for the MM&AR assets, the DIP financing from Camden was repaid in full. In order to fund the operations of MM&A from May 16, 2014 onwards, MM&A entered into an agreement with RAH, whereby RAH is purchasing the daily revenue generated by MM&A from May 16, 2014 onwards. This is providing sufficient funding to maintain the railway operations of MM&A through to the projected closing date of June 30, 2014.
49. For additional details, we refer you to Exhibit “2” attached hereto, entitled Actual Cash Flow Results for the period May 16, 2014 to June 20, 2014.

## **EXTENSION REQUEST**

50. The Eighth Extension Motion seeks an extension of the stay of proceedings through September 30, 2014 (“Extension Period”) to enable the following:
- Completion of the sale of assets of MM&A;



- Continued processing of claims filed in the CCAA (as more fully set out below);
- Continuation of settlement discussions towards the goal of filing a plan of arrangement to be presented to the creditors as expeditiously as possible.

## **CLAIMS PROCESS**

51. We refer to our Ninth Report for a summary of the steps put in place by the Monitor to implement the claims process (see Exhibit 3 for a summary of the steps). In addition, on June 4, 2014, the Monitor mailed via Canada Post a second public notice to all residents and businesses in the MRC du Granit region reminding them of the Claims Bar Date and providing further information concerning the claims process and the CCAA proceedings.
52. Throughout the claims process, the Monitor worked closely with the attorneys for the Class Representatives to assist creditors in completing and submitting their claim forms. The Monitor's temporary office in the City was kept open through and to the Claims Bar Date.
53. The Claims Procedure Order also provided that creditors who did not wish to be represented by the Class Representatives, had until May 30, 2014 to submit opt out letters to the Monitor. We confirm that 278 opt out letters were received on or before May 30, 2014.
54. Prior to the Claims Bar Date of June 13, 2014, newly retained bankruptcy counsel in the United States for certain of the wrongful death victims requested from the Chapter 11 Trustee an extension of the Claims Bar Date solely for the wrongful death victims in the Chapter 11 proceedings. Following discussions between the Chapter 11 Trustee and the Monitor and consultation with the Class Representatives and the Province, it was agreed to seek a 30 day extension of the Claims Bar Date, solely for wrongful death victims. As defined in the Claims Procedure Order, Wrongful Death Victims means the estate of the persons deceased as a result of the Derailment, their successor, spouse or common law partner, child, grandchild, parent, grandparent and sibling.
55. As previously indicated, the Court approved the Amended Claims Procedure Order on June 13, 2014 amending the Claims Bar Date, solely for the Wrongful Death Victims, to July 14, 2014 ("Amended Claims Bar Date").
56. The Monitor is in the process of preparing a database of all proofs of claim filed with the Monitor. Due to the large volume of claims received during the claims process and in particular, immediately prior to the Claims Bar Date, the Monitor is unable to provide a detailed summary of claims received. However, we would advise the Court that approximately 4,800 claims were received with

a value in excess of \$1.8 billion. The number and value of claims filed will change due to the following:

- A number of the claims filed are unliquidated and thus the potential impact of these claims cannot be determined at this date;
  - Additional claims may be received from Wrongful Death Victims by the Amended Claims Bar Date;
  - The Monitor has not performed any review of the claims to identify errors, duplication or to value the claims.
57. In addition to the claims noted above, the Chapter 11 Trustee filed an indemnity claim in the approximate amount of US\$1.55 billion in respect of claims including, but not limited to, wrongful death claims against MM&AR arising out of the derailment.
58. As of the Claims Bar Date, approximately 300 proofs of claim were filed in the Chapter 11 proceedings amounting to approximately US\$350 million. The value of those claims may increase as certain claimants indicate that the amount for which they are claiming is undetermined or that the amount claimed will be in excess of the stated value. Further, additional claims may be received from Wrongful Death Victims by the Amended Claims Bar Date.
59. In addition to the claims noted above, MM&A and the Monitor jointly filed a claim in the Chapter 11 for \$748 million in respect of a potential liability for shortfall after winding up MM&A. It should be noted that the claim amount of \$748 million was based upon an interim proof of claim listing and will be amended upwards once the final amount of claims in MM&A is determined.
60. The Monitor will provide a more detailed summary of claims filed in both the CCAA and Chapter 11 proceedings at a later date.

## **SETTLEMENT DISCUSSIONS**

61. The terms and conditions under which XL Insurance Company Limited ("XL") will remit the proceeds of the \$25 million insurance policy have been agreed to in principal, however, a definitive agreement has not yet been finalized and a due diligence review of financial information in connection with a settlement with XL is still in process. Accordingly, the Monitor is not in a position to provide definitive details until the agreement is fully documented.
62. The Monitor, the Chapter 11 Trustee and counsel for MM&A have initiated discussions with various third parties in connection with contributions from these third parties to fund a plan of arrangement in exchange for a release to be provided in the CCAA and the Chapter 11 which would bar any

litigation arising from the derailment. These discussions will continue during the extension period being sought and must remain confidential for the time being.

## **SALE OF ASSETS**

63. We refer to the updates provided in our recent Reports (Sixth, Seventh, Eighth and Tenth) in respect of the closing of the Asset Purchase Agreement (“APA”) with, RAH for US\$14.25 million for the majority of the assets of the Companies.
64. On May 8 and 9, 2014, the US Bankruptcy Court and this Court respectively approved the Third Amendment to the Asset Purchase Agreement (“Third Amendment”), a copy of which is annexed to the Third Amendment Motion.
65. The Third Amendment allowed for a bifurcated closing process in which the sale of the assets of MM&AR may be closed prior to the sale of the assets of MM&A which was delayed primarily due to regulatory issues. Additionally, pursuant to the Third Amendment, RAH assigned all of its rights and obligations under the APA to CMQ.
66. Consequently, on May 15, 2014, RAH concluded the purchase of assets from MM&AR for gross proceeds of US\$11.05 million.
67. On June 25, 2014, counsel for RAH advised the Monitor that CMQ has received a decision from the CTA that the CTA is satisfied that CMQ has adequate third party liability insurance coverage, including self-insurance, for CMQ's railway operations in Canada, and that its Certificate of Fitness shall be effective on the date of the closing of the sale. CMQ reports that the amount of insurance available is \$75 million. CMQ also advises that it has received regulatory approval from Transport Canada. MM&A and CMQ intend to close the sale transaction on June 30, 2014. Attached as Exhibit 4 is a copy of the decision from the CTA.

The projected use of proceeds from the sale transactions can be summarized as follows:

Montréal, Maine & Atlantic Railway Ltd./Montreal Maine & Atlantic Canada Co. Sale Transactions: Use of Proceeds			
(in USD - thousands)	MM&AR (May 15/14 Closing)	MM&A (June 30/14 Closing)	Combined
Proceeds of Sale	\$ 11,050	\$ 3,200	\$ 14,250
Other proceeds	46	-	46
Gross Proceeds	11,096	3,200	14,296
Closing cost reductions	1,140	1,329	2,469
<b>Net Proceeds before Secured Claims</b>	<b>9,956</b>	<b>1,871</b>	<b>11,827</b>
<b><u>Secured Claims Requiring Payment or Escrow at Closing</u></b>			
State of Vermont Tax	10	-	10
Professional Fee Carveout / Administration Charge	4,000	1,530	5,530
Camden National Bank	4,787	-	4,787
	8,797	1,530	10,327
<b>Remaining Balance</b>	<b>1,159</b>	<b>341</b>	<b>1,500</b>
<b>Other Escrowed Amounts</b>	<b>1,478</b>	<b>-</b>	<b>1,478</b>
<b>Total Held in Trust</b>	<b>\$ 2,637</b>	<b>\$ 341</b>	<b>\$ 2,978</b>

68. Based on the allocation by RAH, after payment of closing costs (final payroll, vacation pay, real estate taxes, post-petition accounts payable, etc.), this will leave an estimated US\$1.9 million for distribution in the CCAA. It is anticipated that most of the proceeds will be used to pay the accrued and unpaid professional fees which are secured by the Administration Charge. Exhibit "5" attached hereto, provides a more detailed description of the use of the sale proceeds.
69. In respect of the purchase price allocation, we note that as reported in the Monitor's Fourth Report to Court dated December 17, 2013, the APA did not contain an allocation of the purchase price between MM&A and MM&AR. As a result, the Monitor, the Chapter 11 Trustee and the Petitioner agreed at that time that one-third of the purchase price would be allocated to the assets of MM&A and two-thirds to the assets of MM&AR. This allocation increases the amount paid for MM&A's assets by approximately US\$1.5 million. The Chapter 11 Trustee has taken the view that the one-third, two-thirds allocation was solely for bidding purposes.
70. The Monitor and the Province maintain that the allocation of the purchase price should be allocated one-third to the assets of MM&A and two-thirds to the assets of MM&AR and note that the order approving the Third Amendment Motion reserves the rights of the Petitioner, the Monitor and any lienholder to contest that the allocation of the purchase price established by RAH should govern for the purposes of dividing the total proceeds of sale between MM&A and MM&AR.

## **COMPROMISE AND SETTLEMENT WITH TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA**

71. We refer to the Monitor's Fifth Report for a summary of the US\$3.8 million settlement reached with Travelers Property Casualty Company of America ("Travelers") and approved by this Court and the US Court, on December 19, 2013 and December 24, 2013, respectively ("Travelers Settlement Payment").
72. As a result of a contestation filed by Wheeling in respect of the allocation of the Travelers Settlement Payment between MM&A (US\$2.47 million) and MM&AR (US\$1.33 million), no amounts were to be disbursed until further order of the Courts.
73. On March 13, 2014, the US Bankruptcy Court for the District of Maine ("US Court") held a hearing on the issue of whether or not Wheeling has a security interest over the Settlement Payment and took the matter under advisement. On April 15, 2014, the US Court ruled that Wheeling does not have a security interest over the Settlement Payment and that therefore there is no need to have a hearing on the allocation ("April 15 Judgment").
74. On May 8, 2014, the Petitioner filed its Distribution Motion seeking permission to distribute the US\$2.47 million of the Travelers Settlement Payment held in trust by the Monitor on account of accrued fees and expenses of the Monitor, the Monitor's counsel and the Petitioners' counsel (the "Professionals"). On June 6, 2014, the Petitioner filed the Amended Distribution Motion.
75. On June 4, 2014, Wheeling filed a motion in the US Court in which it sought an order seeking to enforce Wheeling's interpretation of a December 24, 2013 order of the US Court in respect of the distribution of the Travelers Settlement Payment ("Motion to Enforce") or a stay of any order permitting the distribution of the Travelers' funds held in trust by the Monitor while it appealed the April 15 Judgment ("Motion for Stay").
76. Following a hearing on June 11, 2014 on the Amended Distribution Motion, on June 16, 2014, the Court issued the Amended Distribution Order which ordered the payment of the US\$2.47 million from the Travelers Settlement Payment to be paid to the Professionals in partial payment of their fees and that the Administration Charge be reduced to \$1.5 million.
77. On June 24, 2014, the US Court denied Wheeling's Motion to Enforce and its Motion for Stay.

## **PAYMENT OF PROFESSIONALS**

78. The US\$2.47 million currently held in trust by the Monitor will be applied against accrued professional fees which are in excess of \$4 million (taxes included) as of May 31, 2014. As noted above, it is expected that the net proceeds from the sale of MM&A's assets to RAH will also be

utilized to pay the accrued and unpaid fees of the Professionals up to the amount of the \$4 million charge.

79. As noted above, the Professionals will be seeking a Supplemental Administration Charge in respect of work being performed in connection with the claims process as well as settlement discussions, the formulation of a plan of arrangement, etc.

## **CHAPTER 11 PROCEEDINGS**

80. As previously reported, on August 7, 2013, MM&AR commenced proceedings under Chapter 11 of the U.S. Bankruptcy Code in the US Court.
81. On August 21, 2013, the U.S. Trustee appointed Robert J. Keach, attorney, to be the Chapter 11 Trustee of MM&AR and he has assumed day to day control of the operations of MM&AR.
82. The Monitor and its counsel continue to be in frequent contact with the Chapter 11 Trustee and his professionals to coordinate the efficient administration of both estates as well as the completion of the sale transaction and the Claims Process that are more fully described elsewhere in this report and in prior Monitor reports.
83. The Monitor reviews daily and weekly information reports from the Companies as well as variance reports prepared by Development Specialists Inc. ("DSI"), the financial advisor to the Chapter 11 Trustee.
84. As noted in the Monitor's Fourth Report, the United States Trustee appointed four creditors (who all allege to have claims arising from the Derailment) to a Committee of Derailment Victims ("Official Committee of Victims") to assist the Chapter 11 Trustee. In addition, the Province and the City have been added as ex-officio members to the Official Committee of Victims. The Official Committee of Victims has also engaged legal counsel.
85. The Monitor is continuing to post the various relevant motions and orders in respect of MM&AR's Chapter 11 proceedings to its website to permit all stakeholders to follow these proceedings. Recent motions and orders filed with or issued to date by the US Court include the following:
- Application and order granted for First (and Final) Interim Application for Compensation and Reimbursement of Expenses for the various professionals;
  - Order Amending the Deadline for Filing Wrongful Death Proofs of Claim;
  - Order Amending the Moratorium of Plan Proceedings;

## ACTIVITIES OF THE MONITOR

86. The Monitor's activities have included the following:

- Continued monitoring of the Petitioner's operations which has included frequent contact with the Chapter 11 Trustee and his professionals, Petitioner's management and legal counsel all with a view to keeping apprised of material developments and to seek input with respect to the restructuring process. In addition, the Monitor has kept apprised of the restructuring proceedings of MM&AR through the review of Chapter 11 motions and orders;
- Maintaining regular contact with representatives of the Province, the City and other stakeholders in this restructuring process to seek their input and provide assistance in various areas;
- The Monitor is working with the Chapter 11 Trustee and the various professionals in respect of the completion of the sale of the Companies' assets to RAH;
- The Monitor has met with and been in regular communication with the legal counsel of the Class Representatives;
- The Monitor continues to respond to queries from suppliers, creditors and other interested parties;
- The Monitor placed advertisement in newspapers to inform creditors of the claim process, the claims bar date and information sessions dates and times;
- The Monitor initiated two Canada Post mailings to residents and businesses of the MRC du Granit region providing information on the claims process;
- The Monitor opened a temporary office in the City on April 15, 2014 and remained on-site until June 13, 2014 and met with residents of the City assisting them in the completion of the proof of claim form and answer questions they may have;
- The Monitor held four information sessions in the City to explain the claims process to the residents;
- The Monitor has commenced a review of the proofs of claim forms filed;
- The Monitor has participated in settlement discussions with third parties in connection with the funding of a plan of arrangement;
- The Monitor reviewed the Petitioner's financial affairs and results for the period April 19, 2014 to June 20, 2014;
- The Monitor continues to post copies of all Court materials filed in the CCAA and Chapter 11 Proceedings on its website;

- The Monitor has prepared and filed this Eleventh Report;
- Other administrative and statutory matters relating to the Monitor's appointment.

## CONCLUSION

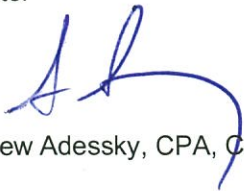
87. The Court should grant the extension request for the following reasons:

- Since the commencement of the CCAA proceedings, the Petitioner has and continues to act in good faith and with diligence;
- The Petitioner still requires additional time to complete the sale with RAH to maximize the value of its assets and sell the company on a going concern basis which is in the best interests of all of its stakeholders, employees and customers;
- The Court approved the extension of the Claims Bar Date to July 14, 2014 for the wrongful death victims and accordingly, sufficient time is required to permit the filing of proofs of claim;
- Sufficient time is required to permit the Petitioner and the Monitor to perform a preliminary review the proofs of claim filed;
- The Petitioner has not prejudiced its creditors as it is paying post-filing liabilities incurred since the date of filing as they become due, except for the fees of the Professionals;
- Richter will continue to monitor the financial affairs of the Petitioner and inform the Court and all stakeholders of material adverse changes in the Petitioner's cash flow or financial circumstances as required;
- The extension will not cause any prejudice to the various stakeholders.

Respectfully submitted at Montreal, this 27<sup>th</sup> day of June, 2014.

**Richter Advisory Group Inc.**

Monitor



Andrew Adessky, CPA, CA, CIRP



# **Exhibit 1**

**Montréal, Maine & Atlantic Railway Ltd./Montreal Maine & Atlantic Canada Co.**  
**Comparative Cash Flow**  
**For the period April 19, 2014 to May 15, 2014**

(in USD)	Forecast Apr 19-May 15	Actual Apr 19-May 15	Variance Total
<b><u>MMA Cash Receipts:</u></b>			
Deposits & Wire Transfers <sup>1</sup>	909,000	1,667,271	758,271
Other items	634,413	355,709	(278,704)
Sale proceeds- net of closing adjustments <sup>2</sup>	-	-	-
DIP financing - Camden National Bank	666,800	650,000	(16,800)
<b>Total</b>	<b>2,210,213</b>	<b>2,672,980</b>	<b>462,767</b>
<b><u>MMA Disbursements:</u></b>			
ISS payout <sup>1</sup>	410,000	302,320	107,680
Payroll & Related Taxes	874,425	805,462	68,963
Materials and supplies	439,324	243,217	196,107
Freight car and locomotive	96,194	53,263	42,931
Other costs	368,291	349,968	18,323
<b>Total</b>	<b>2,188,234</b>	<b>1,754,230</b>	<b>434,004</b>
<b>Net Cash Flow</b>	<b>21,979</b>	<b>918,750</b>	<b>896,771</b>
<b>Opening Cash Balance - MMA</b>	<b>78,022</b>	<b>78,022</b>	<b>-</b>
<b>Closing Cash Balance - MMA</b>	<b>100,001</b>	<b>996,772</b>	<b>896,771</b>
<b><u>Camden National Bank - DIP Lender</u></b>			
<b>Opening line of credit</b>	<b>4,126,419</b>	<b>4,126,419</b>	<b>-</b>
<b>Funds advanced</b>	<b>666,800</b>	<b>650,000</b>	<b>16,800</b>
<b>Ending Line of credit</b>	<b>4,793,219</b>	<b>4,776,419</b>	<b>16,800</b>
<b>Total authorized line of credit</b>	<b>4,800,000</b>	<b>4,800,000</b>	<b>-</b>
<b>Total available line of credit</b>	<b>6,781</b>	<b>23,581</b>	<b>16,800</b>

<sup>1</sup> - The positive variance is timing related and will reverse in future periods.

<sup>2</sup> - The sale of assets of Montreal, Maine & Atlantic Railway Ltd took place on May 15, 2014 for sale proceeds of \$11,050,000. The results of the sale transaction are excluded from the above table.

## **Exhibit 2**

**Montreal Maine & Atlantic Canada Co.**  
**Actual Cash Flow Results**  
For the period May 16, 2014 to June 20, 2014

(in CAD)	Actual May 16-Jun 20 <sup>1</sup>
<b><u>MMA Cash Receipts:</u></b>	
Deposits & Wire Transfers <sup>2</sup>	407,383
ISS	60,000
Other items	41,822
Transfer from Montreal Maine & Atlantic Railway	71,000
<b>Total</b>	<b>580,205</b>
<b><u>MMA Disbursements:</u></b>	
ISS payout	63,387
Payroll & Related Taxes	313,516
Materials and supplies	107,245
Other costs	99,672
<b>Total</b>	<b>583,820</b>
<b>Net Cash Flow</b>	<b>(3,616)</b>
<b>Opening Cash Balance - MMA</b>	<b>32,303</b>
<b>Closing Cash Balance - MMA</b>	<b>28,687</b>

<sup>1</sup> - Actual results for Montreal, Maine & Atlantic Canada Co.

<sup>2</sup> - Factoring of accounts receivable arrangement with Railroad Acquisition Holdings.

## **Exhibit 3**

## CLAIMS PROCESS PROCEDURES

Further to the Claims Order and Class Representatives Order issued on April 4, 2014, we summarize the following steps which have taken place to implement the claims process:

- On April 11, 2014, the Monitor posted the proof of claim form package on its website;
- During the week of April 7, 2014, the Monitor met with a representative of the City to review the communications plan. Further, the City has posted on its website a notice alerting residents to the commencement of the claims process, the information sessions and where to obtain further information;
- On April 12 and 19, 2014, the Monitor placed advertisements in La Presse, the Gazette and La Tribune as required under the Claims Order. These advertisements also appeared on April 18 and 25, 2014 in L'Echo de Frontenac and the Sherbrooke Record to inform creditors of the claims process, the claims bar date and information sessions;
- During the week of April 14, 2014, the Monitor mailed via Canada Post a public notice ("Public Notice") advising all residents and businesses in the MRC du Granit region of the claim process;
- On April 14, 2014, the Monitor mailed the proof of claim form to all known creditors and other parties including the service list, various governmental agencies and bodies, insurers and employees of MM&A;
- On April 15, 2014, representatives of the Monitor opened a temporary office in the City to meet with creditors to provide assistance in the completion of proofs of claim. The office remained open through the Claims Bar Date of June 13, 2014;
- On April 17, 2014, the Monitor provided the Public Notice to the CLD du Haut Richelieu and requested that they circulate this notice to their members as well as enlist the aid of other CLD's in the region with the distribution of the Public Notice;
- On April 22, 23, 30 and May 5, 2014, information sessions were held in the City to explain the claims process to the residents. The attorneys for the Class Representatives were present at the information sessions and had the opportunity to assist the residents who attended the sessions;
- The Monitor responded to the inquiries received from creditors and met with creditors at the Monitor's office in the City.
- On June 4, 2014, the Monitor mailed via Canada Post a second public notice to all residents and businesses in the MRC du Granit region reminding them of the Claims Bar Date and providing further information concerning the claims process and the CCAA proceedings.

## **Exhibit 4**



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DÉCISION N° 238-R-2014

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DECISION NO. 238-R-2014

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Le 24 juin 2014

June 24, 2014

**DEMANDE** présentée par Chemins de fer du Centre du Maine et du Québec Canada Inc., en vertu de l'article 91 de la *Loi sur les transports au Canada*, L.C. (1996), ch. 10, modifiée, en vue d'obtenir un certificat d'aptitude.

**APPLICATION** by Central Maine & Québec Railway Canada Inc., pursuant to section 91 of the *Canada Transportation Act*, S.C., 1996, c. 10, as amended, for a Certificate of Fitness.

**Référence n° R8005/C8**

**File No. R8005/C8**

Chemins de fer du Centre du Maine et du Québec Canada Inc. (CCMQ) a demandé à l'Office des transports du Canada (Office) un certificat d'aptitude pour mener les activités ferroviaires qui résulteront de l'acquisition des actifs par l'intermédiaire de la convention d'achat des actifs conclue le 12 décembre 2013 entre Railroad Acquisition Holdings LLC et Robert J. Keach, curateur aux termes du chapitre onze pour la succession de Chemin de fer Montréal, Maine & Atlantique et Montréal, Maine & Atlantique Canada Cie.

Central Maine & Québec Railway Canada Inc. (CMQ) applied to the Canadian Transportation Agency (Agency) for a certificate of fitness for railway operations that will result from the acquisition of assets through the Asset Purchase Agreement between Railroad Acquisition Holdings LLC and Robert J. Keach, as Chapter 11 Trustee for the estate of Montreal, Maine & Atlantic Railway, Ltd. and Montreal, Maine and Atlantic Canada Co., dated December 12, 2013.

Aux termes du paragraphe 90(1) de la *Loi sur les transports au Canada* (LTC), nul ne peut construire ou exploiter un chemin de fer sans être titulaire d'un certificat d'aptitude. « Chemin de fer » signifie un chemin de fer relevant de l'autorité législative du Parlement.

Subsection 90(1) of the *Canada Transportation Act* (CTA) provides that no person shall construct or operate a railway without a certificate of fitness. A "railway" means a railway within the legislative authority of Parliament.



Par conséquent, pour obtenir un certificat d'aptitude, une demanderesse doit d'abord démontrer que le certificat qui fait l'objet de sa demande vise un chemin de fer relevant de l'autorité législative du Parlement.

L'Office conclut que CCMQ est une compagnie de chemin de fer fédérale en vertu de l'alinéa 88(2)a) de la LTC puisqu'elle est une compagnie qui exploitera un chemin de fer à partir des États-Unis d'Amérique jusqu'au Canada.

Le paragraphe 92(1) de la LTC prévoit que l'Office délivre un certificat d'aptitude pour un projet de construction ou d'exploitation d'un chemin de fer s'il est convaincu que celui-ci bénéficiera de l'assurance responsabilité réglementaire, conformément au *Règlement sur l'assurance responsabilité civile relative aux chemins de fer*, DORS/96-337.

En ce qui a trait au caractère adéquat de l'assurance responsabilité civile, l'Office a entrepris un examen minutieux de toute la documentation et de tous les renseignements déposés par CCMQ. L'Office a également examiné la capacité de CCMQ de payer le montant pour affectation de l'autoassurance en se fondant sur les renseignements financiers au dossier. À cet égard, CCMQ a également déposé auprès de l'Office un engagement visant le dépôt de certains renseignements financiers. Tout certificat d'aptitude à être délivré à CCMQ sera assujéti à l'engagement de cette dernière.

Therefore, in order to obtain a certificate of fitness, an applicant must first demonstrate that the certificate for which it applied relates to a railway that is within the legislative authority of Parliament.

The Agency finds that CMQ is a federal railway company by virtue of paragraph 88(2)(a) of the CTA, as it is a company that will be operating a railway from the United States of America into Canada.

Subsection 92(1) of the CTA states that the Agency shall issue a certificate of fitness for the proposed construction or operation of a railway if the Agency is satisfied that there will be adequate liability insurance coverage for the proposed construction or operation, as determined in accordance with the *Railway Third Party Liability Insurance Coverage Regulations*, SOR/96-337.

With respect to the adequacy of the third party liability insurance coverage, the Agency has undertaken a close examination of all information and documentation filed by CMQ. The Agency also examined CMQ's capability to pay the self-insured retention amount based on the financial information on file. In this respect, CMQ also filed an undertaking with the Agency to file certain financial information. Any Certificate of Fitness to be issued to CMQ will be subject to the undertaking of CMQ.

À la lumière de cet examen, l'Office est convaincu que l'assurance responsabilité civile, y compris l'autoassurance, est suffisante pour les activités ferroviaires de CCMQ au Canada.

Par conséquent, conformément au paragraphe 92(1) de la LTC, l'Office délivrera un certificat d'aptitude à CCMQ lui permettant d'exploiter un chemin de fer au Canada entre les points suivants :

1. Brookport au point milliaire 0,0 de la subdivision Newport et la frontière canado-américaine au point milliaire 26,25 de la subdivision Newport. La frontière canado-américaine au point milliaire 32,63 de la subdivision Newport et la frontière canado-américaine au point milliaire 43,32 de la subdivision Newport;
2. Brookport et St-Jean (Québec) sur la subdivision Adirondack;
3. Megantic et Brookport (Québec) sur la subdivision Sherbrooke;
4. Farnham et Ste-Rosalie (Québec) sur la subdivision St-Guillaume;
5. Farnham et Stanbridge (Québec) sur la subdivision Stanbridge; et
6. Megantic et la frontière canado-américaine près de Boundary (Québec) sur la subdivision Moosehead.

En outre, comme il est indiqué précédemment, le certificat d'aptitude sera assujéti à la condition que CCMQ dépose les renseignements financiers comme il est indiqué dans son engagement en date du 20 juin 2014.

Based on this review, the Agency is satisfied that there is adequate third party liability insurance coverage, including self-insurance, for CMQ's railway operations in Canada.

Accordingly, pursuant to subsection 92(1) of the CTA, the Agency will issue a certificate of fitness to CMQ permitting it to operate a railway in Canada as set out below between:

1. Brookport at mileage 0.0 of the Newport Subdivision and the Canada/United States border at mileage 26.25 of the Newport Subdivision. The Canada/United States border at mileage 32.63 of the Newport Subdivision and the Canada/United States border at mileage 43.32 of the Newport Subdivision;
2. Brookport and St-Jean, Quebec of the Adirondack Subdivision;
3. Megantic and Brookport, Quebec of the Sherbrooke Subdivision;
4. Farnham and Ste-Rosalie, Quebec of the St-Guillaume Subdivision;
5. Farnham and Stanbridge, Quebec of the Stanbridge Subdivision; and,
6. Megantic and the Canada/United States border near Boundary, Quebec of the Moosehead Subdivision.

Further, as set out above, the Certificate of Fitness shall be subject to the condition that CMQ files the financial information as agreed upon in its undertaking dated June 20, 2014.

Le paragraphe 28(1) de la LTC prévoit que l'Office peut, dans ses arrêtés, prévoir une date déterminée pour leur entrée en vigueur totale ou partielle ou subordonner celle-ci à la survenance d'un événement, à la réalisation d'une condition ou à la bonne exécution d'obligations.

L'Office, en vertu du paragraphe 28(1) de la LTC, ordonne que le certificat d'aptitude soit en vigueur à la date de la conclusion de la vente.

Comme CCMQ est au courant, l'Office révisé actuellement ses règlements et les exigences globales liées à l'assurance responsabilité civile des compagnies de chemin de fer fédérales. L'Office avise CCMQ qu'à la suite de cette révision, les exigences en matière d'assurance peuvent changer. Toutefois, en ce moment, il est trop tôt pour déterminer les conséquences de ces changements sur CCMQ. L'Office communiquera avec toutes les compagnies de chemin de fer fédérales une fois la révision terminée et les informera de toute nouvelle exigence qui pourrait être établie et que les compagnies de chemin de fer devront respecter afin de conserver leur certificat d'aptitude.

Paragraph 28(1)(b) of the CTA states that the Agency may in any order direct that the order or a portion or provision of it shall come into force on the happening of any contingency, event or condition specified in the order.

The Agency, pursuant to paragraph 28(1)(b) of the CTA, directs that the Certificate of Fitness shall be effective on the date of the closing of the sale.

As CMQ is aware, the Agency is currently undertaking a review of its Regulations and overall requirements related to third party liability insurance coverage for federal railway companies. The Agency advises CMQ that as a result of the review, insurance requirements may change. At this time, however, it is too early to determine the impact it will have on CMQ. The Agency will contact all federal railway companies upon the completion of the review and will inform them of any new requirements that may be established and that railway companies will have to meet to maintain their Certificates of Fitness.

(signé/signed)

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Geoffrey C. Hare  
Membre Member

## **Exhibit 5**

**Montréal, Maine & Atlantic Railway Ltd./Montreal Maine & Atlantic Canada Co.**  
**Sale Transactions: Use of Proceeds**

(in USD - thousands)	Notes	MM&AR (May 15/14 Closing)	MM&A (June 30/14 Closing)	Combined
Proceeds of Sale	1	\$ 11 050	\$ 3 200	\$ 14 250
Other proceeds	2, 12	46	-	46
<b>Gross Proceeds</b>		<b>11 096</b>	<b>3 200</b>	<b>14 296</b>
<b>Closing Costs</b>				
Real Property Taxes	3	182	516	698
Environmental Reserve	4	503	75	578
Title Work	5	2	127	129
Reimbursement of prepayments	6	52	7	59
Employee Related	7	180	554	734
Medical Claims Reserve	8	175	-	175
Other costs	2	46	50	96
Closing cost reductions		1 140	1 329	2 469
<b>Net Proceeds before Secured Claims</b>		<b>9 956</b>	<b>1 871</b>	<b>11 827</b>
<b>Secured Claims Requiring Payment or Escrow at Closing</b>				
State of Vermont Tax		10	-	10
Professional Fee Carveout / Administration Charge	9	4 000	1 530	5 530
Camden National Bank	10	4 787	-	4 787
		8 797	1 530	10 327
<b>Remaining Balance</b>	11	<b>1 159</b>	<b>341</b>	<b>1 500</b>
<b>Other Escrowed Amounts</b>				
Travelers Business Interruption Insurance Proceeds	11	1 330	-	1 330
45G Tax Credits		148	-	148
		1 478	-	1 478
<b>Total Held in Trust</b>		<b>\$ 2 637</b>	<b>\$ 341</b>	<b>\$ 2 978</b>

<sup>1</sup> - Allocation for closing purposes based on RAH allocation. Allocation is inconsistent with a previously agreed upon allocation of 1/3, 2/3 respectively for the assets of MM&A and MM&AR. All parties are reserving their rights as to the purchase price allocation.

<sup>2</sup> - Under the asset purchase agreement, RAH is responsible to pay for certain cure costs on contracts it wishes to assume. Other costs include a reserve for post-filing obligations.

<sup>3</sup> - Represents unpaid real property/municipal taxes through the closing dates for each company.

<sup>4</sup> - Agreed upon reserve between MM&AR and RAH in respect of certain environmental remediation in Maine, USA and a reserve for certain environmental remediation in the Farnham, Quebec railway yards.

<sup>5</sup> - RAH advance of funds to MM&A's Canadian counsel in respect of an updated property description and is to be reimbursed at closing.

<sup>6</sup> - Reimbursement to RAH in respect of pre-payments received by MM&AR and MM&A.

<sup>7</sup> - Employee related costs include final payroll, vacation pay and severance.

<sup>8</sup> - Reserve for potential remaining insurance costs for MM&AR employees.

<sup>9</sup> - The Chapter 11 Trustee and his professionals have a \$4 million carve out from the security of the Federal Railroad Administration ("FRA"). MM&A's counsel, the Monitor and its counsel have a first ranking \$4 million administration charge on MM&A's assets. It is expected that a portion of the amount of the remaining proceeds in MM&A will be utilized to satisfy professional fees secured by the administration charge.

<sup>10</sup> - Repayment of the DIP financing provided by Camden National Bank.

<sup>11</sup> - Due to the disagreement over the allocation of the purchase price, these funds will remain in escrow pending resolution and/or a court order.

<sup>12</sup> - In addition to the proceeds of sale, CMQ paid an additional \$673K for prepaid rent for the Derby maintenance facility and funded certain severance costs. These amounts were subsequently transferred to MM&AR's operating account. These payments are not reflected in the above table.