

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

**FIFTEENTH REPORT OF THE MONITOR
ON THE STATE OF PETITIONER'S FINANCIAL AFFAIRS AND THE PLAN OF ARRANGEMENT
January 9, 2015**

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 ("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 was not 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.

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 for the Province of Quebec ("Province") 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. The actual date of the joint hearing remains to be determined.

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”). On September 24, 2014, the Court extended the stay of proceedings to November 24, 2014 (“Ninth Extension Order”).
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”). On September 26, 2014 the Court approved the Partial Distribution Motion.
37. On November 20, 2014, the Petitioner filed a Motion for a Tenth Order Extending the Stay Period to January 12, 2015 (“Tenth Extension Motion”). On November 21, 2014, the Monitor filed the Fourteenth Report to Court in connection therewith. On November 24, 2014, the Court extended the stay of proceedings to January 12, 2015 (“Tenth Extension Order”).
38. On January 9, 2015, the Petitioner filed a Motion for an Eleventh Order Extending the Stay Period to September 14, 2015 (“Eleventh Extension Motion”). The Eleventh Extension Motion will be heard on January 12, 2015.
39. All amounts reflected in this report are stated in Canadian currency unless otherwise noted.
40. The purpose of this Fifteenth Report of the Monitor is to inform the Court on the following subjects:
 - General Corporate Information and Purpose of CCAA filing;
 - Financial Position;
 - Plan of Compromise and Arrangement;
 - Extension Request;
 - Chapter 11 Proceedings;
 - Activities of the Monitor;
 - Conclusion.
41. 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

- 42. 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.
- 43. We refer to the Monitor's prior reports for a description of the purpose of the CCAA proceedings.

FINANCIAL POSITION

- 44. As noted in the Monitor's Thirteenth and Fourteenth Reports, following the sale of MM&A's assets on June 30, 2014, there are no further operations. MM&A continues to pay its post-filing obligations (which are nominal) and is collecting its outstanding receivables.
- 45. The following table summarizes the actual cash flow results of MM&A for the period November 15, 2014 to January 2, 2015:

| Montreal Maine & Atlantic Canada Co. Actual Cash Flow Results For the period November 15, 2014 to January 2, 2015 | |
|---|-----------------------------|
| (in CAD) | Reported Nov 15-Jan 2/15 |
| <u>MM&A Cash Receipts:</u> | |
| Deposits | \$ 19,670 |
| Total | 19,670 |
| <u>MM&A Disbursements:</u> | |
| Miscellaneous costs | 411 |
| Total | 411 |
| Net Cash Flow | 19,259 |
| Opening Cash Balance - MM&A | 161,539 |
| Closing Cash Balance - MM&A | \$ 180,798 |

46. As detailed in the Monitor's Thirteenth and Fourteenth Reports, based on the allocation by the purchaser, after the payment of the closing costs and the accrued and unpaid professional fees which were secured by the Administration Charge, a total of approximately US\$0.6 million is held in trust by the Monitor ("Net Distribution Proceeds"). The Net Distribution Proceeds should be paid either to the FRA or to the Province of Quebec once their respective rights are determined. A joint hearing will be scheduled following the submission by the FRA and the Province of a proposed form of scheduling order.

PLAN OF COMPROMISE AND ARRANGEMENT

47. Annexed to the Eleventh Extension Motion is a draft *Plan of Compromise and Arrangement* ("Plan"). The Plan results from many months of negotiations by Petitioner's counsel, the Monitor and its counsel and the Chapter 11 Trustee ("Trustee") with potentially liable third parties ("Third Parties"), the whole to obtain contributions to an Indemnity Fund to be distributed to derailment victims. In addition, key stakeholders in this restructuring, namely the Province of Quebec ("Province"), attorneys for the Class Representatives and attorneys for derailment victims in the Chapter 11 case ("US Legal Representatives") (collectively the "Major Stakeholders") have been consulted and are supportive of the global resolution reached to date.¹ In addition, the Major Stakeholders have been provided with a copy of the draft Plan for their review and comments.

48. Pursuant to the Plan, definitive commitments have been received from various Third Parties ("Contributing Third Parties") which total:

- CA\$107.3 million
- US\$85 million

for a total contribution of approximately CA\$208 million as of the date of this Report (USD have been converted at a rate of 1.18).

49. In respect of Third Parties with whom settlements have not been reached ("Non-Settling Third Parties"), the Petitioner will file an amended Plan in the event that satisfactory agreements can be reached in advance of the meeting of creditors. Certain of the Non-Settling Third Parties are named as defendants in various litigation commenced in Canada and/or the United States.
50. The Plan provides that the Settlement Funds, to the exclusion of the XL Indemnity Payment, shall be subject to an Administration Charge in the amount of \$15 million to secure the payment of the fees, disbursements, and entitlements of the Canadian Professionals and U.S. Professionals (as

¹ One contribution from a group of Third Parties included as a Contributing Third Party is not yet deemed acceptable by the Major Stakeholders and this contribution may be excluded from the Plan.

defined in the Plan) owed to them in connection with the CCAA Proceedings or the Chapter 11. We refer to section 7.1 of the Plan for additional details. For clarity's sake, the full amount of the \$25 million XL Indemnity payment will be distributed to beneficiaries without any deduction.

51. The Plan as annexed to the Eleventh Extension Motion remains subject to review by the Major Stakeholders and the Contributing Third Parties.
52. The following is only a summary of key terms of the Plan and as such, creditors should refer to the Plan filed for complete legal descriptions as well as the complete terms of the Plan. In the case of any discrepancy between the Plan and this summary, the Plan shall take precedence. For the purpose of this report, we have employed the same terminology as defined and used in the Plan.

Classification, Voting and Related Matters

- Subject to the Plan, the Claims Procedure Order, the Claims Resolution Order and the Meeting Order, each Creditor shall have the right to vote his claim at the value of his proven claim subject to the following:
 - i. The aggregate votes of all **“Wrongful Death Claims”** having a Proven Claim shall not represent more than **22.3%** of all Creditors' votes;
 - ii. The aggregate votes of all **“Bodily Injury and Moral Damages Claims”** having a Proven Claim shall not represent more than **8.4%** of all Creditors' votes;
 - iii. The aggregate votes of all **“Property and Economic Damages Claims”** having a Proven Claim shall not represent more than **11.1%** of all Creditors' votes;
 - iv. The aggregate votes of all **“Subrogated Insurer Claims”** having a Proven Claim shall not represent more than **3.7%** of all Creditors' votes;
 - v. The aggregate votes of all **“Government Claims”** having a Proven Claim shall not represent more than **48.4%** of all Creditors' votes;
 - vi. The aggregate votes of all **“Indemnity Claims”** having a Proven Claim shall not represent more than **0%** of all Creditors' votes;
 - vii. The aggregate votes of all **“Non-Derailment Claims”** filed shall not represent more than **6.1%** of all Creditors' votes.

Distributions

- All contributions to the Indemnity Fund shall be remitted to the Monitor for distribution in accordance with the Plan.

- The following Creditors shall be entitled to participate in the distribution under the Plan as follows:
 - i. Creditors having Wrongful Death Claims shall in the aggregate receive 24% of the Funds for Distribution in full and final satisfaction of their Proven Claims. Funds for Distribution will be remitted by the Monitor to the Trustee for distribution by the Trustee to the Creditors having Wrongful Death Claims in accordance with the mechanism set forth in Schedule F of the Plan. For clarity, this will encompass Wrongful Death Claims filed in both the CCAA and the Chapter 11.
 - ii. Creditors having Bodily Injury and Moral Damages Claims shall in the aggregate receive 7.8% of the Funds for Distribution in full and final satisfaction of their Proven Claims. This amount will be distributed by the Monitor in accordance with the mechanism set forth in Schedule G of the Plan. For clarity, this will encompass Bodily Injury and Moral Damages Claims filed in both the CCAA and the Chapter 11.
 - iii. Creditors having Property and Economic Damages Claims shall in the aggregate receive 12% of the Funds for Distribution in full and final satisfaction of their Proven Claims. This amount will be distributed by the Monitor in accordance with the mechanism set forth in Schedule H of the Plan. For clarity, this will encompass Property and Economic Damages filed in both the CCAA and the Chapter 11.
 - iv. Creditors having Subrogated Insurer Claims shall in the aggregate receive 4% of the Funds for Distribution in full and final satisfaction of their Proven Claims. This amount will be distributed by the Monitor on a pro-rata basis of their their Proven Claims.
 - v. Creditors having Government Claims shall in the aggregate receive 52.2% of the Funds for Distribution in full and final satisfaction of their Proven Claims. This amount will be distributed by the Monitor to the Province, the City of Lac-Mégantic, the Federal Government of Canada and the Commission de la Santé et de la Sécurité au Travail on a pro-rata basis of their Proven Claims.
 - vi. Creditors having Indemnity Claims shall not receive any distribution in the Plan or in the U.S. Plan in relation to the Indemnity Fund;
 - vii. Creditors having Non-Derailment Claims shall not receive any distribution in the Plan or in the U.S. Plan in relation to the Indemnity Fund. However, Creditors having Non-Derailment Claims will be entitled to distribution in the U.S. Plan in accordance with its terms from any available net proceeds resulting from the liquidation of MM&AR's assets.
- The Province and the Federal Government of Canada have each agreed to redistribute a portion of the distribution they are to receive as follows:

- i. \$13.3 million from the Province out of its share of the XL Indemnity Payment;
 - ii. The full dividend to be received by the Federal Government of Canada in respect of their Proven Claim;
 - iii. The Reallocated Dividends will be distributed to creditors as follows:
 - o 53.3% for proven Wrongful Death Claims;
 - o 20% for proven Bodily Injury and Moral Damages Claims;
 - o 26.7% for proven Property and Economic Damages Claims.
- Schedules F, G & H referred to above and which form part of the Plan are not complete and therefore remain subject to negotiation between MM&A, the Monitor, the Trustee and the Major Stakeholders. Once completed, these schedules will be distributed to all stakeholders.
53. In addition to the above, a claims review process will be established to allow for the fair treatment of claims filed in a timely and effective manner.

Releases, Implementation and Timeline

- Pursuant to the Plan, all Affected Claims shall be fully, finally, irrevocably and forever compromised, remised, released, discharged, cancelled and barred on the Plan Implementation Date as against the Released Parties.
- The Released Parties are listed in Schedule A of the Plan which will be circulated to the service list and posted on the Monitor's website once the various settlement agreements with Contributing Third Parties are all executed (on or before the end of January 2015).
- The current estimated timeline for completion of outstanding matters and Plan implementation is as follows:
 - i. Execution of the various Settlement Agreements by Contributing Third Parties in the next two weeks;
 - ii. Schedules F, G & H and the Plan in its final form are estimated to be finalized by the end of January 2015;
 - iii. Filing of a motion by mid-February seeking an order with respect to a creditors meeting to consider and vote on the Plan as well as an order to establish a claims review process;
 - iv. Meeting of creditors by the end of March 2015;
 - v. Following approval of the Plan, various Approval Orders will be sought from the CCAA Court and the Bankruptcy Court in April 2015;

- vi. A parallel process to approve the plan to be filed in the Chapter 11 is expected to be completed with court approval sought by April 2015;
- vii. Recognition in the United States of the Canadian Approval Order pursuant to Chapter 15 of the US Bankruptcy Code which will also be sought in April 2015;
- viii. Distributions to creditors are expected to occur in August 2015 to allow for appeal periods to expire and for the receipt of the Settlement Funds.

EXTENSION REQUEST

- 54. The Eleventh Extension Motion seeks an extension of the stay of proceedings through September 14, 2015 ("Extension Period") to enable implementation of the Plan and the payment of distributions pursuant to the above noted timeline.

CHAPTER 11 PROCEEDINGS

- 55. As previously reported, on August 7, 2013, MM&AR commenced proceedings under Chapter 11 of the U.S. Bankruptcy Code in the US Court.
- 56. On August 21, 2013, the U.S. Trustee appointed Robert J. Keach, attorney, to be the Trustee of MM&AR and he has assumed day to day control of the operations of MM&AR.
- 57. The Monitor and its counsel continue to be in frequent contact with the Trustee and his professionals to coordinate the efficient administration of both estates as well as settlement discussions with third parties that are more fully described elsewhere in this report.
- 58. As noted in the Monitor's Fourth Report, the U.S. 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 Trustee. In addition, the Province and the City of Lac-Mégantic have been added as ex-officio members to the Official Committee of Victims. The Official Committee of Victims has also engaged legal counsel.
- 59. The Trustee, to date, has served motions on 13 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. The Trustee has agreed to extend the deadline to respond to certain of the Rule 2004 orders in light of ongoing settlement discussions with many of these companies. The Trustee also moved the US Court for leave to amend the complaint in a pending adversary proceeding against World Fuel Services Inc., et al. to include claims against Irving Oil Limited et al and Canadian Pacific Railway Company arising out of the Derailment.

60. 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.

ACTIVITIES OF THE MONITOR

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

- Continued frequent contact with the Trustee and his professionals, Petitioner's 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 has prepared various plan distribution scenarios in consultation with the counsel for MM&A, the Trustee, the Province, legal counsel for the Class Representatives and US Legal Representatives;
- The Monitor has participated in numerous 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 November 15, 2014 to January 2, 2015;
- 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 Fifteenth Report;
- Other administrative and statutory matters relating to the Monitor's appointment.

CONCLUSION

Plan of Arrangement

62. The Monitor supports the draft Plan that has been attached as an Exhibit to the Eleventh Extension Motion. As noted above, this draft Plan has been and is the subject of intense and very lengthy negotiations involving a wide variety of parties including the Major Stakeholders. The alternative to the approval of the Plan will be the termination of the CCAA process and the continuation of litigation in both Canada and the United States, which litigation will be costly, complex and will

most likely take many years before any resolution, which resolution is uncertain at this point in time. The Monitor will provide further details regarding the implementation of the Plan, the estimated potential distribution to each group of creditors in a report to be issued in advance of the meeting of creditors.

Extension

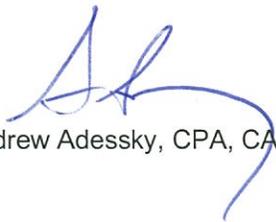
63. The Monitor is of the opinion that the Court should grant the extension request for the following reasons:

- Since the commencement of the CCAA proceedings, the Petitioner has and continues to act in good faith and with diligence;
- Further time is required for the Implementation of the Plan and distribution of the Indemnity Fund;
- 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;
- The Monitor 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 9th day of January, 2015.

Richter Advisory Group Inc.

Monitor



Andrew Adessky, CPA, CA, CIRP