

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

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

**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, 37th 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, 12th Floor, in the city and
district of Montreal, Quebec, H3A 0G6

Monitor

**THIRTEENTH REPORT OF THE MONITOR
ON THE STATE OF PETITIONER'S FINANCIAL AFFAIRS
September 22, 2014**

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”). On June 30, 2014, the Court extended the stay of proceedings to September 30, 2014.
33. On July 18, 2014, the Monitor filed the Twelfth Report to Court to provide a preliminary overview of the proofs of claim filed in the CCAA proceedings pursuant to the claims process approved by the Court.
34. On August 12, 2014, the Attorney General of Quebec filed two motions. One motion for the determination of the allocation of the purchase price of the Debtor’s assets in Canada (“Requête du procureur général du Québec pour faire déterminer l’allocation du prix de vente des actifs de la Débitrice au Canada”) and the second motion to request a joint hearing to consider the motion for the determination of the allocation of the purchase price (“Requête du procureur général du Québec pour la tenue d’une audition commune sur la Requête pour Faire déterminer l’allocation du

prix de vente”) (the “Allocation Hearing Motions”). On September 12, 2014, the Court approved the motion for a joint hearing.

35. On September 19, 2014, the Petitioner filed a Motion for a Ninth Order Extending the Stay Period to November 30, 2014 (“Ninth Extension Motion”). The Ninth Extension Motion will be heard on September 24, 2014.
36. On September 19, 2014, the Petitioner filed a Motion for an Order Approving the Partial Distribution of the Proceeds of the Sale of the Assets of Montreal, Maine & Atlantic Canada Co. (“Partial Distribution Motion”). The Partial Distribution Motion will be heard on September 24, 2014.
37. All amounts reflected in this report are stated in Canadian currency unless otherwise noted.
38. The purpose of this Thirteenth Report of the Monitor is to inform the Court on the following subjects:
 - General Corporate Information and Purpose of CCAA filing;
 - Sale of Assets;
 - Allocation of Sale Proceeds
 - Financial Position;
 - Claims Process;
 - Plan of Arrangement/Plan Term Sheet;
 - Payment of Professionals;
 - Extension Request;
 - Chapter 11 Proceedings;
 - Activities of the Monitor;
 - Conclusion.
39. 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

40. As noted in the Monitor's prior reports, the Petitioner operated 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.
41. We refer to the Monitor's prior reports for a description of the purpose of the CCAA proceedings.

SALE OF ASSETS

42. We refer to the updates provided in our recent Reports (Sixth, Seventh, Eighth, Tenth and Eleventh) in respect of the closing of the Asset Purchase Agreement with Railroad Acquisition Holdings LLC ("RAH") with a purchase price of US\$14.25 million for substantially all of the assets of the Companies.
43. Pursuant to the Third Amendment of the Asset Purchase Agreement approved by this Court on May 9, 2014, RAH assigned its rights and obligations under the Asset Purchase Agreement to Central Maine & Quebec Railway Canada Inc. ("CMQ").
44. Following the receipt of the various regulatory permits and authorizations, the sale transaction between MM&A and CMQ closed on June 30, 2014 for gross proceeds of US\$3.2 million. Effective July 1, 2014, CMQ continued the operations of the railway in Quebec.
45. As described in greater detail in our Eleventh Report, on May 15, 2014, RAH concluded the purchase of assets from MM&AR for gross proceeds of US\$11.05 million. As noted below, the allocation of the purchase price between the assets owned by MM&A and MM&AR is being disputed.
46. With the completion of the sale transaction, MM&A notified the Canadian Transport Agency that it has ceased all railway activity in Canada and effective July 1, 2014, MM&A and MM&AR did not require a Certificate of Fitness and had no objection to the certificate being cancelled.
47. The use of proceeds from the sale transactions can be summarized as follows:

**Montréal, Maine & Atlantic Railway Ltd./Montreal Maine & Atlantic Canada Co.
Sale Transactions / Waterfall Analysis**

(in USD - thousands)	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	46	19	65
Gross Proceeds	11,096	3,219	14,315
Closing cost reductions	1,137	1,334	2,471
Net Proceeds before Secured Claims	9,959	1,885	11,844
<u>Secured Claims Requiring Payment or Escrow at Closing</u>			
State of Vermont Tax	10	-	10
Professional Fee Carveout / Administration Charge ²	3,150	-	3,150
Camden National Bank - repayment of DIP financing	4,787	-	4,787
	7,947	-	7,947
Total Held in Trust - from sale proceeds	\$ 2,012	\$ 1,885	\$ 3,897
<u>Payments/adjustments/provisions made subsequent to June 30, 2014:</u>			
Wheeling & Lake Erie Railway Company - Inventory proceeds	288	-	288
Provision for balance of Administration Charge	-	1,252	1,252
Provision for balance of Professional Fee Carveout ²	1,047	-	1,047
Trustee's Surety Bond	40	-	40
Payment of corporate taxes related to gain on sale	-	20	20
Sub-total	1,375	1,272	2,647
Total Held in Trust (as at September 12, 2014)	\$ 637	\$ 613	\$ 1,250

¹ The allocation of the proceeds of sale is being disputed by the Province of Quebec.

² The final carve-out may vary but will not be less than US\$4 million.

48. Based on the allocation by RAH, after the payment of the closing costs (final payroll, vacation pay, real estate taxes, post-petition accounts payable, etc.) and the accrued and unpaid professional fees which are secured by the Administration Charge., a total of approximately US\$0.6 million is available for distribution in the CCAA ("Net Distribution Proceeds"). The Net Distribution Proceeds should be paid either to the Federal Railroad Administration ("FRA") or to the Province of Quebec once their respective rights are determined.

ALLOCATION OF SALE PROCEEDS

49. On July 18, 2014, the FRA filed a motion with the US Bankruptcy Court for the District of Maine ("US Court") for an order determining the allocation of the purchase price between MM&AR and MM&A. In essence, the FRA requested the US Court issue an order confirming that the allocation of the purchase price is as follows:

- US\$3.2 million for the assets of MM&A;
 - US\$11.05 million for the assets of MM&AR (of which, US\$288k was allocated to the inventory secured in favor of Wheeling & Lake Erie Railway Company (“Wheeling”).
50. In response, the Province filed motions in both the US Court and the Canadian Court disputing the position of the FRA and requesting a joint-hearing by both courts pursuant to the Cross-Border Protocol adopted by both courts. The Province’s position is that the allocation of the purchase price should be one-thirds, two-thirds as between MM&A and MM&AR as previously approved by this Court. This would increase the amount payable to MM&A by approximately US\$1.5 million.
51. On August 20, 2014 and September 12, 2014, the US and Canadian Courts respectively issued orders approving a joint hearing, instructing the FRA and the Province to submit a proposed form of scheduling order for the joint hearing. The actual date of the joint hearing remains to be determined.
52. The Monitor is in agreement with the position of the Province that as approved by the Canadian Court, in the context of a single bid for the assets of the Companies, the allocation is to be one-third to MM&A and two thirds to MM&AR. The Monitor will provide further information at the joint hearing to be held on this matter.

FINANCIAL POSITION

53. As noted above, the sale of assets for MM&AR was concluded on May 15, 2014 and the sale of MM&A’s assets on June 30, 2014. Subsequent to June 30, 2014, only minimal collections relating to post-filing receivables are being collected by MM&A and MM&A continues to pay its post-filing obligations.
54. For additional details, we refer you to Exhibit “1” attached hereto, entitled Actual Cash Flow Results for the period June 23, 2014 to September 12, 2014.

CLAIMS PROCESS

55. We refer to our Ninth Report for a summary of the steps that were put in place by the Monitor to implement the claims process.
56. As discussed in the Monitor’s Eleventh Report, the Court had approved a Claims Bar Date of June 13, 2014 for all creditors. The Court subsequently approved an extension of the Claims Bar Date to July 14, 2014 solely in respect of Wrongful Death Victims. As defined in the Amended 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.

57. The Monitor's Twelfth Report contained a preliminary summary of the claims filed in the CCAA. While a review, determination, adjudication or compromise of claims filed is outside the scope of the first phase of the claims process, the Monitor has continued to enter claims information into a comprehensive data base and to continue to perform an overview of the nature and types of claims filed. In addition, the Monitor has reviewed information provided to it by the Chapter 11 Trustee in connection with claims filed in the Chapter 11. Based on its work to date, the Monitor provides the following information in respect of claims filed in both the CCAA and Chapter 11 proceedings:

Montreal Maine & Atlantic Canada Co. & Montreal, Maine and Atlantic Railway Ltd.										
Summary of Claims Register (in millions)										
Type of Claim	Annex	Filed in CCAA		Filed in Chapter 11 ¹		Adjustments ²		Total Combined		
		# claims	Total (CAD)	# claims	Total (USD)	# claims	Total (CAD)	# claims	Total (CAD) ³	
Wrongful Death Victims ⁴	1	442	\$ 226.9	242	\$ 1,210.0	(292)	\$ (87.2)	392	\$ 1,391.8	
Bodily Injury	2	19	3.3	29	11.5	-	-	48	15.2	
Economic, Material or Other Damages - Personal ⁵	3A	4,508	882.1	55	47.5	(564)	(196.7)	3,999	734.6	
Economic, Material or Other Damages - Business ⁵	3B	195	38.3	-	-	-	-	195	38.3	
Subrogated Insurers	4	8	33.7	-	-	-	-	8	33.7	
Government or Municipality	5	4	708.5	-	-	-	-	4	708.5	
Contribution or Indemnity	6	37	unliquidated	47	unliquidated	-	-	84	unliquidated	
Claims other than Derailment Claims	7	41	39.0	118	39.4	(14)	(10.2)	145	69.5	
		5,254	\$ 1,932	491	\$ 1,308	(870)	\$ (294.1)	4,875	\$ 2,992	
Less: Adjustment for claims with more than one annex		(357)	NA					(357)	NA	
Preliminary Total		4,897	\$ 1,932	491	\$ 1,308	(870)	\$ (294.1)	4,518	\$ 2,992	

¹ Claims in the Chapter 11 were not filed by annex. Accordingly, the categorization by annex for the purpose of this table is subject to change.

² Adjustments reflect duplicate claims identified by the Monitor.

³ USD converted at exchange rate in effect on Aug. 8/13.

⁴ Includes the protective claim filed by the Class Representatives in the CCAA pursuant to the Representation Order.

⁵ Claims filed in the Chapter 11 proceedings do not clearly indicate whether damage claim relates to individuals or businesses.

58. The following should be noted with respect to the foregoing summary as it may affect the value of the claims which have been filed:

- The amounts described in the summary are prior to any reduction for amounts that creditors may have received from insurance, government assistance programs or other financial aid and which amounts, if any, should have been deducted by the creditors from their individual claims;
- Claims continue to be reviewed to identify any further duplicate claims that may have been filed by individual creditors and by the Class Representatives acting on their behalf;
- Government or Municipality claims may overlap and thus the actual total net amount of damages claimed by those entities may differ from the amount shown in the summary;

- Certain of the claims filed are unliquidated and the eventual amount of these claims cannot be determined at this date;
 - Calculation and/or classification errors in the preparation of the claim forms by the claimants/creditors may result in changes to the amounts being claimed or in claims being reclassified.
59. We also caution that the above summary is not an acknowledgment of any kind that the claims which have been filed are allowable, that the value of the claims is allowable in accordance with Canadian or Quebec law, or that those claims are complete, accurate or valid.
60. The above summary of claims does not include an indemnity claim filed by the Chapter 11 Trustee in the approximate amount of US\$1.55 billion in respect of claims including, but not limited to, wrongful death claims against Montreal Maine & Atlantic Railway Ltd. arising out of the derailment. Nor does the above summary include a joint claim filed by MM&A and the Monitor in the Chapter 11 for \$748 million (which will be amended) in respect of its liability for the shortfall after the liquidation of MM&A's assets.
61. Based on all of the foregoing, we caution that the final value of the claims filed in the CCAA and the Chapter 11 proceedings will vary and that such variance will likely be material.
62. Requests have been received by various creditors to review certain proofs of claim. These requests have been agreed to following receipt by the Monitor of the permission from the various creditors whose claims were asked to be reviewed. In addition, requests to view examples of claims filed by individuals have been granted, but only after removal of identifying personal information from the claims.
63. The Monitor and/or MM&A will be filing a motion to seek permission of this Court to establish the next phase of the claims process to allow for the review, determination, adjudication or compromise of claims, the whole in support of an intended plan of arrangement as set out below.

PLAN OF ARRANGEMENT/PLAN TERM SHEET

64. Included as Exhibit R-1 to the Ninth Extension Motion is a document entitled "Term Sheet in Respect of the Plan of Compromise and Arrangement of Montreal, Maine and Atlantic Canada Co. ("Plan Term Sheet"). The purpose of the Plan Term Sheet is to summarize the elements of the Plan of Arrangement ("Plan") that the Petitioner intends to submit to its creditors on or before November 14, 2014.
65. Certain key elements of the Plan Term Sheet can be summarized as follows:

- Payment of the Net Distribution Proceeds to either the FRA or the Province, as noted above;
 - Remittance by XL (as defined in the Plan Term Sheet) of the proceeds of the \$25 million insurance policy as well as an additional \$5 million into a trust account to be administered by the Monitor (the "Settlement Trust");
 - Remittance of additional amounts that could reach \$11.5 million to the Settlement Trust by certain of the XL insured parties and related entities/insurers;
 - Remittances from remaining XL insured parties (and related entities/insurers) to the Settlement Trust pursuant to agreements that may be reached prior to the filing of the Plan;
 - Remittances from potentially liable third parties to the Settlement Trust, prior to the filing of the Plan;
 - All of the above-noted remittances to the Settlement Trust would be made in exchange for full and final releases in the CCAA and Chapter 11 which would prohibit any litigation against these parties arising from the derailment and in the case of XL, would discharge any further obligations under the insurance policy.
66. The implementation of the Plan will be subject to a Plan Sanction Order in the CCAA, recognition of the Plan Sanction Order in the United States pursuant to Chapter 15 of the US Bankruptcy Code, with the Monitor serving as Foreign Representative as well as an implantation of a plan in the Chapter 11.
67. Consequently, in addition to the \$25 million to be distributed in accordance with the terms of the XL insurance policy, an additional \$16.5 million may be paid into a Settlement Trust by various insureds, assuming all agreements in principal can be concluded, and additional amounts from other insureds could increase that amount.
68. In order to fund the ongoing administration of both the CCAA and the Chapter 11, a portion of the contribution by the insureds over and above the \$25 million will be allocated to accrued and future professional fees. For clarity's sake, the full amount of the \$25 million will be distributed to beneficiaries under the policy without any deduction.
69. The settlement with XL and certain insureds is important because it will allow for an early and coordinated distribution of the insurance proceeds, but in the context of the quantum of claims filed in the CCAA proceedings, the payment of the XL insurance policy as well as contributions from additional insureds will not be sufficient to generate a significant distribution to derailment victims. For this reason, serious discussions have continued over the past few months with virtually all of the potentially liable third parties to determine if they are willing to contribute to the Settlement

Trust in exchange for complete releases from litigation arising from the derailment, the whole to allow for a more meaningful distribution to the derailment victims through a Plan.

70. As a result of confidentiality restrictions, the Monitor is unable to disclose any of these discussions in detail, but can confirm that to date, with the exception of one agreement in principle which has been reached by the Petitioner with a potentially liable third party, offers received from other potentially liable third parties have been judged to be insufficient by the Petitioner, the Chapter 11 Trustee and the Monitor. The agreement in principle and all other agreements to be reached are of course subject to approval by the creditors and the Court.
71. While the Monitor sees merit in continuing the discussions with potentially liable third parties and will do so, it is important to conclude those discussions and finalize agreements reached with XL and various insureds in order to allow the filing of a Plan on or before November 14, 2014.

PAYMENT OF PROFESSIONALS

72. As mentioned above, on June 16, 2014 the Court issued an Amended Distribution Order with regard to the proceeds of settlement with Travelers Property Casualty Company of America.
73. Subsequent to the Amended Distribution Order, the US\$2.47 million (CAD\$2.63 million) held in trust by the Monitor was applied against accrued professional fees owing to Petitioner's counsel, the Monitor, and Monitor's counsel (the "Professionals").
74. As at July 31, 2014 the accrued fees of the Professionals, excluding fees incurred in respect of the claims process and settlement discussions and after application of the above-noted payment of \$2.63 million, approximate \$2 million (taxes included), which is in excess of the current Administration Charge.
75. The Partial Distribution Motion seeks the payment of \$1.37 million from the proceeds resulting from the sale of MM&A's assets which are currently being held in trust by the Monitor. The Monitor confirms that at various periods in 2014 and well in advance of the filing of the Partial Distribution Motion, the Professionals have provided copies of their accounts to both the Province and the FRA for review and comment
76. The partial payment of the Professionals is justified and essential for the ongoing administration of the Estate.

EXTENSION REQUEST

77. The Ninth Extension Motion seeks an extension of the stay of proceedings through November 30, 2014 (“Extension Period”) to enable the following:
- Preparation of a Plan, to be filed by November 14, 2014, in respect of the distribution of the XL proceeds as described in the Plan Term Sheet filed by MM&A;
 - Continued negotiations with potentially liable third parties to seek settlements to be included in a Plan.

CHAPTER 11 PROCEEDINGS

78. As previously reported, on August 7, 2013, MM&AR commenced proceedings under Chapter 11 of the U.S. Bankruptcy Code in the US Court.
79. 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.
80. 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 settlement discussions with third parties and the completion of the Claims Process that are more fully described elsewhere in this report and in prior Monitor reports.
81. As noted in the Monitor’s Fourth Report, the United States Trustee appointed a Committee of Derailment Victims (“Official Committee of Victims”) which consists of three creditors (who all allege to have claims arising from the Derailment) 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.
82. The Chapter 11 Trustee advised the Monitor that it has served draft motions on approximately 25 companies, all of whom are named as defendants in various litigation to compel them to appear for Rule 2004 pre-litigation discovery examinations under the US Bankruptcy Code and to produce documents in connection therewith.
83. 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:
- FRA’s application for an Order determining the Allocation of the Purchase Price of the Debtor’s Assets and Enforcing Order approving Carve-out;

- Objections of Wheeling to the FRA's above noted motion;
- Province's motion requesting a joint hearing be convened by both the US and the Canadian courts regarding the allocation of the proceeds of the sale of assets of MM&A and MM&AR, which order was granted on August 20, 2014 by the US Court granted;
- Order granting the Chapter 11 Trustee's motion to extend the plan moratorium period;
- Order granting the Chapter 11 Trustee's motion to settle and compromise various matters with Wheeling;
- Order granting the Chapter 11 Trustee to disburse the Travelers Insurance Settlement Proceeds in the amount of \$1,330,000 to the FRA subject to the final judgement regarding Wheeling's claim that it has enforceable security against the insurance proceeds;
- Order granting motion of Official Committee of Victims seeking modification of the committee appointment order to authorize the committee to fully participate in wrongful death proceedings pending before the Maine District Court.

ACTIVITIES OF THE MONITOR

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

- Continued 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 and other stakeholders in this restructuring process to seek their input and provide assistance in various areas;
- The Monitor has been in regular communication with the legal counsel of the Class Representatives;
- The Monitor continues to respond to queries from creditors and other interested parties;
- The Monitor is responding to various creditors queries regarding proofs of claim filed;
- The Monitor continues to review the proofs of claim forms filed;
- The Monitor has participated in numerous settlement discussions with potentially liable 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 June 23, 2014 to September 12, 2014;
- The Monitor has reviewed the Plan Term Sheet filed by the Petitioner in connection with the extension request;
- 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 Thirteenth Report;
- Other administrative and statutory matters relating to the Monitor's appointment.

CONCLUSION

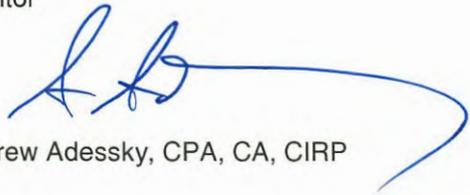
85. The Court should grant the extension request for the following reasons:

- Since the commencement of the CCAA proceedings, the Petitioner has and continues to act in good faith and with diligence;
- Sufficient time is required for the formulation of the Plan to be submitted by November 14, 2014;
- Additional time is required to come to settlements (if possible) with various potentially liable third parties to contribute a Settlement Trust in connection with a Plan;
- 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 as it continues to wind up its operations and inform the Court and all stakeholders of the use of remaining funds on hand;
- The extension will not cause any prejudice to the various stakeholders.

Respectfully submitted at Montreal, this 22nd day of September, 2014.

Richter Advisory Group Inc.

Monitor



Andrew Adessky, CPA, CA, CIRP

Montreal Maine & Atlantic Canada Co.
Actual Cash Flow Results
For the period June 23, 2014 to September 12, 2014

(in CAD)	Reported Jun 23-Sept 12 ¹
<u>MMA Cash Receipts:</u>	
Deposits & Wire Transfers ²	143,537
Provision from sale to pay final operating costs	48,512
Proceeds from sale used to pay closing costs	701,428
Other revenue ³	122,842
Transfer from Montreal Maine & Atlantic Railway	9,500
Total	1,025,818
<u>MMA Disbursements:</u>	
Payroll & Related Taxes ⁴	124,107
Materials and supplies	13,675
Real estate taxes	701,428
Other costs ⁵	46,541
Total	885,751
Net Cash Flow	140,067
Opening Cash Balance - MMA	28,687
Closing Cash Balance - MMA	168,754

¹ - Reported results for Montreal, Maine & Atlantic Canada Co.

² - Factoring of accounts receivable arrangement with Railroad Acquisition Holdings from May 15/14 to the closing on June 30/14.

³ - Consists primarily of switching revenue.

⁴ - Final payroll prior to closing on June 30, 2014.

⁵ - Consists of miscellaneous operating costs including utilities and employee expenses.