

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE**

In re:

MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.,

Debtor.

Chapter 11  
Case No. 13-10670

**MOTION TO APPROVE, AND AUTHORIZE THE TRUSTEE TO ENTER INTO,  
STIPULATION CONCERNING CARVE-OUT FROM COLLATERAL OF THE  
FEDERAL RAILROAD ADMINISTRATION PURSUANT TO 11 U.S.C.  
§§ 105(a), 363(b), 506(c), 1163 AND 1165**

Robert J. Keach, the chapter 11 trustee (the “Trustee”) appointed pursuant to 11 U.S.C. § 1163 in the above-captioned chapter 11 case (the “Case”) of Montreal Maine & Atlantic Railway, Ltd. (the “Debtor” or “MMA”), hereby moves (the “Motion”) this Court to approve, and authorize the Trustee to enter into, the *Stipulation Concerning Carve-Out from Collateral of the Federal Railroad Administration* (the “Stipulation”) between the Trustee and the United States of America, represented by the Secretary of the Department of Transportation acting through the Administrator of the Federal Railroad Administration (the “FRA”). Critically, the Stipulation provides a means of administering this railroad chapter 11 case without diminishing the return to section 1171(a) claimants, including the victims of the Lac-Mégantic derailment, since the Carve-Out (as defined below) will be funded, to the extent required, from the proceeds of the FRA’s otherwise unassailable first-priority lien, resulting in a reduction of the lien and the underlying claim. Without the Stipulation, the chapter 11 case could not be administered at all, resulting in dismissal that would be detrimental to the railroad, the state and regional economy, and, most of all, the section 1171(a) claimants. A true and correct copy of the Stipulation is

attached hereto as **Exhibit A**. In pertinent part, paragraph 2 of the Stipulation provides the following:

- a) FRA shall provide a carve-out in the amount of \$5 million (the “Carve-Out”) from the proceeds of a sale of FRA’s collateral securing certain obligations of the Debtor owed to the FRA;
- b) the Carve-Out is to be used, subject to the limitations set forth in the Stipulation, solely for the payment of all allowed fees and expenses of the Trustee, the professionals retained by the Trustee (the “Trustee’s Professionals”), and quarterly fees owed to the United States Trustee (the “UST”) pursuant to 28 U.S.C. § 1930(a)(6) (the “UST Fees”);
- c) the Carve-Out shall be allocated as follows: (i) the first \$2.5 million will be used for payment of allowed fees and expenses of the Trustee and the Trustee’s Professionals incurred up to the time of a sale of substantially all of the assets of the Debtor’s estate, on the conditions set forth in the Stipulation; and (ii) the second \$2.5 million, plus any unused portion of the Carve-Out under subparagraph (i), will be used to pay the allowed fees and expenses of the Trustee and the Trustee’s Professionals incurred after the sale;
- d) the Carve-Out shall exclude any fees and expenses incurred in connection with initiating, prosecuting or participating in any claims or litigation seeking to challenge FRA’s claim against the Debtor or FRA’s lien or prosecuting any avoidance action against the FRA (the Trustee having already determined that no such claims or causes of action exist); and
- e) FRA may, on not less than 15 days’ notice, announce that it will no longer fund the Carve-Out after a date certain (not earlier than 15 days from the expiration of the notice period, for a total of 30 days), for any reason its sole discretion, provided, however, that all fees incurred through the termination date in the notice shall be covered by the Carve-Out.<sup>1</sup>

As set forth more fully below, the Trustee and the FRA believe that the Stipulation is in best interests of the Debtor’s estate and its creditors, including those victims of the July 6, 2013 train derailment in Lac-Mégantic, Québec (the “Derailment”), and that approval of the Stipulation

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<sup>1</sup> In the event of any conflict between the Stipulation and its terms as described in this Motion, the terms of the Stipulation shall control.

serves the public interest as contemplated in 11 U.S.C. § 1165. In support of this Motion, the Trustee states as follows:

**JURISDICTION, VENUE AND STATUTORY BASIS**

1. This Court has jurisdiction to entertain this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates and applicable rules relating to the relief sought in the Motion are §§ 105(a), 506(c), 363(b), 1163, and 1165 of the United States Bankruptcy Code (the “Code”), Rules 2002 and 4001(d) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and D. Me. LBR 4001-4.

**BACKGROUND**

**A. Background of MMA and this Case**

2. On August 7, 2013 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Also on August 7, 2013, the Debtor’s wholly-owned Canadian subsidiary, Montreal Maine & Atlantic Canada Co. (“MMA Canada”), filed for protection from creditors in a concurrent proceeding under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “Canadian Proceeding”). On August 21, 2013, the UST appointed the Trustee to serve in the Case pursuant to 11 U.S.C. § 1163.

3. The Debtor and MMA Canada operate a fully integrated, international shortline freight railroad system involving 510 route miles of track located in Maine, Vermont, and Québec. In addition, MMA Canada is a Nova Scotia “unlimited liability” company, meaning that claims against MMA Canada are also, as a legal matter, effectively claims against the Debtor.

4. As this Court is aware, the Case and the Canadian Proceeding were precipitated by the Derailment, which resulted in the loss of 47 lives, the destruction of a substantial portion of downtown Lac-Mégantic, significant environmental damage, the disruption of local businesses, and the evacuation of certain residents of Lac-Mégantic, as well as the resulting claims and litigation arising from the Derailment.

5. As the Trustee has represented on the record before this Court, given section 1171(a), this Case is being administered primarily for the benefit of victims of the Derailment, and the Trustee serves as a fiduciary of these victims as well as of the Debtor's other creditors. Under section 1171(a) of the Bankruptcy Code, prepetition personal injury and wrongful death claims are granted an administrative expense priority, meaning that they would be paid first after the satisfaction of secured claims, and on a par, *pro rata*, with other administrative claims, including the claims of the Trustee and his professionals incurred in providing essential services in the administration of the Case. While commendable policy, the effect of section 1171(a) given the facts of this Case, is to make the Case impossible to administer, absent a willingness of the Trustee and professionals to serve *pro bono* or for pennies on the dollar, unless the Stipulation is approved. Conversely, even partial payment of the fees of the Trustee and his professionals from other unencumbered funds, such as the proceeds of liability insurance, would dilute the return to the section 1171(a) claims from those sources, in the absence of approval of the Stipulation.

**B. FRA Credit Facility and Collateral**

6. The Debtor is indebted to the FRA under a \$34,000,000 Loan and Security Agreement dated March 24, 2005, as such agreement may have been amended, modified, renewed or extended from time to time (the "FRA Credit Facility"), which was issued pursuant

to Title V of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, 45 U.S.C. § 821 *et seq.* A true and correct copy of the FRA Credit Facility is attached hereto as **Exhibit B**. The outstanding balance on the FRA Credit Facility was approximately \$28 million as of the Petition Date.

7. The Debtor's obligations to FRA under the FRA Credit Facility are secured, *inter alia*, by a first priority lien against the following: (a) substantially all of the Debtor's real property, including, without limitation, the U.S. rail corridor; (b) all of the Debtor's real property located in Québec, Canada; (c) all of the Debtor's shares in MMA Canada; (d) all of the real property owned by MMA Canada and located in Québec, Canada; and (e) all of MMA Canada's personal property (collectively, the "Collateral"). All mortgages and security agreements securing the FRA Credit Facility were timely and properly perfected by recordings in the U.S. and Canada.

### **C. The Terms of the Stipulation**

8. As set forth in brief above, the Stipulation provides for a Carve-Out from the proceeds of the sale of the Collateral, which Carve-Out would be used solely for payment of the Trustee's fees and expenses and the fees and expenses incurred by the Trustee's Professionals, on the terms set forth in the Stipulation.

9. Currently, the Trustee's Professionals include his undersigned counsel, as well as certain additional special counsel and financial advisors, and may include an investment banker and claims and noticing agent, should the Court approve the retention of same.

10. The FRA's mission "is to enable the safe, reliable, and efficient movement of people and goods . . . ." [www.fra.dot.gov/Page/P0002](http://www.fra.dot.gov/Page/P0002). Accordingly, the FRA has an interest in the safe and reliable operation of MMA's railroad pending a possible sale, and thus has an

interest in supporting the Trustee's administration of this Case. The FRA has agreed to the Carve-Out in order to fund the fees and expenses of the Trustee and the Trustee's Professionals incurred in relation to this Case. For the reasons noted above, given the amount and nature of the claims against the Debtor's estate and against MMA Canada, there is a substantial likelihood that there would not be sufficient unencumbered property to ensure other than a small partial payment of the allowed fees and expenses of the Trustee and the Trustee's Professionals in the absence of the Carve-Out.

11. Accordingly, the terms and conditions of the Carve-Out are set forth in the Stipulation, which provides, in pertinent part, as follows:

- a) FRA shall provide the Carve-Out from the proceeds of a sale of the Collateral;
- b) the Carve-Out is to be used, subject to the limitations set forth in the Stipulation, solely for the payment of all allowed fees and expenses of the Trustee, the Trustee's Professionals, and the UST Fees;
- c) the Carve-Out shall be allocated as follows: (i) the first \$2.5 million will be used for payment of allowed fees and expenses of the Trustee and the Trustee's Professionals incurred up to the time of a sale of substantially all of the assets of the Debtor's estate, on the conditions set forth in the Stipulation; and (ii) the second \$2.5 million, plus any unused portion of the Carve-Out under subparagraph (i), will be used to pay the allowed fees and expenses of the Trustee and the Trustee's Professionals incurred after the sale;
- d) The Carve-Out will be funded from proceeds of a sale of the Collateral that would otherwise be payable solely to FRA on account of its liens. The Trustee acknowledges and agrees that the sole and only source of funds for the Carve-Out are the proceeds, if any, from a sale of the Collateral and that FRA does not, and will not, have any obligation to provide the Debtor or its estate with cash or any other form of credit or financing to fund the Carve-Out or otherwise pay the fees and expenses of the Trustee and the Trustee's Professionals. The Trustee acknowledges and agrees that the proceeds from any sale of the Collateral in excess of the Carve-Out shall be immediately disbursed to the FRA upon the Trustee's receipt of such proceeds;

- e) the Carve-Out shall exclude any fees and expenses incurred in connection with initiating, prosecuting, or participating in any claims or litigation seeking to challenge FRA's claim against the Debtor or FRA's lien or prosecuting any avoidance action against the FRA;
- f) FRA may, on not less than 15 days' notice, announce that it will no longer fund the Carve-Out after a date certain (not less than 15 days after the notice termination date (30-days total), for any reason its sole discretion, provide, however, that all fees and expenses incurred prior to and including the expiration of the 30-day period shall be covered by the Carve-Out;
- g) FRA will retain all of its rights as a creditor under the FRA Credit Facility, including its right to enforce and compel compliance with FRA's safety regulations and its right to move to liquidate the Debtor pursuant to 11 U.S.C. § 1174;
- h) The Collateral shall not be subject to any additional surcharge under 11 U.S.C. § 506(c), charge or priming lien without the express consent of FRA;
- i) FRA is entitled to all of the rights and benefits under section 552(b) of the Code; and
- j) FRA will not be required to file a proof of claim in this Case.

Stipulation, ¶ 2.

12. The Stipulation shall not be effective unless and until the entry of an Order from this Court approving, and authorizing the Trustee to enter into, the Stipulation. Id. at ¶ 5.

**RELIEF REQUESTED**

13. By this Motion, the Trustee requests that this Court approve the Stipulation and authorize the Trustee to enter into the Stipulation pursuant to 11 U.S.C. §§ 105(a), 363(b), 506(c), 1163, and 1165.

**BASIS FOR RELIEF**

14. Section 363(b)(1) of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate . . . .” 11 U.S.C. § 363(b). Pursuant to section 1165 of the Code, the court, and the trustee appointed under section 1163, “shall consider the public interest in addition to the interests of the debtor, creditors, and equity security holders.” 11 U.S.C. § 1165. Section 105(a) of the Code provides that this Court “may issue any order . . . that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Section 506(c) permits collateral of a secured creditor to be surcharged, including with the consent of the secured creditor, for the costs and expenses of preserving and disposing of such collateral. 11 U.S.C. § 506(c).

15. The Collateral, and the proceeds of such Collateral, consist of property of the estate. *See* 11 U.S.C. § 541(a). As discussed above, the Trustee, with the consent of the FRA, seeks to use the proceeds of the Collateral to pay its fees and expenses and those of the Trustee’s Professionals. Section 363(b) provides authority for approval of the use of property of the estate in the manner provided for in the Stipulation.

16. Additionally, the use of proceeds of the Collateral, as provided for in the Stipulation, is consistent with the requirement of section 1165 that this Court and the Trustee consider the public interest, as well as the interests of the debtor, creditor, and equity security holders. The Debtor, as well as its creditors (including the victims of the Derailment) and its equity security holders, will undoubtedly benefit from the efficient administration of this Case by the Trustee and the Trustee’s Professionals. Such efficient administration may consist of a potential sale of the Debtor’s railroad, the formation of a claims process in relation to claims held by victims of the Derailment, and the coordination with the MMA Canada and the Canadian

Proceeding for the benefit of creditors of both MMA and MMA Canada. Compensation of the Trustee and the Trustee's Professionals as provided for in the Stipulation ensures that this Case, and the myriad complex and substantial issues arising therein, will be resolved as efficiently and successfully as possible. Without such compensation, the Trustee will be unable to retain the Trustee's Professionals and/or fulfill his obligations as a fiduciary of all of the Debtor's creditors. Dismissal of the case might be the only option, with disastrous consequences for both the public interest and the claimants on this case and the companion case of MMA Canada (which would likely become a liquidation case).

17. Further, the creditors of the estate—including the victims of the Derailment—would benefit from the approval of the Stipulation insofar as FRA is not required to make the proceeds of the Collateral available for payment of the administrative expenses of the Case. The Stipulation, if approved, would create a mechanism whereby certain professional fees can be paid from a source that would not otherwise be available to the estate. In that sense, the professional fees covered by the Carve-Out would not be “competing” with other claimants, including the holders of claims entitled to priority under section 1171(a) of the Code.

18. Moreover, approval of the Stipulation is in the public interest. Indeed, the FRA's very mission is to protect the public interest by ensuring that the Debtor's railroad operates, and that it operates safely and reliably. Both the Maine and Canadian economies require that the Debtor's railroad continue to operate, and generation of revenue will better ensure that the Debtor can fulfill its administrative obligations, including to victims of the Derailment. In furtherance of these goals, the FRA has entered into the Stipulation, thereby recognizing that compensation of the Trustee and the Trustee's Professionals, in accordance with the terms of the Stipulation and applicable provisions of the Bankruptcy Code and Rules, is in the public interest.

Because FRA has a valid lien on the Collateral, FRA would be entitled to any proceeds from the sale of such Collateral in any event; accordingly, unsecured creditors and administrative claimants are not prejudiced by the Carve-Out.

19. Given that the Carve-Out furthers the interests of the public, as well as the Debtor, its creditors, and equity security holders, entry of an order approving, and authorizing the Trustee to enter into, the Stipulation is appropriate under 11 U.S.C. § 105(a).

20. Ample authority exists in the First Circuit and elsewhere for the approval of the Stipulation. Official Unsecured Creditors Comm. v. Stern (In re SPM Mfg. Corp.), 984 F.2d 1305 (1st Cir. 1993); *see also* In re Armstrong World Indus., 320 B.R. 523, 538-39 (D. Del. 2005) (“the sharing agreement in *SPM* may be more properly construed as an ordinary “carve out,” *i.e.* ‘an agreement by a party secured by all or some of the assets of the estate to allow some portion of its lien proceeds to be paid to others,’ citing In re White Glove, Inc., 1998 WL 731611, at \*6 (Bankr. E.D. Pa, Oct. 14, 1998)); Official Comm. of Unsecured Creditors v. Perseus Partners VII, L.P.(In re Distributed Energy Sys. Corp.), 2009 WL 1458175 at \*4 (Bankr. D. Del., May 18, 2009) (blessing carve-out where beneficiaries of the carve-out will receive “payment from the proceeds of the sale of...collateral, not property of the estate”); In re World Health Alternatives, Inc., 344 B.R. 291, 298-99 (Bankr. D. Del. 2006) (“*SPM*...involved a ‘carve out,’ a situation where a party whose claim is secured by assets in the bankruptcy estate allows a portion of its lien proceeds to be paid to others.”); In re Nuclear Imaging Sys., Inc., 270 B.R. 365, 370-81 (Bankr. E.D. Pa. 2001) (secured creditor’s consent to carve-out from its collateral would be enforced as intended and did not have to be turned over to chapter 7 estate on conversion).

21. Indeed, such “true” carve-outs do not offend the priority scheme of the Bankruptcy Code, or the absolute priority rule, precisely because they are funded from money not otherwise available to the estate—proceeds of the secured party’s collateral—and the secured party is free to consent to the use of the collateral proceeds as it determines, in its discretion. SPM Mfg. Corp., supra; Distributed Energy Sys. Corp., supra; Clear Channel Outdoor, Inc. v. Knupfer (In re PW, LLC), 391 B.R. 25, 46-7 (9th Cir. B.A.P. 2008) (secured party’s obligation to pay carve-out was a separate obligation to which second lien did not attach); In re US Flow Corp., 332 B.R. 792, 796 (Bankr. W.D. Mich. 2005) (“the liens are not avoidable and the proceeds transferred from the Secured Creditors for the benefit of the court-appointed professionals may not be recovered for the benefit of the estate.”)

22. For the same reason, a carve-out may be limited to a particular subset of administrative claims, such as the fees and expenses of a trustee and his or her professionals. Weinstein, Eisen & Weiss v. Gill (In re Cooper Commons LLC), 512 F.3d 533 (9th Cir. 2008) (carve-out limited to chapter 11 trustee and his professionals); In re Miller, 485 B.R. 478 (6th Cir. B.A.P. 2012) (carve-out from sale proceeds limited to chapter 7 trustee and professionals); In re Starbak Inc., 2011 WL 3927504 (Bankr. D. Mass., Sept. 29, 2010) (Hillman, B.J.; carve-out properly limited to chapter 11 trustee and his professionals); In re Rodriguez, 2012 WL 5456660 (Bankr. D.P.R., Oct. 5, 2012) (carve-out limited to chapter 11 trustee fees and certain operating costs of trustee). As the Ninth Circuit held in Cooper Commons: “The Trustee breached no duty in limiting the allowed claimants under the [carve-out] fund. Claims were limited to the services necessary for the ongoing management by the Trustee of the estate.” Cooper Commons, 512 F. 3d at 536; *see also* In re Tackley Mill, LLC, 386 B.R. 611 (Bankr. N.D. W.Va. 2008) (carve-out

properly limited to select group of professionals); US Flow, *supra* (same); White Glove, *supra* (same).<sup>2</sup>

23. In accordance with the above authorities, approval of the Stipulation is both authorized and consistent with the public interest; indeed, it is absolutely essential if this Case is to move forward.

WHEREFORE, the Trustee requests that the Court: (i) approve the Stipulation, including all terms set forth therein; (ii) authorize the Trustee to enter into the Stipulation; and (iii) grant such other and further relief as may be just.

ROBERT J. KEACH, CHAPTER 11 TRUSTEE  
OF MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD

By his attorneys:

Dated: September 16, 2013

/s/ Michael A. Fagone  
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<sup>2</sup> In Robotic Vision Systems, the First Circuit Bankruptcy Appellate Panel expressed some concern that the “carve-out” in that case was limited to a select group of administrative claimants—debtors’ professionals—rather than more broadly shared. Costa v. Robotic Vision Sys., Inc. (In re Robotic Vision Sys., Inc.), 367 B.R. 232, 238 n.25 (1st Cir. BAP 2007). However, the problem there was that the mechanism at issue was not a carve-out at all; there was no reduction of the secured party’s lien or claim as a consequence of the payment of the carve-out. Id. (“Here, the Carve-Out was created out of the lender’s collateral, but at no cost to (that is, no reduction of) their secured claims. . . . Thus, and particularly if . . . the secured creditors will be paid in full . . . the Carve-Out’s creation effectively removed estate funds from the Code’s priority scheme and dedicated those funds exclusively for the benefit of designated professionals.”). Such is not the case with the Stipulation, which represents a “true” carve-out. Such “true” carve-outs pose no such issues and may be appropriately limited to a subset of administrative claims. Id.; see generally Richard B. Levin, *Almost All You Ever Wanted to Know About Carve Out*, 76 Am. Bankr. L.J. 445, 449 n.22 (Summer 2002).



**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE**

In re:  
  
MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.  
  
Debtor.

Bk. No. 13-10670  
Chapter 11

**STIPULATION CONCERNING CARVE-OUT FROM COLLATERAL  
OF THE FEDERAL RAILROAD ADMINISTRATION**

THIS STIPULATION is made as of September 16, 2013, by and between Robert J. Keach, the Chapter 11 trustee in the above-captioned case (the "Trustee") and the United States of America, represented by the Secretary of the Department of Transportation acting through the Administrator of the Federal Railroad Administration (the "FRA").

**BACKGROUND**

WHEREAS, Montreal Maine & Atlantic Railway, Ltd. (the "Debtor") filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") on August 7, 2013 (the "Petition Date") with this Court;

WHEREAS, the United States Trustee appointed the Trustee to serve in the Debtor's Chapter 11 case (the "Case") pursuant to 11 U.S.C. § 1163;

WHEREAS, to assist him in discharging his duties and administering the Case, the Trustee has retained and will retain, subject to the approval of the Court, various attorneys, accountants, financial advisors and other professional persons (collectively, the "Trustee's Professionals");

WHEREAS, the FRA has an interest in the efficient administration of the Chapter 11 Case and the safe and reliable operation of the Debtor railroad, pending a possible sale of the railroad via an orderly and comprehensive sale process;

WHEREAS, on March 24, 2005, the Debtor and FRA entered into a financing agreement pursuant to which the Debtor received a \$34 million loan pursuant to Title V of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, 45 U.S.C. § 821 *et seq.*, as such agreement may have been amended, modified, renewed or extended from time to time (the “FRA Credit Agreement” or “FRA Credit Facility”) and together with all other agreements, instruments, or documents executed in connection therewith and including any amendments, modifications, renewals or extensions thereto (the “Loan Documents”);

WHEREAS, the FRA Credit Facility has been fully drawn and the outstanding balance thereunder was \$27,999,703.72 as of the Petition Date;

WHEREAS, the Debtor’s obligations under the FRA Credit Agreement are secured, *inter alia*, by a first priority lien against (a) substantially all of the Debtor’s real property, including, without limitation, the U.S. rail corridor; (b) all of the Debtor’s real property located in the province of Quebec, Canada; (c) all of the Debtor’s shares in its wholly owned subsidiary Montreal, Maine & Atlantic Canada Co. (“MM&A Canada”); (d) all of the real property owned by MM&A Canada and located in the province of Quebec, Canada; and (e) all of MM&A Canada’s personal property, all as further described in the Loan Documents (together, the “Collateral”).

WHEREAS, subject to the terms and conditions of this Stipulation, the FRA has agreed to a carve-out from the proceeds of a sale of the Collateral in order to support certain administrative expenses of the Case, specifically the fees and expenses of the Trustee and the Trustee’s Professionals and the UST Fees as defined below.

NOW, THEREFORE, subject to Bankruptcy Court approval of this Stipulation, it is hereby stipulated and agreed by and between the Trustee and the FRA as follows:

1. ACKNOWLEDGMENT OF INDEBTEDNESS. The Trustee hereby acknowledges and agrees that: (a) the Debtor and the Debtor’s estate are indebted to the FRA in the approximate

amount of \$27,999,703.72 as of the Petition Date (the “FRA Claim”); and (b) that the FRA Claim is secured by a valid, perfected, and unavoidable first priority security interests in and liens on the Collateral (the “FRA Lien”).

2. TERMS OF CARVE-OUT.

A. The FRA agrees to a carve-out in the amount of \$5 million from the proceeds of a sale of the Collateral (the “Carve-Out”) to be used, subject to the limitations set forth herein, solely for the payment of all allowed fees and expenses of the Trustee and Trustee’s Professionals and quarterly fees of the United States Trustee under 28 U.S.C. § 1930(a)(6) (the “UST Fees”).

B. The Carve-Out will be allocated as follows:

- 1) The first \$2.5 million will be used for the payment of allowed fees and expenses of the Trustee and the Trustee’s Professionals and UST Fees incurred up to the time of the sale of substantially all of the assets of the Debtor’s estate to another entity that will operate the railroad, subject to all appropriate approvals of the Surface Transportation Board and other regulatory agencies; and
- 2) The second \$2.5 million, plus any unused portion of the Carve-Out under subparagraph (1) above, will be used to pay the allowed fees and expenses of the Trustee and the Trustee’s Professionals and UST Fees for the remainder of the Case.

C. The Carve-Out will be used only (1) to pay allowed fees and expenses of the Trustee and the Trustee’s Professionals and UST Fees and (2) in the event that such fees and expenses are not paid from another source prior to the sale or other disposition of FRA’s collateral, such as from the operating revenue generated by the railroad, or from excess sale proceeds after holders of secured claims have been paid in full.

D. The Trustee acknowledges and agrees that the sole and only source of funds for the Carve-Out are the proceeds, if any, from a sale of the Collateral and that FRA does not, and will not, have any obligation to provide the Debtor or its estate with cash or any other form of credit or financing to fund the Carve-Out or otherwise pay the fees and expenses of the Trustee and the Trustee's professionals.

E. The Trustee acknowledges and agrees that the proceeds from any sale of the Collateral in excess of the Carve-Out shall be immediately disbursed to the FRA upon the Trustee's receipt of such proceeds.

F. Notwithstanding anything set forth herein, the Carve-Out shall exclude any fees and expenses incurred in connection with initiating, prosecuting or participating in any claims, causes of action, adversary proceedings, or other litigation against the United States, or any of its departments, agencies or instrumentalities, including without limitation, the assertion or joinder in any claims, counterclaim, action proceeding, application, motion, objection, defense or other contested matter, the purpose of which is to seek any order, judgment, determination or similar relief (1) invalidating, setting aside, disallowing, avoiding, challenging or subordinating, in whole or in part, (a) the FRA Claim or (b) the FRA Lien; (2) prosecuting any avoidance action under chapter 5 of the Bankruptcy Code (other than actions under section 549 of the Bankruptcy Code) and any other avoidance or similar actions under the Bankruptcy Code or similar state law against the FRA; or (3) challenging the amount, validity, extent, perfection, priority, or enforceability of, or asserting any defense counterclaim, or offset to, the FRA Claim.

G. The FRA will retain all of its rights as a creditor under the Loan Documents and otherwise and its authority as a Federal agency with enforcement responsibility over the Debtor's railroad operations, including, without limitation, (1) its authority to enforce and, where necessary, compel compliance with the Federal hazardous materials transportation laws (49 U.S.C. § 5101 *et seq.*), the Federal hazardous materials regulations (49 CFR parts 171-180), the Federal railroad safety laws (49

U.S.C. chapters 201-213), the Federal railroad safety regulations (49 CFR parts 200-242) , and all applicable orders issued under such laws or regulations governing railroad safety; (2) its right to object to the retention of any particular professional; (3) its right to object to the allowance of fees and expenses; (4) its right to move for relief from stay; (5) its right to move to dismiss the Case; and (6) its right to move to liquidate the Debtor pursuant to section 1174 of the Bankruptcy Code.

H. The FRA may, on not less than fifteen (15) days' notice, announce that it will no longer fund the Carve-Out after a date certain (at least fifteen (15) days after the notice date). FRA may exercise this right for any reason in its sole discretion, including without limitation, delay in effectuating, or lack of reasonable prospects for, a sale of the Collateral. In the event the FRA exercises this option, the Carve-Out shall only protect allowed fees and expenses incurred through and including the expiration date of the notice.

I. In consideration of the Carve-Out, (1) the Collateral shall not be subject to any surcharge under section 506(c) of the Bankruptcy Code, charge or priming lien without the express written consent of the FRA; (2) FRA is entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and the "equities of the case" exception shall not apply with respect to the proceeds, product, offspring or profits of any of the Collateral; and (3) FRA will not be required to file a proof of claim in this Case.

3. NOTICE. Any notice or correspondence required to be sent hereunder shall be forwarded by electronic mail at the addresses set forth below, and by first class mail, and shall be deemed given upon the earlier of (a) successful electronic mail transmission, or (b) two (2) days after being deposited in the United States Mail, postage pre-paid, and addressed as follows:

If to the FRA:  
Casey Mendez Symington  
Federal Railroad Administration

1200 New Jersey Avenue S.E.  
Washington, DC 20590  
Casey.Symington@dot.gov

With copies to:  
John Stemplewicz  
United States Department of Justice  
Civil Division  
P.O. Box 875  
Ben Franklin Station  
Washington, DC 20044-0875  
john.stemplewicz@usdoj.gov

If to the Trustee:  
Robert J. Keach, Esq.  
Bernstein, Shur, Sawyer & Nelson, P.A.  
100 Middle Street  
P.O. Box 9729  
Portland, ME 04104-5029  
rkeach@bernsteinshur.com

With copies to:  
Michael A. Fagone, Esq.  
Bernstein, Shur, Sawyer & Nelson  
100 Middle Street  
P.O. Box 9729  
Portland, ME 04104-5029  
mfagone@bersnsteinshur.com

4. MODIFICATION. The Trustee and the FRA may agree to nonmaterial modifications or amendments to this Stipulation without further Order of the Bankruptcy Court; provided, however, that the Trustee acknowledges and agrees that he will not seek any increase in the amount of the Carve-Out.

5. COURT APPROVAL, CONDITIONS TO EFFECTIVENESS. This Stipulation shall not be effective until the entry of an Order of the Bankruptcy Court approving and authorizing the Trustee to enter into this Stipulation, and setting forth and ordering each and every provision, term, condition, and covenant of this Stipulation, so that the stipulations and agreements herein become the order of the Court.

ROBERT J. KEACH, SOLEY AS CHAPTER 11  
TRUSTEE OF MAINE, MONTREAL  
& ATLANTIC RAILWAY, LTD.

Dated: September 16, 2013

/s/ Robert J. Keach, Esq.  
Robert J. Keach, Esq.  
BERNSTEIN, SHUR, SAWYER & NELSON  
100 Middle Street  
P.O. Box 9729  
Portland, ME 04104-5029

THE FEDERAL RAILROAD ADMINISTRATION

Dated: September 16, 2013

/s/ John T. Stemplewicz, Esq.  
JOHN T. STEMPLEWICZ  
MATTHEW J. TROY  
PHILLIP M. SELIGMAN  
Attorneys, Civil Division  
U.S. Department of Justice  
P.O. Box 875  
Ben Franklin Station  
Washington, DC 20044



**CREDIT FACILITY**

BY

THE UNITED STATES OF AMERICA

TO

cl :

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.

CLOSING DATE: MARCH 24, 2005

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<b>Parties</b>	<b>Reference</b>
Montreal, Maine & Atlantic Railway, Ltd.	"Borrower," "Owner," or "Mortgagor"
The United States of America, represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration	"Administrator" or "Lender"
LaSalle Bank National Association	"Mortgagee"

1. Financing Agreement between Borrower and Lender
2. Security and Pledge Agreement between Borrower and Lender
3. Mortgage, Security Agreement and Financing Statement between Borrower and Lender for Vermont (as filed with the City of Newport)
4. Mortgage Discharge between Mortgagor and Mortgagee for the City of Newport
5. Mortgage, Security Agreement and Financing Statement between Borrower and Lender for Vermont (as filed with the Town of Newport)
6. Mortgage Discharge between Mortgagor and Mortgagee for the Town of Newport
7. Mortgage, Security Agreement and Financing Statement between Borrower and Lender for Vermont (as filed with the Town of Richford)
8. Mortgage Discharge between Mortgagor and Mortgagee for the Town of Richford
9. Mortgage, Security Agreement and Financing Statement between Borrower and Lender for Vermont (as filed with the Town of Troy).
10. Mortgage Discharge between Mortgagor and Mortgagee for the Town of Troy
11. Mortgage, Security Agreement and Financing Statement for Northern Aroostook, Maine with MDOT Subordination Agreement
12. Mortgage, Security Agreement and Financing Statement for Southern Aroostook, Maine with MDOT Subordination Agreement
13. Mortgage, Security Agreement and Financing Statement for Franklin County, Maine
14. Mortgage, Security Agreement and Financing Statement for Penobscot County, Maine
15. Mortgage, Security Agreement and Financing Statement for Piscataquis County, Maine with MDOT Subordination Agreement
16. Mortgage, Security Agreement and Financing Statement for Somerset County, Maine
17. Mortgage, Security Agreement and Financing Statement for Waldo County, Maine

March 24, 2005

**FINANCING AGREEMENT**

**BETWEEN**

**MONTREAL, MAINE & ATLANTIC RAILWAY, LTD**

**AND**

**The UNITED STATES OF AMERICA, represented by the SECRETARY OF  
TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD  
ADMINISTRATION**

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**EXHIBITS**

Exhibit A	..... Application
Exhibit B	..... Project Description
Exhibit C	..... Sample Note

**FINANCING AGREEMENT**

**THIS AGREEMENT is made and entered into on this 24th day of March, 2005, in Washington, D.C., by and between the UNITED STATES OF AMERICA, represented by the SECRETARY OF TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD ADMINISTRATION ("Administrator" or "Lender"), and Montreal, Maine & Atlantic Railway, Ltd., a corporation organized and existing under the laws of Delaware("Borrower").**

**RECITALS**

**WHEREAS, the Secretary is authorized, pursuant to the Act, to provide financial assistance for purposes consistent with the Act as may be approved by the Secretary and the Secretary has duly delegated the Secretary's authority under the Act to the Administrator; and**

**WHEREAS, under the Act, the Borrower has submitted the Application to the Administrator requesting a loan in the amount of \$34,000,000 for the Project, as described in Exhibit B hereto; and**

**WHEREAS, Allowable Costs of the Project as detailed in Exhibit B are to be funded by the Administrator through the purchase from Borrower of one or more Note, a specimen copy of which is attached hereto as Exhibit C, each bearing interest at a rate of 4.81% percent per annum, with a maximum aggregate principal amount of \$34,000,000 due and payable in full twenty-five (25) years after the date of the first Note issued hereunder; and**

**WHEREAS, Borrower has executed and delivered to the Administrator a Mortgage; and**

**WHEREAS, Borrower has executed and delivered to the Administrator the Security Agreement; and**

**WHEREAS, the Administrator is willing to execute this Agreement and provide a loan pursuant to the Act in accordance with the terms and conditions hereof.**

**NOW, THEREFORE, in consideration of the premises and the mutual undertakings hereinafter set forth, the parties hereto agree as follows:**

**ARTICLE I**

**TERM**

**Section 1.1. Definitions.**

(a) "Act" means Title V of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, 45 U.S.C. 821 et seq.

(b) "Allowable Costs" means those costs associated with the Project, as defined in Exhibit B, which may be paid with funds made available under this Agreement.

(c) "Administrator" means the Administrator of the Federal Railroad Administration or the Administrator's designee.

(d) "Application" means the application that Borrower submitted to the Administrator to support Borrower's loan request, including all exhibits and attachments and supplementary materials, which is attached hereto as Exhibit A.

(e) "Business" means the following business conducted by Borrower: railroad transportation (freight and passenger) and providing passenger train related combination tourism packages with third parties involving travel on Borrower's rail lines;

(f) "Change in Control" means any person or group of persons (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended), obtaining ownership or control in one or more series of transactions of more than 50% of the outstanding shares of common stock of Borrower.

(g) "Event of Default" shall have the meaning assigned in Section 6.1.

(h) "Holder" means any entity to which the Administrator transfers the Indebtedness or a subsequent transferee.

(i) "Indebtedness" means the obligations of Borrower as of the date hereof, or which may arise hereafter, to the Administrator under this Agreement, the Note, Mortgage, the Security Agreement, and any other documents contemplated by or entered into in connection with this transaction.

(j) "Loan Amortization Schedule" means the Loan Amortization Schedule attached as Appendix One to the Note delivered pursuant to Section 2.1, as adjusted from time to time in accordance with the provisions of Section 2.3.

(k) "Maximum Aggregate Principal Amount" means the maximum total amount of the Note not to exceed \$34,000,000.

(l) "Mortgage" means the agreement entered into by Borrower and the Administrator, dated the same date hereof, pursuant to which Borrower has pledged, subject to the terms thereof, the real properties described therein as security for the Indebtedness.

(m) "Mortgaged Property" means that property of the Borrower pledged to the Administrator under the Mortgage.

(n) "Note" or "Notes" means any or all of the notes or a final note in the form of note attached hereto as Exhibit C, issued by Borrower pursuant to this Agreement to evidence each disbursement of the funds by the Administrator to pay for Allowable Costs, all such notes may be replaced by a final Note for the full amount of the loan when the last disbursement is made.

(o) "Officer" means the Chairman, the Chief Executive Officer, any Vice Chairman, the President, the Chief Financial Officer, the Treasurer and the Secretary of Borrower.

(p) "Outstanding Loan Balance" means the aggregate principal amount drawn by the Borrower and then outstanding, as determined in accordance with Section 2.3.

(r) "Project" means the project as defined in Exhibit B.

(s) "Rail Line" means that segment of the Borrower's railroad which is part of the Project, as described in more detail in Exhibit B.

(t) "Security Agreement" means the agreement entered into by Borrower and the Administrator, dated the same date hereof, whereby Borrower has pledged certain property as security for the Indebtedness. The Security Agreement shall be enforceable against Borrower from, and after the date of issuance of any Note, and such pledge shall be valid, binding and enforceable as against Borrower and all other parties having claims of any kind in tort, contract or otherwise.

(u) "Secretary" means Secretary of the Department of Transportation.

**Section 1.2. Interpretation.**

Unless the context shall otherwise require, the words "hereto", "herein", "hereof" and other words of similar import refer to this Agreement as a whole. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and *vice versa*. Words importing the singular number shall include the plural number and *vice versa* unless the context shall otherwise require. Unless the context shall otherwise require, references to sections, subsections and provisions are to the applicable sections, subsections and provisions of this Agreement. The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions. Unless the context shall otherwise

require, all references to any resolution, contract, agreement or other document shall be deemed to include any amendments to, or modifications or restatements of, such documents that are approved in accordance with the terms thereof and hereof. Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 7.5 and signed by a duly authorized representative of such party.

**Section 1.3. Term.**

This Agreement shall terminate upon the satisfaction of all the Indebtedness in accordance with the provisions herein and thereof.

**ARTICLE II**

**ISSUANCE OF DEBT**

**Section 2.1. Issuance of Debt.**

(a) Borrower hereby agrees to issue and sell to the Administrator and, subject to the provisions of the Act and this Agreement, the Administrator agrees to purchase and receive from Borrower, the Note in the principal amount not exceeding the Maximum Aggregate Principal Amount, said amount constituting the maximum aggregate consideration. The Note shall bear interest at a rate of 4.81 percent per annum, such interest and principal to be paid in equal quarterly payments on March 15, June 15, September 15, and December 15 of each year until the Note is paid in full. The first payment of the Note shall be due on the first such date after the issue date, and the last payment on the date twenty-five (25) years after the issue date; provided that the first payment shall pay only interest accrued since the issue date, and provided further that each payment thereafter shall be applied first to pay the interest having accrued on the Note and then to principal. The Note may be prepaid in part or in full prior to the payment date without penalty.

(b) The total Allowable Costs to be funded by the Administrator, for the performance of the Project shall be not more than the Maximum Aggregate Principal Amount.

(c) Borrower will deliver the Note to the Administrator in Washington, D.C.

(d) After the last Note is issued, at the Administrator's request, all the Notes issued hereunder will be replaced by a Final Note with a principal amount equal to the aggregate outstanding Loan Amount Balance of all the individual outstanding Notes. Such a final Note shall bear interest at a rate equal to each Note, such interest and principal to be paid in equal quarterly payments on March 15, June 15, September 15, and December 15 of each year until the Note is paid in full. The first payment of the Final Note shall be due on the first such date after its issue, and the last payment on the date twenty five (25) years after the earliest issue date of any Note.

**Section 2.2. Disbursement Conditions.**

Proceeds of the Note shall be disbursed solely to pay directly for, or to reimburse the Borrower for its prior payment of, Allowable Costs incurred in connection with the Project. Such disbursements shall be made pursuant to requisitions in the form set forth in Appendix One to Exhibit B submitted by the Borrower to, and approved by, the Lender, all in accordance with the procedures of Exhibit B.

In no event shall disbursements be made more than once each month, nor shall at the time of any disbursement the sum of all prior disbursements proceeds and the disbursement then to be made exceed the cumulative disbursements through the end of the then-current year set forth in the Anticipated Secured Loan Disbursement Schedule contained in Exhibit B, as the same may be amended from time to time pursuant to Section 7.13.

**Section 2.3. Outstanding Loan Balance.**

The Outstanding Loan Balance shall be as set forth on the Loan Amortization Schedule originally delivered with the Note. The Outstanding Loan Balance will be recalculated as of each date on which principal with respect to the Note is prepaid by the Borrower in accordance with Section 2.5.

Any Lender's recalculation of the Outstanding Loan Balance shall be deemed conclusive absent manifest error. Upon any recalculation of the Outstanding Loan Balance, the Lender shall make applicable revisions to the Loan Amortization Schedule and provide the Borrower with a copy of such revised Loan Amortization Schedule. Revisions to the Loan Amortization Schedule as a result of partial prepayments of principal of the Note shall be made by applying such prepayments in the inverse order of maturity, such that the latest principal installment or installments of the pre-existing Loan Amortization Schedule are thereby satisfied in whole or in part.

**Section 2.4. Repayment.**

Borrower shall repay the Outstanding Loan Balance plus all interest which shall have accrued as set forth in the Loan Amortization Schedule; provided, however, that in the event that any portion of the principal amount of the Note is prepaid in accordance with Section 2.5, the Borrower shall thereafter make payments in accordance with the new Loan Amortization Schedule, as revised pursuant to Section 2.3 to reflect such reduced principal amount after the prepayments. Payments under this Agreement and the Note shall be made on or before each payment date specified in the Note, by wire transfer in immediately available funds in accordance with payment instructions to be provided by Lender.

**Section 2.5. Prepayment.**

The Borrower may prepay the Note in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid shall be determined by the Borrower except prepayments required by Section 4.4), at any time or from time to time, without penalty or premium, by paying to the Lender such principal amount of the Note to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment. Each prepayment shall be specified by the Borrower in a written notice delivered to the Lender not less than ten (10) days prior to the date set for prepayment.

All such partial prepayments of principal shall be applied to future installments due on such Note in the inverse order of maturity, such that the latest principal installment or installments of the pre-existing Loan Amortization Schedule are thereby satisfied in whole or in part.

**Section 2.6. Transfer and Related Representations.**

(a) The United States represents that it is acquiring the Note not with a view to, or in connection with, any distribution thereof. The Note have not been registered under the Securities Act of 1933, as amended, or any other State or Federal securities laws. All Holders of the Note at any time acknowledge that they may be restricted in the resale, transfer or other disposition of such Note by Federal or state statutes or rules and regulations thereunder. Borrower shall have no obligation to pay for any steps which might be necessary to accomplish a transfer of the Note under such laws. However, upon the request of any Holder, Borrower shall, within a reasonable amount of time, make available adequate current public information concerning Borrower, to enable any such Holder to sell the Note in compliance with any such Federal or state statutes or rules and regulations thereunder, whether or not the Note is in fact to be offered for sale.

(b) Before transferring the Note, each and every Holder of the Note shall give written notice to Borrower of such Holder's intention to so transfer, describing briefly the manner of such proposed transfer.

**Section 2.7. Obligations Surviving Transfer.**

In the event that the Administrator shall transfer the entire amount of, or any part of, the Note to another Holder or Holders:

(a) The following shall remain obligations of Borrower to the Administrator, and shall not be obligations to any other Holder or Holders, pursuant to this Agreement until the termination of this Agreement, unless sooner terminated by the Administrator:

- (1) Section 2.7; and
- (2) Sections 4.5 and 4.10.

(b) The rights and remedies under this section shall be solely those of the Administrator. Nothing contained in this section shall confer upon any Holder or Holders, other than the Administrator, any rights or remedies under this section or the right to enforce any of said rights or remedies under this Agreement.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF BORROWER

The Borrower hereby makes the following representations and warranties to the Administrator:

##### Section 3.1. Organization and Good Standing.

(a) The Borrower is duly organized and in good standing under the laws of the State of Delaware, has the full legal right, power and authority to enter into this Agreement, to issue the Note and to carry out and consummate all transactions contemplated by this Agreement and has duly authorized the execution, delivery and performance of this Agreement and the Note.

(b) The officers of the Borrower executing this Agreement and the Note are duly and properly in office and fully authorized to execute the same on behalf of the Borrower.

(c) Borrower has full power and authority to own, lease, hold, and operate its property, and to conduct its business (as now operated and conducted or presently proposed to be operated and conducted) in conformity with all applicable Federal, state, and local laws, statutes, and regulations. No new or additional authorization from any governmental agency or body is required to permit Borrower to operate its business as now conducted or presently proposed to be conducted.

##### Section 3.2. Validity of Agreement.

The Borrower represents that in connection with its execution, delivery and performance of this Agreement, the Mortgage, any other document executed by Borrower in connection with the transaction contemplated herein, and the issuance, sale and delivery of the Note:

(a) have been duly authorized by all necessary corporate action and applicable governmental authority;

(b) do not conflict with, violate, or contravene any rights of shareholders or creditors of Borrower, any statute, law, rule, regulation, order, writ, injunction or decree or other order of any court or governmental authority, or any mortgage, lien, lease or agreement of Borrower, nor is Borrower subject to any provision of any Constitution, statute, regulation, Borrower's articles of incorporation and by-laws, mortgage, lien, lease, agreement, order, judgment or decree, or any other restriction of any kind or character, which would prevent

Borrower from executing and performing the obligations of the Indebtedness;

(c) will constitute valid and legally binding obligations of Borrower enforceable against Borrower in accordance therewith, except as enforceability may be affected by any applicable laws affecting creditors' rights generally and the application of equitable principles.

(d) no consent or approval of any trustee, holder of any indebtedness of the Borrower or any other person, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental entity is necessary in connection with the execution and delivery of this Agreement or the Note, the consummation of any transaction herein described, or the fulfillment of or compliance with the terms and conditions hereof, except as have been obtained or made and as are in full force and effect and except filing and/or recordation requirements imposed by this Agreement.

**Section 3.3. No Bankruptcy of Current Officers and Directors; No Felony Conviction or Securities Law Violation.**

For the period commencing ten (10) years prior to the date hereof and ending on the date hereof:

(a) Except as described on Schedule 3.3, no current Officer or director of Borrower has been involved (either in his personal capacity or, to the knowledge of the Officers and directors of Borrower, in the capacity of a corporate officer, director or stockholder owning in excess of ten (10) percent of issued and outstanding shares of any class of such corporation's stock) in a bankruptcy or similar type proceeding; and

(b) no current Officer or director of Borrower has been convicted of a felony or violation of securities laws.

**Section 3.4. No Changes Since Most Recent Balance Sheet.**

The Borrower has kept and maintains its records of account, and will issue its financial statements, in accordance with generally accepted accounting principals consistently applied. There has been no significant change in the capital structure or the condition (financial, business, labor or otherwise) of Borrower, taken as a whole, since the most recent financial statements delivered to the Administrator prior to the date hereof.

**Section 3.5. Distribution.**

As of the date hereof, no distributions to Borrower's stockholders, as dividends or as other payments of profit, surplus or reserves, or of capital, are presently due or payable, nor have any been declared and remain unpaid.

**Section 3.6. Material Contracts, Judgments, Decrees, Obligations or Liabilities.**

Borrower is not a party or subject to any existing or contingent contract, agreement, debt, mortgage, indenture, instrument, judgment, decree, obligation or other liability (other than transactions in the ordinary course of business which do not, individually or in the aggregate, materially adversely affect the condition or operations of Borrower) which has a material adverse effect on the financial condition of Borrower, including asset values, business, labor or otherwise or operations of Borrower, except as disclosed in Schedule 3.6.

**Section 3.7. Litigation.**

There is no litigation, legal or administrative proceeding, investigation or other action of any nature pending, or to the knowledge of Borrower threatened against or affecting Borrower, which involves the reasonable probability of a judgment or liability not fully covered by insurance or which would materially adversely affect the assets of Borrower or Borrower's ability or right to carry on its business as now conducted or presently proposed to be conducted, and Borrower has not been cited, enjoined, or in any way restricted by any local, state, or Federal court or agency in the conduct of any material aspect of its business.

**Section 3.8. Defaults Under Existing Agreements.**

To the best of its knowledge and belief, Borrower is not:

(a) in default under any written indenture, contract, mortgage, franchise, lease, agreement, permit, or any other instrument to which it is a party;

(b) in violation of any applicable law;

(c) in default with respect to any judgment, order, writ, injunction or decree of any court; or

(d) in default under or cited for noncompliance with any order, license, or regulation of any Federal, state, municipal or other government agency;

which defaults, citations, violations or noncompliance individually or in the aggregate would have consequences which materially adversely affect the assets of Borrower or its right to carry on its business which it now conducts or presently proposes to conduct.

**Section 3.9. Completeness of Information.**

To the best of the knowledge and belief of Borrower, the information set forth in the Application, and all subsequent submissions to the Administrator, is true and complete in all material respects as of the date of this Agreement.

**Section 3.10. Tax Returns.**

All Federal, state, and other tax returns and reports of Borrower required by law or regulation to be filed have been duly filed except those for which the filing date has been duly extended; and other governmental charges (other than those presently payable without penalty) imposed upon Borrower with respect to any of their properties, assets or income which are due and payable have been duly paid, except those governmental charges for which payment is being contested in good faith by Borrower.

**Section 3.11. Related Persons.**

Except as described in Schedule 3.11 hereof, no stockholder (owning in excess of ten (10) percent of the issued and outstanding shares of any class of Borrower's stock), director, or Officer of Borrower, nor, to the knowledge of any such individual, any relative thereof, i.e. parent, spouse or child (a) is retained or employed, directly or indirectly in a material position for, or is a director or officer of any supplier, customer (other than by bill of lading or transportation contract), contractor or any other entity with which Borrower does business, or which is financially involved with Borrower in any manner, other than affiliates of Borrower; or (b) is a stockholder owning in excess of ten (10) percent of the issued and outstanding shares of any supplier, customer (other than by bill of lading or transportation contract), contractor or any other entity with which Borrower does business, or which is financially involved with Borrower in any manner, other than affiliates of Borrower.

**Section 3.12. Employee Protection**

Borrower shall make fair and equitable arrangements, in accordance with 45 U.S.C. 836, to protect the interests of any employees not otherwise protected under Title V of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 771 et seq.) who may be adversely affected by actions taken pursuant to, or as a consequence of, this Agreement.

**ARTICLE IV**

**AFFIRMATIVE COVENANTS OF BORROWER**

The Borrower hereby makes the following covenants to the Administrator:

**Section 4.1. Further Documentation.**

Borrower shall execute and cause to be delivered to the Administrator such other certificates, documents, statements, agreements, or opinions as may be reasonably requested by the Administrator in furtherance of the transactions contemplated herein.

**Section 4.2. Use of Proceeds.**

(a) Borrower shall use the proceeds from the purchase of the Note by the Administrator solely to fund Allowable Costs in accordance with the terms of this Agreement and Exhibit B hereof.

(b) Borrower shall complete the Project and perform each of the other obligations of the Indebtedness. The Administrator shall be obligated to reimburse Borrower in the performance of the Project only for Allowable Costs and not for costs that are not Allowable Costs or for costs that are Allowable Costs but incurred in excess of the Maximum Aggregate Principal Amount.

**Section 4.3. Pay Taxes and Other Claims.**

Borrower shall file all Federal, state, and other tax returns and reports of Borrower required by law or regulation to be filed and pay and discharge or cause to be paid and discharged all taxes, assessments, fees and other governmental charges lawfully levied or imposed upon its property before the date on which penalties attach thereto. Borrower shall pay, when due all lawful claims for labor, materials, supplies, and rents, and pay all other debts and liabilities, any of which, if unpaid, would by law be a lien or charge upon its Mortgaged Properties; provided, that, nothing herein shall require any payment so long as (a) such nonpayment is in good faith and by appropriate proceedings being diligently contested, (b) a reserve as shall be required by generally accepted accounting principles shall have been made therefore; and (c) failure to pay when due would not result in the forfeiture or loss of property of Borrower having a material adverse effect on Borrower.

**Section 4.4. Maintenance of Insurance.**

(a) Borrower shall insure, or cause to be insured, its assets against claims for losses from fire, casualty, liability and property damage consistent with normal industry practice, or as part of an integrated system with its rail affiliates. Borrower will promptly notify the Administrator of any material change in its insurance coverage that departs from normal industry standards. In the event Borrower sustains a loss to all or any part of the Mortgaged Property and Borrower determines that it will not repair, rebuild or replace such damaged property, then any insurance proceeds received for such damage shall be paid to the Administrator and applied as a prepayment to the Note in accordance with Section 2.5.

(b) Borrower shall not use the proceeds received from any third party including an insurance carrier (except for service interruption insurance) in partial or full satisfaction of any claim for damage or loss to Mortgaged Property for any purpose other than the restoration or like replacement of the damaged or lost property which resulted in such claim or the satisfaction of other claims against Borrower arising from such claim or loss unless Borrower determines that such restoration, replacement or satisfaction is not in its best interest and such proceeds are paid to the Administrator in accordance with Section 4.4(a), nor will it hereafter enter into any agreement which would provide for the disbursement of such insurance

proceeds in a manner contrary to the provisions of this section, without the prior written consent of the Administrator.

**Section 4.5. Rehabilitation, Operation and Maintenance of Rail Properties.**

(a) Borrower shall complete the Project in accordance with Exhibit B hereto.

(b) During the term of this Agreement, Borrower shall:

(i) operate common or contract carrier rail services over the Rail Line; and

(ii) maintain the Rail Line in accordance with the maintenance standards described in Exhibit B, except during periods of force majeure as defined therein.

**Section 4.6. Financial Reports.**

Borrower shall at its own cost and expense continue to keep full, complete and current books and records of its business and financial affairs in accordance with generally accepted accounting principals consistently applied and:

(a) deliver to the Administrator as soon as practicable but in any event within 120 days after the end of each fiscal year:

(i) a profit and loss statement, balance sheet, and statement of cash flows as of the end of such calendar year, audited and certified (whether or not unqualified, except that it shall not be qualified as to scope) by Borrower's independent certified public accounting firm, detailing the results of operations and financial condition;

(ii) all Federal regulatory year-end financial statements filed with any other Federal agency; and

(b) during the course of the Project, deliver to the Administrator within fifteen (15) days after the end of each month, a progress report of work completed and actual expenditures compared to the budgets contained in Exhibit B, in a form as prescribed by the Administrator, and

(c) quarterly deliver to the Administrator within thirty (30) days after the end of each quarter, unaudited financial statements, including balance sheet, income statement and statement of cash flows.

**Section 4.7. Financial Test.**

As long as this Agreement remains in effect, Borrower shall maintain a Fixed Charge Coverage Ratio of not less than 1.05 at the end of each fiscal year. The Fixed Charge Coverage Ratio is defined as the ratio of earnings before interest, taxes, and depreciation to total current income taxes, total debt service including current principal and interest and shall

be calculated each quarter and submitted to the Administrator along with the quarterly financial statements due under section 4.6 hereof.

**Section 4.8. Compliance with Applicable Laws.**

Borrower shall own and hold the Mortgaged Properties and conduct its business in conformity in all material respects with all Federal, state, and local laws, statutes, ordinances, regulations and orders of governmental authorities and all requirements of such foreign jurisdictions as may be applicable and will promptly comply with any such laws, statutes, ordinances, regulations and orders.

The following list of Federal laws is illustrative of the type of requirements generally applicable to transportation projects. It is not intended to be exhaustive.

(a) The Americans With Disabilities Act of 1990 and implementing regulations (42 U.S.C. 12101 et seq.; 28 C.F.R. Part 35; 29 C.F.R. Part 1630).

(b) Title VI of the Civil Rights, Act of 1964, as amended (42 U.S.C. 2000d et seq.; 42 U.S.C. 5332) and United States Department of Transportation regulations, 49 C.F.R. Parts 21 and 23.

(c) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and United States Department of Transportation regulations, 49 C.F.R. Part 27.

(d) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601 et seq.), with the understanding that the requirements of said Act are not applicable with respect to utility relocations except with respect to acquisitions by Borrower of easements or other real property rights for the relocated facilities.

(e) Equal Employment Opportunity requirements under Executive Order 11246 dated September 24, 1965 (30 F.R. 12319), any Executive Order amending such order, and implementing regulations (41 C.F.R. Part 60).

(f) Restrictions governing the use of Federal appropriated funds for lobbying (31 U.S.C. 1352; 49 C.F.R. Part 20).

(g) The Clean Air Act, as amended (42 U.S.C. 1857 et seq., as amended by Pub.L. 91-604).

(h) The National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(i) The Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq., as amended by Pub.L. 92-500).

(j) The applicable requirements of 49 C.F.R. Part 26 relating to the Disadvantaged Business Enterprise program.

(k) The environmental mitigation requirements and commitments made by Borrower that result in Lender's approval of the Final Environmental Impact Statement (issued pursuant to 42 U.S.C. 4332(2)(C)), Environmental Assessment, or Categorical Exclusion Determination.

(l) The Buy America requirements set forth in Section 165 of the Surface Transportation Assistance Act of 1982 and implementing regulations (23 C.F.R. 635.410).

(m) The Endangered Species Act (16 U.S.C. 1531, et seq.)

**Section 4.9. Legal Process.**

Borrower shall promptly give written notice to the Administrator of all legal proceedings materially and adversely relating to Borrower's ability to perform the obligations of the Indebtedness.

**Section 4.10. Information on Borrower's Performance.**

On request of the Administrator, Borrower shall furnish promptly to the Administrator such information as may be reasonably necessary to determine whether (a) Borrower is fulfilling its warranties, covenants and agreements contained in this Agreement, or (b) an Event of Default has occurred under this Agreement.

**Section 4.11. Audit and Inspection Rights.**

(a) Borrower shall give representatives of the Administrator and the Comptroller General of the United States free access at reasonable times during normal business hours and upon reasonable advance notice to examine and inspect all books, accounts, records, reports, files, inventories, equipment, facilities, and other papers, things or property relating to this Agreement. Such access shall be granted to the extent deemed necessary (as reasonably determined by such representatives) to facilitate any audit to determine compliance by Borrower with this Agreement, or to inspect any equipment or facilities relating to Borrower's obligations under this Agreement.

(b) Borrower agrees to cooperate with such representatives in connection with any audits and/or inspections pursuant to Section 4.11(a).

(c) Such representatives shall have the right to discuss with the Officers of Borrower the business and affairs of Borrower, and Borrower shall use its best efforts to obtain for such representatives the right with respect to its contractors and subcontractors to discuss their business and affairs relating in any way to the Agreement and the Act.

**Section 4.12. Budgets.**

During the term of the Project, not more than sixty (60) days after the beginning of each fiscal year, Borrower shall prepare and submit to its Board of Directors, and obtain approval of the Board with respect thereto, capital and operating expense budgets (reporting separately maintenance of way, maintenance of equipment, transportation, and other expenses), annual profit and loss projections, a projected cash flow statement and a projected year-end balance sheet, all itemized in reasonable detail, for such year. A copy of such documents, as approved by the Board, and any change in such documents as is required to be approved by the Board or its designee shall be provided to the Administrator within thirty (30) days after such Board or designee approval and shall include, if available, a narrative statement reconciling the information furnished thereunder with Borrower's obligations under the Indebtedness.

**Section 4.13. Minutes of Meetings.**

Borrower agrees to provide the Administrator copies of minutes of the meetings of its Board of Directors, or portions thereof, as they relate in any way to the Indebtedness, upon request therefor.

**Section 4.14. Notification of Events.**

(a) Borrower shall, within five (5) business days after the Borrower learns of its occurrence, give the Administrator notice of any Event of Default.

(b) Borrower shall, within 5 business days after the Borrower learns of its occurrence, give the Administrator notice of any of the following events, setting forth details of such event:

(1) Litigation - the filing of any actual litigation, suit or action, or the delivery to the Borrower of any written claim, which could reasonably be expected to have a material adverse effect upon the Project or its revenues and expenses, or upon the Borrower or its performance hereunder or under the Note; and

(2) Other Adverse Events - the occurrence of any other event or condition which could reasonably be expected to have a material and adverse effect upon the Project or its revenues or expenses or upon the Borrower or its performance hereunder or under the Note.

(b) Within 30 days after an event specified in subsection (a) above, the Borrower shall provide a statement setting forth the actions the Borrower proposes to take with respect thereto.

**ARTICLE V**

**NEGATIVE COVENANTS OF BORROWER**

As long as this Agreement remains in effect, Borrower shall not take any of the following actions without the prior written consent of the Administrator:

**Section 5.1 Guarantees, Indebtedness.**

Borrower shall not incur, create, assume, guarantee or in any manner become liable for any new indebtedness for borrowed money (not including accounts payable and interline payables) except (a) any indebtedness incurred simultaneously to and for the purpose of the repayment in full of the Indebtedness; (b) new indebtedness in the ordinary course of its operations, including revolving loans and borrowings under lines of credit not to exceed \$5,000,000 outstanding at any one time; or (c) indebtedness not to exceed \$5 million incurred in connection with an acquisition permitted under Section 5.3 of this Agreement.

**Section 5.2. Purchase of Investment Securities, Lending or Advancing Funds.**

Borrower shall not purchase investment securities other than (a) investment grade debt issuances of municipal, Federal or state agencies, (b) certificates of deposit of \$100,000 or less in FDIC or FSLIC-insured financial institutions with less than \$50 million in capitalization, (c) certificates of deposit or money market instruments with financial institutions with at least \$50 million in capitalization, and (d) overnight investments of excess cash in checking accounts in financial institutions of more than \$50 million in capitalization. In addition, Borrower shall not lend or advance any funds generated in the operation of the Business, to any person, corporation, firm or other entity, except in the ordinary course of business.

**Section 5.3. Purchase or Lease of Assets.**

Borrower shall not use any funds generated in the operation of the Business to purchase or lease any item of chattel asset, real estate or capital asset unless such asset will be used in the operation of the Business as presently conducted and is in the ordinary course of business.

**Section 5.4. Deployment of Assets.**

Borrower shall not at any time appropriate, use or retain assets generated in the operation of the Business, for any purpose not directly related to the Business.

**Section 5.5. Prohibited Interest.**

Except as between Borrower and its affiliates or as set forth on Schedule 5.5:

(a) Borrower shall not, after the date of this Agreement, enter into any contract, subcontract, or arrangement in excess of \$50,000 (other than for personal employment) in connection with the financing of, or the carrying out of, work to be performed under this Agreement in which any director or Officer of Borrower during his or her subsequent tenure or more recently than two years before the date of such contract (if his or her tenure is continuing) shall have or shall have had any personal interest, direct or indirect, in the other party to such contract, subcontract or arrangement unless such contract is entered into on a publicly advertised, sealed-bid basis, the recipient is the lowest qualified bidder on such basis, such Officer or director recuses himself or herself from further dealings with respect to such contract, subcontract or arrangement, and written records of the entire transactions are sufficient to satisfy the Administrator upon inspection.

(b) Borrower shall not knowingly allow any contractor or subcontractor of Borrower to enter into any contract, subcontract, or other arrangement in excess of \$50,000 (other than for personal employment) related to the Project if any of its Officers, directors, or any members of the immediate family or one of the foregoing has any material interest in the contract, subcontract or arrangement, unless the other party (or parties) to such contract, subcontract or arrangement is the lowest qualified bidder on a publicly advertised, sealed-bid basis and written records of the entire transaction are sufficient to satisfy the Administrator upon inspection.

(c) Borrower shall not allow any member of or delegate to Congress to share any benefit that may arise from this Agreement; but this provision shall not restrict the making of any contract with a publicly held entity for the general benefit of such entity.

(d) Borrower shall not pay any full-time employee of the Federal government any consulting fees, salaries, or travel expenses (unless on leave without pay) from any Federal funds provided under this Agreement except where specifically authorized by statute.

#### Section 5.6. Dividends.

Borrower will not (a) make any distributions to its stockholders as dividends or as other payments of profit, surplus or reserves, or of capital, nor (b) make any payment on loans made to it, or for its benefit, by its stockholders, parent or any other company controlled by the parent prior to the date of this Agreement, except that Borrower may service existing debt set forth on Schedule 5.1 in accordance with its terms.

#### Section 5.7. Merger, Acquisition, or Sale of Assets.

Borrower will not consolidate, merge with, transfer, permit or take any action to facilitate the transfer of substantially all of its assets, or control of itself or use any funds generated in the operation of the Business to purchase any assets or stock of any corporation, firm, association or enterprise or otherwise invest in any assets not related to Business, or sell, lease or otherwise transfer any of its assets except in the ordinary course of its business. Borrower may sell property mortgaged to Lender hereunder that has become surplus in the

ordinary course of its business to unrelated third parties in amounts not to exceed \$250,000 in any one year period. Borrower shall not approve, permit or consent to the sale or transfer of its stock if such sale or transfer would result in a Change in Control of Borrower.

**Section 5.8. Encumbrances.**

Borrower shall not place, create, incur, assume or permit to exist any mortgage, pledge, lien or encumbrance on the Mortgaged Properties superior to the lien created by the Mortgage except specific liens incident to the receipt of governmental grants and loans for specific infrastructure improvements; provided, that as long as no enforcement, collection, levy or foreclosure proceeding shall have been commenced, liens imposed by law such as materialmen's, mechanics, carriers', workmen's and repairmen's liens and other similar liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days shall be permitted.

**Section 5.9. Discontinuance or Abandonment of Business.**

Borrower shall not, except when a transaction permitted by Sections 5.7 or 7.3 of this Agreement gives rise to a discontinuance or abandonment by Borrower or during periods of force majeure, discontinue or abandon its entire business or any substantial part of its business which would adversely affect its ability to perform its obligations under the Indebtedness.

**Section 5.10. Abandonment of Rail Line.** Borrower shall not abandon or file an application with the Surface Transportation Board for the abandonment of the Rail Line.

**ARTICLE VI**

**EVENTS OF DEFAULT AND REMEDIES**

**Section 6.1. Events of Default.**

The following shall be Events of Default:

(a) A failure to pay any interest or principal of the Note(s) within five (5) days after the same becomes due and payable;

(b) Borrower's breach in the due observance or performance of any covenant or condition contained in Section 5.7, 5.9 or 5.10.

(c) Borrower's breach in the due observance or performance of any other covenant or condition contained in this Agreement to be kept or performed by Borrower if such breach shall continue uncured by Borrower for a period of thirty (30) days after Borrower has notice thereof.

(d) Any representation or warranty made by Borrower herein proving to be untrue or incomplete in any material respect as of the date hereof, or any statement, certificate or information furnished by or on behalf of Borrower hereunder proving to be untrue or incomplete in any material respect, as of the date on which the things therein set forth were stated or certified.

(e) Borrower's: (i) making a general assignment for the benefit of creditors, or (ii) applying for or consenting to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets, or (iii) being adjudicated a bankrupt or insolvent, or (iv) filing a voluntary petition in bankruptcy or filing a petition or answer seeking reorganization or an arrangement with creditors who are seeking to take advantage of any other law (whether Federal or state) relating to relief of debtors, or admitting by answer (by default or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, arrangement, insolvency or other proceeding (whether Federal or state) relating to relief of debtors, or (v) suffering or permitting to continue unstayed and in effect for sixty (60) days or more any judgment, decree or order, entered by a court of competent jurisdiction, which approved a petition seeking reorganization of Borrower or appoints a receiver, trustee or liquidator of all or a substantial part of its assets.

(f) Failure to pay any interest or principal, when same shall be due and payable, after any applicable grace period, on any indebtedness of the Borrower if such indebtedness exceeds \$250,000.

#### Section 6.2 Remedies.

(a) Upon the occurrence of an Event of Default specified in Section 6.1 (a), (c), (d), or (f) hereof, the Administrator may send a written demand to Borrower which may, in addition to invoking any other remedy available to the Administrator: (1) require an immediate payment to the Administrator by Borrower, of any amount specified by the Administrator not to exceed in the aggregate that would be paid if Borrower immediately repaid the Indebtedness in full; and/or (2) suspend or terminate any further borrowing of funds.

(b) Upon the occurrence of an Event of Default specified in Section 6.1 (b) or (e) hereof, Borrower shall immediately pay to the Administrator the Indebtedness in full, and further borrowing of funds shall immediately be terminated;

(c) Upon the occurrence of any Event of Default specified in Section 6.1 hereof, if Borrower shall fail to make such payment as is required pursuant to subsection 6.2 (a) or (b) hereof, the Administrator may exercise all rights and remedies of the Administrator, whether specified herein or inherent in law or equity, which shall not be exclusive and shall be cumulative, including enforcement through an order for specific performance of each of Borrower's obligations underlying any Event of Default, and Borrower agrees not to contest the applicability of specific performance as a remedy, notwithstanding that an action at law for damages may be available.

(d) Borrower shall be liable for all of Lender's legally assessed or reasonably incurred expenses of its counsel and court costs in connection with any proceeding brought or threatened to enforce payment or performance under the Indebtedness and upon such charge Borrower shall promptly pay such charge upon the request of the Administrator.

(e) The Administrator shall be entitled to any remedy specified in Exhibit B, which remedy will not in any manner limit the remedies otherwise available to the Administrator hereunder.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

#### Section 7.1. Incorporation of Exhibits, Schedules and Documents.

All references herein to this Agreement shall be deemed also to refer to the exhibits and schedules attached hereto and be a part hereof as if the provisions thereof had been set forth in their entirety herein.

#### Section 7.2. Entire Agreement.

This Agreement embodies the entire agreement and understanding between Borrower and the Administrator and supersedes all prior agreements and understandings relative to the subject matter hereof. No amendments, waivers or modifications to this Agreement are to be effective unless executed by Borrower and the Administrator in a writing referring to this Agreement.

#### Section 7.3. Parties Bound; Right to Assign.

All the terms and conditions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against, each of the parties hereto and their legal representatives and assigns (including subsequent Holders) to the extent of their respective interest and obligations hereunder; provided, however, that this Agreement may not be transferred or assigned by Borrower without the prior written consent of the Administrator

#### Section 7.4. Table of Contents and Headings.

The table of contents and headings of the articles and sections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof or in any manner limit or define the terms of this Agreement.

#### Section 7.5. Notices; Action to be Taken.

Any notice required or submitted hereunder shall be deemed given if delivered in

person or mailed by registered or certified mail, return receipt requested and postage prepaid, to the following addresses of the parties hereto or at such addresses as either Borrower or the

Administrator shall from time to time designate by written notice:

**Borrower:** Montreal, Maine & Atlantic Railway, Ltd.  
15 Iron Road  
Hermon, Maine 04401

with a copy to:

Michael E. Cutler, Esq.  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2401

**Administrator:** Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Associate Administrator for Railroad Development

with a copy to the Chief Counsel

All notices mailed shall be deemed given on the date received at the office of the party to whom notice is to be given as evidenced by a personal delivery receipt or the registered or certified mail return receipt.

**Section 7.6. Release of Information.**

The Administrator shall not disclose any Confidential Information (as defined below) to any person without the consent of the Borrower, other than (a) to the Administrator's officers, directors, employees, agents and advisors and to actual or prospective assignees and then only on a confidential basis, (b) as required by any law (including the Freedom of Information Act (FOIA) (5 U.S.C. 552)), rule or regulation or judicial process, and (c) as requested or required by any state, Federal or foreign authority or examiner regulating the Administrator. "Confidential Information" means information designated as confidential that the Borrower furnishes to the Administrator, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrator from a source other than the Borrower which the Administrator does not have reason to believe is confidential information. For purposes of the FOIA, confidential shall have the meaning applied through FOIA exception 4 (5 U.S.C. 552(b)(4)).

**Section 7.7. No Waiver by Administrator or Holder.**

No course of dealing on the part of the Administrator, nor any failure or delay by the

Administrator with respect to exercising any right, power, or privilege under the Indebtedness shall operate as a waiver thereof, or of any other right, power or privilege, nor shall the Administrator's failure to exercise any rights granted in the Indebtedness in the event of breach or default by Borrower, or the Administrator's exercise of any single or partial exercise of any such right, power or privilege hereunder, operate as a waiver thereof, or of any other right, power or privilege.

**Section 7.8. Governing Law.**

This Agreement has been executed and delivered in the District of Columbia and shall be construed in accordance with and governed by Federal law where applicable and otherwise by the laws of the District of Columbia.

**Section 7.9. Indemnification.**

(a) Borrower shall promptly upon demand indemnify and hold the United States harmless from and against any claim, demand, cause of action, damage, liability, cost or expense (including reasonable attorneys' fees and court costs) incurred by the United States and arising out of, or in any way resulting from this Agreement, the Project, or the Indebtedness, including, but not limited to, the use, operation or condition of any equipment or facilities to which the proceeds of financial assistance have been applied hereunder (except if the claim, demand, cause of action, damage, liability, cost or expense is asserted against the United States in its governmental capacity or results from the willful act or negligence of the United States).

(b) The provisions of this section shall survive the issuance, execution, delivery and termination of the other provisions of the Indebtedness.

**Section 7.10. Representatives.**

References to the Administrator or the Comptroller General of the United States include their subordinates, employees, agents and servants. The Administrator and the Officers and directors of Borrower act hereunder in their official and not personal capacities.

**Section 7.11. Counterparts.**

This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith, may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall constitute but one and the same instrument.

**Section 7.12. Severability.**

If any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions shall not be affected or impaired in any way thereby. A provision held to be unenforceable as applied to any party or

circumstance remains applicable to other parties and circumstances.

Section 7.13. Amendments and Waivers.

No amendment, modification, termination or waiver of any provision of this Agreement shall in any event be effective without the written consent of the parties hereto.

Section 7.14. No Third Party Rights.

The parties hereby agree that this Agreement creates no third party rights against the United States or the Administrator, solely by virtue of the Indebtedness and that no third party creditor or creditors of the Borrower shall have any right against the Administrator with respect to the Indebtedness made pursuant to this Agreement.

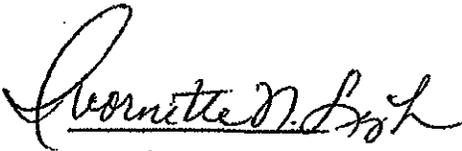
Section 7.15. Remedies Not Exclusive.

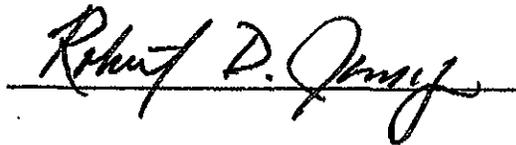
No remedy conferred herein or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first entered above.

ATTEST:

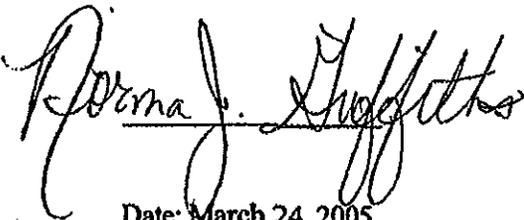
FEDERAL RAILROAD ADMINISTRATOR





ATTEST:

MONTREAL, MAINE & ATLANTIC RAILWAY,  
LTD.



  
Richard J. Rushmore, Treasurer

Date: March 24, 2005

## SECURITY AND PLEDGE AGREEMENT

THIS SECURITY AND PLEDGE AGREEMENT is dated as of March 24, 2005, and made by and among Montreal, Maine & Atlantic Railway, Ltd., a Delaware corporation ("**Borrower**"), and the UNITED STATES OF AMERICA, REPRESENTED BY THE SECRETARY OF TRANSPORTATION ACTING THROUGH THE ADMINISTRATOR OF THE FEDERAL RAILROAD ADMINISTRATION ("**Lender**").

WHEREAS, Borrower and the Lender have entered into a Financing Agreement of even date herewith (as it may hereafter be amended, supplemented or otherwise modified from time to time, being the "**Financing Agreement**"). Capitalized terms used but not defined herein shall have the meaning set forth in the Financing Agreement.

WHEREAS, pursuant to the Financing Agreement, the Borrower is entering into this Agreement in order to grant to the Lender a security interest in the Collateral (as hereinafter defined).

WHEREAS, it is a condition precedent to the making of advances under the Financing Agreement that the Borrower shall have granted the assignment and security interest contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender to make advances under the Financing Agreement, Borrower hereby agrees with the Lender as follows:

Section 1. Grant of Security. Borrower hereby pledges and grants to the Lender a security interest in Borrower's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by Borrower, wherever located, and whether now or hereafter existing or arising (collectively, the "**Collateral**"): All rail lines and related tracks and improvements located within the United States of America, including all rail, ties, bridges and related assets.

Section 2. Security for Obligations. This Agreement secures the payment of the Indebtedness, whether such obligations are direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise.

Section 3. Borrower Remains Liable. Anything herein to the contrary notwithstanding, (a) Borrower shall remain liable under the Indebtedness to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Lender of any of the rights hereunder shall not release Borrower from any of its duties or obligations under the Indebtedness and (c) Lender shall not have any obligation or liability under the Indebtedness by reason of this Agreement, nor shall Lender be obligated to perform any of the obligations or duties of Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Assignment of Ownership Collateral. Upon an Event of Default and Lender's written request therefore, Borrower shall immediately deliver to Lender an assignment

of all certificates or instruments representing or evidencing Ownership Collateral which shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Lender. The Lender shall have the right, during the continuance of an Event of Default and without notice to Borrower, to transfer to or to register in the name of the Lender or any of its nominees any or all of the Ownership Collateral, subject only to the revocable rights specified in Section 9.

**Section 5. Representations and Warranties.** Borrower represents and warrants as follows:

- (a) Borrower's exact legal name, as defined in Section 9-503(a) of the UCC, is correctly set forth in the introductory paragraph to this Agreement. Borrower is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office in the state or jurisdiction set forth in Schedule I hereto. The information set forth in Schedule I hereto with respect to Borrower is true and accurate in all respects. Borrower has not previously changed its name, location, chief executive office, type of organization, jurisdiction of organization or organizational identification number from those set forth in Schedule I hereto.
- (b) Borrower is the legal and beneficial owner of the Collateral free and clear of any lien, security interest, claim, option or right of others, except for the security interest created under this Agreement or permitted under the Financing Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral or listing Borrower or any trade name of Borrower as debtor is on file in any recording office, except such as may have been filed in favor of the Lender or as otherwise permitted under the Financing Agreement.
- (c) All filings and other actions (including, without limitation, actions necessary to obtain control of Collateral as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC) necessary to perfect the security interest in the Collateral created under this Agreement have been duly made or taken and are in full force and effect. This Agreement creates in favor of the Lender a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral, securing the payment of the Indebtedness.
- (d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by Borrower of the security interest granted hereunder or for the execution, delivery or performance of this Agreement by Borrower, or (ii) the perfection or maintenance of the security interest created hereunder (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the UCC and the filing of notices of liens with the Surface Transportation Board ("*STB*"), which financing statements and lien filings have been duly made and are in full force and effect.

**Section 6. Further Assurances.**

- (a) Borrower agrees that from time to time, at the expense of Borrower, Borrower will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be necessary or desirable, or that the Lender may request, in order to perfect and protect any security interest granted or purported to be granted by Borrower hereunder or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Borrower will promptly, with respect to Collateral: (i) execute or authenticate and file such financing or continuation statements, and such STB lien filings, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Lender may request, in order to perfect and preserve the security interest granted or purported to be granted by Borrower hereunder; and (ii) deliver to the Lender evidence that all other action that the Lender may deem reasonably necessary or desirable in order to perfect and protect the security interest created by Borrower under this Agreement has been taken.
- (b) Borrower hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, and one or more STB lien filings, in each case without the signature of Borrower. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Borrower ratifies its authorization for the Lender to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.
- (c) Borrower will furnish to the Lender from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with such Collateral as the Lender may reasonably request, all in reasonable detail.

**Section 7. Voting Rights; Dividends; Etc.**

- (a) So long as no Event of Default shall have occurred and be continuing: (i) Borrower shall be entitled to exercise any and all voting and other consensual rights pertaining to the Ownership Collateral or any part thereof for any purpose; and (ii) Borrower shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Ownership Collateral if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Financing Agreement.
- (b) Upon the occurrence and during the continuing of an Event of Default, all rights of Borrower to exercise or refrain from exercising the voting and other consensual rights shall, upon notice to Borrower by Lender, cease and all rights of Borrower to receive the dividends, interest and other distributions shall automatically cease, and all such rights shall thereupon become vested in the Lender, which shall

thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Ownership Collateral such dividends, interest and other distributions. All dividends, interest and other distributions that are received by Borrower contrary to the provisions of this Section 9(b) shall be received in trust for the benefit of the Lender, shall be segregated from other funds of Borrower, and shall be forthwith paid over to the Lender as Ownership Collateral in the same form as so received (with any necessary endorsement).

**Section 8. Transfers and Other Liens; Additional Shares.** Borrower agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, except in the ordinary course of business, as permitted under the terms of section 5.7 of the Financing Agreement, or (ii) create or suffer to exist any lien upon or with respect to any of the Collateral except for the pledge, assignment and security interest created under this Agreement and liens permitted under section 5.8 of the Financing Agreement.

**Section 9. Lender Appointed Attorney-in-Fact.** Borrower hereby irrevocably appoints the Lender Borrower's attorney-in-fact, with full authority in the place and stead of Borrower and in the name of Borrower or otherwise, from time to time upon the occurrence and during the continuance of an Event of Default, in the Lender's discretion, to take any action and to execute any instrument that the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

- (a) to obtain and adjust insurance claims,
- (b) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,
- (c) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) or (b) above, and
- (d) to file any claims or take any action or institute any proceedings that the Lender may deem necessary or desirable to enforce compliance with the terms and conditions of any assigned agreement or the rights of the Lender with respect to any of the Collateral.

**Section 10. Lender May Perform.** If Borrower fails to perform any agreement contained herein, the Lender may, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of the Lender incurred in connection therewith shall be payable by Borrower.

**Section 11. The Lender's Duties.**

- (a) The powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Lender shall have no duty as to

any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not Lender has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

- (b) Anything contained herein to the contrary notwithstanding, the Lender may from time to time, when the Lender deems it to be necessary, appoint one or more subagents (each a "*Subagent*") for the Lender hereunder with respect to all or any part of the Collateral. In the event that the Lender so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral hereunder shall be deemed for purposes of this Security Agreement to have been made to such Subagent, in addition to the Lender, as security for the Indebtedness, (ii) such Subagent shall automatically be vested, in addition to the Lender, with all rights, powers, privileges, interests and remedies of the Lender hereunder with respect to such Collateral, and (iii) the term "Lender," when used herein in relation to any rights, powers, privileges, interests and remedies of the Lender with respect to such Collateral, shall include such Subagent; *provided, however*, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Lender.

**Section 12. Remedies.** The occurrence of an Event of Default under the Financing Agreement, as defined therein, shall constitute a Default hereunder. Any notices provided under the Financing Agreement shall also serve as notices under this Security and Pledge Agreement. Upon the occurrence of a Default or at any time thereafter}:

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- (a) The Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) require Borrower to, and Borrower hereby agrees that it will at its expense and upon request of the Lender forthwith, assemble all or part of the Collateral as directed by the Lender and make it available to the Lender at a place and time to be designated by the Lender that is reasonably convenient to both parties; (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem commercially reasonable; (iii) occupy any premises owned or leased by Borrower where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to Borrower in respect of such occupation; and (iv) exercise any and all rights and remedies of Borrower under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, (A) any and all rights of Borrower to demand or otherwise require payment of any

amount under, or performance of any provision of the Collateral, (B) withdraw, or cause or direct the withdrawal, of all funds with respect to the Collateral and (C) exercise all other rights and remedies with respect to the Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. Borrower agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

- (b) At any time during which the Lender is exercising its rights and remedies in respect of the Collateral, any cash held by or on behalf of the Lender and all cash proceeds received by or on behalf of the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Lender, be held by the Lender as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Lender pursuant hereto) in whole or in part by the Lender against, all or any part of the Indebtedness. Any surplus of such cash or cash proceeds held by or on behalf of the Lender and remaining after payment in full of all the Indebtedness shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus.
- (c) All payments received by Borrower under or in connection with any Collateral shall be received in trust for the benefit of the Lender, shall be segregated from other funds of Borrower and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement).
- (d) The Lender may, without notice to Borrower except as required by law and at any time or from time to time, charge, set-off and otherwise apply all or any part of the Indebtedness against any funds held with respect to the Collateral or in any other deposit account.

**Section 13. Indemnity and Expenses.**

- (a) Borrower agrees to indemnify, defend and save and hold harmless Lender and each of its Affiliates and their respective officers, directors, employees, agents and advisors (each, an "**Indemnified Party**") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

- (b) Borrower will upon demand pay to the Lender the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Lender may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Lender hereunder or (iv) the failure by Borrower to perform or observe any of the provisions hereof.

Section 14. Amendments; Waivers. No amendment or waiver of any provision of this Agreement, and no consent to any departure by Borrower herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Lender to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

Section 15. Notices. All notices and other communications provided for hereunder shall be given in accordance with the Financing Agreement.

Section 16. Continuing Security Interest; Assignments under the Financing Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the later of the payment in full or the maturity date of the Indebtedness, (b) be binding upon Borrower, its successors and assigns and (c) inure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Financing Agreement (including, without limitation, all or any portion of its commitment, the advances owing to it and the Note or Notes, if any, held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Lender herein or otherwise.

Section 17. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

Section 18. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the District of Columbia.

Section 19. Release of Collateral. It is the understanding of Borrower and Lender that, so long as no event of default has occurred and is continuing, Borrower shall have the right to make, effect, and consummate such sales and other dispositions of any or all the right, title, or interest of Borrower in or to such portion or portions of the Collateral as is or may at any time, or from time to time, be or become necessary or desirable in the ordinary course of the Borrower's business, free and clear of all liens and interests of Lender under this Agreement, provided that

(a) such disposition is made for fair and reasonable consideration, (b) the asset so being disposed shall have a market value not to exceed \$100,000 (c) the proceeds derived from such sale are used to acquire similar replacement assets and (c) such sale or disposition is permitted under the Financing Agreement.

IN WITNESS WHEREOF, Borrower has caused this Security and Pledge Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**LENDER:**

FEDERAL RAILROAD ADMINISTRATION

By Robert D. Johnson  
Its \_\_\_\_\_

**BORROWER:**

MONTREAL, MAINE & ATLANTIC RAILWAY,  
LTD.

By R. G. V. [Signature]  
Its Treasurer

**Schedule I to the  
Security and Pledge Agreement**

**LOCATION, CHIEF EXECUTIVE OFFICE, BUSINESS LOCATIONS, TYPE OF ORGANIZATION, JURISDICTION OF ORGANIZATION AND ORGANIZATIONAL IDENTIFICATION NUMBER**

<b>Location</b>	<b>Chief Executive Office</b>	<b>Business Locations</b>	<b>Type of Organization</b>	<b>Jurisdiction of Organization</b>	<b>Organizational ID No.</b>

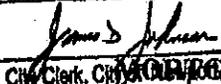
Montreal, Maine & Atlantic Railway, Ltd. is a corporation organized under the laws of Delaware. Its headquarters offices are located at 15 Iron Road, Hermon, Maine 04401. Its Federal Tax Identification Number is 11-3660861.

Principal shop facilities are located at 18 B&A Avenue, Derby, Maine 04463.

Other reporting locations for operating and maintenance personnel are:

- 988 Masardis Road, Ashland Maine 04732
- Main Street, Brownville Junction, Maine 04415
- 5 Dube Street, Fort Kent, Maine 04743
- Florence Avenue, Houlton, Maine 04730
- 397 Main Road, Jackman, Maine 04945
- 65 Bridge Street, Madawaska, Maine 04756
- Iron Bridge Road, Millinocket, Maine 04462
- 103 School Street, Oakfield, Maine 04763
- 21 Roberts Street, Presque Isle, Maine 04769
- Glen Road, Newport, Vermont 05855

Vermont

  
City Clerk, City of Burlington  
**MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT**

KNOW ALL BY THESE PRESENTS, that MONTREAL, MAINE & ATLANTIC RAILWAY, LTD., a Delaware corporation (the "Borrower"), for consideration paid, does hereby GIVE, GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto the UNITED STATES OF AMERICA, represented by the SECRETARY OF TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD ADMINISTRATION (the "Lender"), its successors and assigns, with power of sale, to secure the payment and performance of the Obligations (defined below), the following described property, rights and interests (collectively, the "Real Property Collateral"):

- (a) the real estate described on Exhibit A attached hereto and incorporated herein by reference, together with all buildings and other improvements thereon, and all rights and interests appurtenant thereto (collectively, the "Realty"), and
- (b) all rents, issues, profits, revenues, royalties, bonuses, rights and benefits under any and all leases or tenancies now existing or hereafter created of the Realty, or any part thereof, and all payments received for the use or occupancy of rooms and other public facilities in hotels, motels, and other public lodging facilities at the Realty or any part thereof, with the right to receive and apply the same to the Obligations, and Lender may demand, sue for and recover such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, but shall not be required to do so; provided, however, that so long as no Event of Default has occurred hereunder, a revocable license to receive and retain such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, is reserved to Borrower, and
- (c) all judgments, awards of damages and settlements hereafter made as a result of any award that may become due to Borrower by reason of the taking by eminent domain of the whole or any part of the Realty or any rights appurtenant thereto, including any award for change of grade of streets.

As additional security for payment and performance of the Obligations, Borrower hereby assigns, transfers and grants to Lender a security interest in the following described personal property (collectively, and together with any portion of the Real Property Collateral to which Article 9-A of the Vermont Uniform Commercial Code is applicable, the "Personal Property Collateral"):

- (i) All personal property of Borrower situated on or affixed to the Realty, including without limitation all building materials, supplies and lumber to be incorporated in the Realty; and
- (ii) without abridging the restrictions contained in paragraph 6(a) hereof, all of Borrower's right, title and interest under any contracts or agreements relating in any way to the construction of any improvements on the Realty, including without limitation, all construction contracts and subcontracts, design contracts, and all other contracts and agreements between Borrower and any of Borrower's general contractors, subcontractors, architects, engineers, consultants, material providers or other parties providing any goods or services in connection with construction upon all or any portion of the Realty, together with all plans,

specifications, drawings, surveys, engineering and all other site reports, studies, and assessments related to the Realty, or to any portion thereof; and

- (iii) all notes, drafts, instruments, acceptances or other evidences of any rents, issues, profits, revenues, royalties, bonuses, rights, benefits, payments, sums of money and accounts receivable arising from the Realty or from any of the foregoing categories of property; and
- (iv) all cash and non-cash proceeds of all or any of the foregoing property, all replacements of, and additions and accessions to, said property, and all similar property now owned or hereafter acquired by Borrower.

There is excepted from the Personal Property Collateral any inventory and other personal property used, consumed or sold in the ordinary course of Borrower's business. If the lien of this Mortgage on any of the Personal Property Collateral is subject to a conditional sales agreement or security agreement, all the rights, title and interest of Borrower in and to any and all deposits made thereon or therefor are hereby assigned to Lender, together with the benefit of any payments now or hereafter made thereon, and are included in the Personal Property Collateral. Borrower agrees to execute and deliver to Lender specific separate assignments of any contracts, instruments, agreements, permits, licenses, orders, or approvals that are included in the Personal Property Collateral when requested by Lender, provided that nothing contained herein shall obligate Lender to perform any obligations of Borrower under any such contracts, instruments, agreements, permits, licenses, orders or approvals, all of which the Borrower hereby agrees to perform well and punctually. The inclusion of proceeds in the Personal Property Collateral does not constitute authorization by Lender to dispose of any Personal Property Collateral.

The Real Property Collateral and the Personal Property Collateral are hereinafter sometimes referred to collectively in this Mortgage as the "Premises."

This Mortgage shall also serve as a FINANCING STATEMENT with respect to any and all Personal Property Collateral of the Borrower (debtor) whether now owned or hereafter acquired, that is or may become affixed to the Realty. The names of the debtor and the secured party are the names of Borrower and Lender, respectively, as set forth in the preamble to this Mortgage. Information concerning this security interest in fixtures may be obtained from Lender (secured party) at its offices listed in the paragraph of this Mortgage pertaining to the giving of notices; the mailing address of the Borrower (debtor) is the address listed in the paragraph of this Mortgage pertaining to the giving of notices.

TO HAVE AND TO HOLD the aforegranted and bargained Premises, with all the privileges and rights appurtenant thereto, to Lender, its successors and assigns, to its and their use and behoof forever; PROVIDED, NEVERTHELESS, that if Borrower pays to Lender the sum of THIRTY-FOUR MILLION DOLLARS (\$34,000,000) or so much thereof as may be advanced, with interest and premium thereon and other charges, if applicable, in accordance with the terms and conditions of the Note and the Finance Agreement (each as defined below), and pays and performs all other Obligations of Borrower to Lender under the Note and the Finance Agreement, then this Mortgage, and also the Note, shall be void, but otherwise shall remain in full force.

Borrower covenants and agrees with Lender as follows:

1. **Definitions.** As used in this Mortgage, the following capitalized words shall have the following meanings:
- (a) "Contingent Obligations" means all obligations of Borrower to Lender that become fixed or certain at some time after the recording of this Mortgage.
  - (b) "Event of Default" means the occurrence of any or all of the following events: (i) an "Event of Default" as defined in the Loan Agreement; ; or (ii) any other failure by Borrower to comply with the terms, covenants or conditions contained in this Mortgage, other than a default under any of paragraphs 2 (Title), 16 (Grandfathered Uses), or 18 (Sale or Encumbrance of the Premises) of this Mortgage (as to which there shall be no grace or cure period), and such failure shall continue for thirty (30) days after written notice thereof to Borrower (or such longer period of time, not to exceed ninety (90) days, as shall be reasonably necessary to effect cure, provided that Borrower is diligently prosecuting cure at all times after occurrence of the default in question);
  - (c) "Financing Agreement" means that certain Financing Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.
  - (d) "Future Advances" means debts and obligations of Borrower to Lender that arise under the Loan Agreement subsequent to the recording of this Mortgage, except Protective Advances or Contingent Obligations.
  - (e) "Loan Documents" means all documents, instruments and agreements that evidence, secure or otherwise relate to the Obligations, as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time, including, without limitation, the Financing Agreement, the Note, the Security Agreement, this Mortgage, and the other mortgages granted by Borrower in favor of Lender pursuant to the Financing Agreement.
  - (f) "Mortgage" means this Mortgage, Security Agreement and Financing Statement as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
  - (g) "Note" means one or more promissory notes executed by Borrower and delivered to Lender in the original principal amount in the aggregate not to exceed Thirty-Four Million Dollars (\$34,000,000), as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
  - (h) "Obligations" means (i) the indebtedness as defined in the Financing Agreement.
  - (i) "Premises" has the meaning set forth hereinabove, and any reference to the Premises herein shall be construed as a reference both to the entire Premises and to any portion or component thereof.

- (j) "Protective Advances" means (i) any advances made by Lender that are reasonably deemed to be necessary by Lender to protect its interest in the Premises, (ii) costs and expenses incurred by Lender or its agents to collect amounts due to Lender, and/or (iii) interest earned on any Obligation secured by this Mortgage.
- (k) "Security Agreement" means that certain Security Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.

2. Title. Borrower is lawfully seized of an indefeasible estate in fee simple of the Premises, free from any claims, encumbrances or restrictions, except as may specifically be set forth in Exhibit A hereto, and has good right and power to convey the same, and shall and will WARRANT and DEFEND the same to Lender forever, against the claims and demands of all persons, except as aforesaid.

3. Payment and Performance. Borrower shall promptly pay and perform the Obligations secured hereby when due at the times and in the manner specified in the Loan Agreement.

4. Taxes and Assessments. Borrower shall pay or cause to be paid when due, all taxes and assessments of every type or nature levied or assessed against the Premises and any claim, lien or encumbrance against the Premises that may be or become prior to the lien of this Mortgage.

5. Insurance. Borrower shall keep the Premises insured against loss or damage by fire and the perils against which the Extended Coverage Endorsement affords insurance. If available, Borrower shall also maintain insurance against flood damage if the Premises are in a flood hazard area. The policy or policies of such insurance shall be in such form and shall be in such amount as Lender may require, shall be issued by a company or companies qualified to do business in the State of Vermont and approved by Lender, shall name Lender as mortgagee with loss payable to Lender, and shall contain a provision to the effect that the policy will not be canceled without at least thirty (30) days' prior notice to the Lender. Whenever required by Lender, such policy or policies shall be delivered immediately to and held by Lender. Any and all amounts received by Lender under any of such policies may be applied by Lender to the Obligations in such manner as Lender may, in its sole discretion, elect, or, at the option of Lender, the entire amount so received, or any part thereof, may be released to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, for the purpose of repair or restoration of the Premises. Upon foreclosure of this Mortgage or other acquisition of the Premises, such policies shall become the absolute property of Lender.

6. Use of Realty. Borrower (a) will not commit or suffer waste thereof except reasonable wear from business uses and (b) will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Realty, its operations, or any activities conducted on or about the Realty, and will not suffer or permit any violation thereof.

7. Eminent Domain. Borrower will give Lender immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Premises, including, without limitation, severance and consequential damage and change in grade of streets, and will deliver to Lender copies of all papers served in connection therewith. Borrower

hereby appoints Lender as Borrower's attorney-in-fact, coupled with an interest, and authorizes, directs and empowers Lender, at its option and on behalf of Borrower, to adjust, compromise or settle the claim for any such award or payment, to collect, receive and retain the proceeds thereof, and to give proper receipts therefor. Lender shall have the right to intervene and participate in any eminent domain proceedings unless prohibited by a court having jurisdiction, in which event Borrower shall consult with Lender in all matters pertaining to the adjustment, compromise or settlement of such proceedings and shall not enter into any agreement with respect to such matters without the prior written consent of Lender. Borrower further agrees to execute and deliver, upon request, any other instruments deemed necessary by Lender so as to confirm the assignment and security interest herein granted and conveyed to Lender with respect to all awards and other compensation to be made for any taking of the Premises under eminent domain proceedings. There shall be no abatement or reduction in the amount payable by Borrower hereunder, under the Note or under the other Loan Documents in the event of the commencement of any eminent domain proceeding affecting the Premises, and Borrower shall continue to be obligated to pay all such amounts notwithstanding such commencement. After deducting its collection costs, disbursements, expenses and reasonable attorney's and paralegal's fees, Lender, at its option, may either (i) apply all or any portion of such awards as additional payment in reduction of the Obligations in such manner as Lender elects, or (ii) pay to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, all or any portion of the awards for the purpose of repair or restoration of the Premises.

8. Protective Advances. If Borrower fails to defend against or pay any claim, lien or encumbrance that is alleged to be prior to the lien of this Mortgage, or, when due, any tax or assessment or insurance premium, or to keep the Premises in repair, or shall commit or permit waste, or if there be commenced any action or proceeding affecting the Premises or title thereto, or if Borrower shall fail to maintain and keep the Premises in good repair or satisfy the other terms and conditions of this Mortgage, then Lender, at its option, may pay said claim, lien, encumbrance, tax, assessment or premium, or expend such funds as necessary to repair the Premises or prevent or cure any such waste or any other Event of Default of Borrower, with right of subrogation thereunder, may procure such abstracts or other evidence of title as it deems advisable to assess and/or challenge any action or proceeding affecting title to the Premises, and may appear in any action or proceeding affecting the Premises as Lender deems advisable, and for any of said purposes Lender may advance such sums of money as it deems necessary. Lender shall have no responsibility with respect to the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and premium, and of the amount necessary to be paid in satisfaction thereof. Borrower will pay to Lender, immediately and without demand, all sums of money advanced by Lender pursuant to this paragraph, together with interest on each such advance at the rate set forth in the Note, and all such sums and interest thereon shall be deemed Protective Advances, and shall be secured hereby.

9. Event of Default. In the event that any Event of Default shall occur, then, in each and every such case,

(a) Lender is authorized to foreclose this Mortgage by any legal or equitable method of foreclosure existing at the time of the execution of this Mortgage or thereafter, including:

(i) sale of the Premises or such portion thereof as may remain subject to this Mortgage in case of any prior partial release thereof, or any part or parts of the

same, either as a whole or in parts or parcels, together with any improvements that may be thereon, said power of sale to be exercised in compliance with (x) court orders after initiation of foreclosure proceedings and proper notice to any party to said proceedings pursuant to 12 V.S.A., §4531 et seq., as then in effect, or (y) pursuant to 12 V.S.A. §4531a or any other statutes of the State of Vermont then in effect relating to the foreclosure of mortgages by exercise of a power of sale; and Lender may convey the same by proper deed or deeds or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar Borrower and all persons claiming under it from all right and interest in the Property, whether at law or in equity. In the exercise of any power of sale hereunder, it is agreed that a part or parcel may consist wholly of real estate, wholly of tangible personal property or any combination of both. Unless otherwise required by statute or rule of court, any sale under the foregoing provisions shall be made only after notice is published once in each of three successive weeks in a newspaper or newspapers of general circulation in the municipalities where the part of the Property to be sold is located, the first publication to be not less than twenty-one (21) days before the day of sale and after a copy of such notice is served on or sent by registered mail to Borrower at least twenty-one (21) days before said sale, or after such other notice as may be required or permitted by law. Borrower or Lender or any holder of any Note or any interest therein may become the purchaser at any such sale. Borrower covenants that (i) Borrower, in case a sale shall be made under this Section, will, upon request, execute, acknowledge and deliver to the purchaser a deed or deeds of release or any other appropriate instrument confirming such sale and (ii) Lender is appointed and constituted the attorney irrevocable and authorized agent of Borrower to execute and deliver to said purchaser a full transfer of all policies of insurance on the Mortgaged Property at the time of such sale.

(ii) whether or not Lender exercises any of the foregoing remedies, enforce the provisions of this Mortgage by appropriate legal proceedings for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy, or judicial foreclosure, and may recover damages caused by any breach by Borrower of the provisions of this Mortgage, including court costs, reasonable attorneys fees including fees exceeding two percent of the of the total of principal, interests and costs due.

- (b) Lender is authorized at any time, without notice, in its sole discretion to revoke Borrower's license to receive or retain the rents, issues, profits, revenues, royalties, bonuses, rights and benefits derived from the Premises, whereupon Lender may, with or without taking possession of the Premises, collect and receive all such rents, issues, profits, revenues, royalties, bonuses, rights and benefits, including those past due as well as those accruing thereafter; and
- (c) Lender is authorized at any time, without notice, in its sole discretion to enter upon and take possession of the Premises, or any part thereof, and to perform any acts Lender deems necessary or proper to preserve its security, and to collect and receive all rents,

issues, profits, revenues, royalties, bonuses, rights and benefits thereof, including those past due as well as those accruing thereafter; and

- (d) Lender is entitled to have a receiver appointed by any court of competent jurisdiction to enter, take possession of and manage, use and operate the Premises, collect the rents, issues, profits, revenues, royalties, bonuses, rights and benefits therefrom and apply the same as the court may direct; and
- (e) Lender shall be entitled to be reimbursed by Borrower for any costs incurred by Lender enforcing this Mortgage including reasonable attorney's fees; and
- (f) Lender shall have such further rights and remedies as may be given to Lender in the other Loan Documents or as may be afforded by law or in equity.

In any such case, Lender or the receiver may also take possession of, and for these purposes use, any and all personal property, including any Personal Property Collateral, located in or at the Realty and used by Borrower in the rental or leasing thereof or any part thereof. The expense (including receiver's fees, legal fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby. Lender shall (after payment of all costs and expenses incurred) apply such rents, issues and profits received by it to the Obligations in such order as Lender determines. The right to enter and take possession of the Premises, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law or in equity, and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for rents, issues and profits actually received by Lender. In the event of foreclosure pursuant to the Statutory Power of Sale, any public sale may be conducted on or near the Realty.

10. Waiver and Modification of Mortgage; No Waiver of Foreclosure. Lender may exercise its rights against the Premises without resort or regard to any other collateral or sources of payment of the Obligations. Lender shall not be deemed to have waived any of its rights under this Mortgage or under any of the other Loan Documents, or otherwise, unless such waiver be in writing and signed by Lender. Lender's failure to require strict and complete performance of the terms, covenants and agreements contained in this Mortgage or under any of the other Loan Documents, or any delay or omission on the part of Lender in exercising any right, or any acceptance of partial or inadequate payment or performance, shall not waive, affect or diminish such right or Borrower's duty of compliance and performance with the terms, covenants and agreements of this Mortgage and of all of the other Loan Documents. A waiver on any one occasion shall not be construed as a bar to or waiver of the same or any other right on the same or any future occasion.

11. Remedies Not Exclusive. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under this Mortgage, the other Loan Documents, at law, in equity or by statute, and each and every such remedy shall be cumulative and in addition to every other remedy given hereunder, under the other Loan Documents, or now or hereafter existing at law, in equity or by statute.

12. Modification of Security. Without affecting the liability of Borrower or any other party (except any party expressly released in writing) for payment or performance of the

Obligations, and without affecting the rights of Lender with respect to any security not expressly released in writing, Borrower agrees that Lender may, at any time and from time to time, either before or after the maturity of the Obligations, and without notice or consent:

- (a) Exercise or refrain from exercising or waive any right Lender may have;
- (b) Accept additional security of any kind;
- (c) Release or otherwise deal with any property, real or personal, securing the Obligations, including all or any part of the Premises;
- (d) Release any party liable for payment or performance of all or any part of the Obligations; and
- (e) Lender may make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Obligations, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof.

13. Priority of Future Agreements. Any agreement hereafter made by Borrower and Lender pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

14. Right of Lender to Deal With Successors in Title. In the event that Borrower's estate becomes vested in a person or entity other than Borrower, with the prior written consent of Lender, Lender may, without notice to Borrower, deal with such person to extend or modify this Mortgage or to extend or modify the Obligations, or release part of the Premises, without releasing, or diminishing the liability or Obligations of Borrower.

15. Security Interest; Notice; Remedies. This Mortgage shall constitute a security agreement with respect to any and all of the Personal Property Collateral, and all additions, accessions, substitutions, and replacements thereto and therefor, and Borrower hereby grants to Lender, its successors and assigns, a security interest therein. Upon occurrence of an Event of Default, Lender may, in its discretion, require Borrower to assemble the Personal Property Collateral and make it available to Lender at a place reasonably convenient to both parties to be designated by Lender. Lender shall give Borrower notice by mail, postage prepaid, of the time and place of any public sale of any of the Personal Property Collateral or of the time any private sale or other intended disposition thereof is to be made by sending notice to Borrower at least ten (10) days before the time of the sale or other disposition, which provisions for notice Borrower and Lender agree are reasonable; provided, however, that nothing herein shall preclude Lender from proceeding as to both the Real Property Collateral and the Personal Property Collateral in accordance with Lender's rights and remedies in respect of the Real Property Collateral. Lender shall have all of the remedies of a secured party under the Uniform Commercial Code as now in effect in the State of Vermont and such further remedies as may from time to time hereafter be provided in Vermont for a secured party. Borrower agrees that all rights of Lender as to the Personal Property Collateral and as to the Real Property Collateral may be exercised together or separately and further agrees that in exercising its power of sale as to the Premises, Lender may sell the Personal Property Collateral, or any part thereof, either separately from or together with the Real Property Collateral, or any part thereof, all as Lender may in its discretion elect.

16. Grandfathered Uses. If at any time the then existing use or occupancy of the Realty shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, Borrower will not cause or permit such use or occupancy to be discontinued without the prior written consent of Lender.

17. Notices. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to or under this Mortgage (each, a "Notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) four (4) business days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after the date of delivery of such Notice to a nationwide, reputable commercial courier service specifying next day delivery:

(a) If to Lender:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Associate Administrator for Railroad Development

with a copy by the same means sent simultaneously to:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Chief Counsel

(b) If to Borrower:

Montreal, Maine & Atlantic Railway, Ltd.  
15 Iron Road  
Hermon, Maine 04401

with a copy by the same means sent simultaneously to:

Michael E. Cutler, Esq.  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2401

Any party may change the address to which any Notice is to be delivered to any other address within the United States of America by furnishing written Notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such Notice of change shall be effective unless and until received by such

other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no Notice of changed address was given, shall be deemed to be receipt of any such Notice. Any Notice to an entity shall be deemed to be given on the date specified in this paragraph, without regard to when such Notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a Notice is received by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such Notice. Notices may be given on behalf of any party by such party's attorneys.

18. Sale or Encumbrance of the Premises. Without Lender's prior written consent, neither the Borrower, nor any subsequent owner of the Premises shall convey, mortgage, sell, contract to sell or otherwise transfer or encumber the title, ownership, right of possession, or any other interest in the Premises, or in any part thereof, nor shall any interest in the Premises pass from Borrower or from any subsequent owner, whether voluntarily, involuntarily, by operation of law or otherwise; provided, however, that Borrower may grant easements, licenses, or other rights in, to, across, over and under portions of the Premises provided that any such rights shall not have a material adverse effect on the operation of Borrower's business as a railroad and provided further that Borrower may enter into leases without Lender's prior written consent if they are fully subordinated to the lien of this Mortgage, pursuant to terms and conditions satisfactory to Lender in its reasonable judgment. The term "title" as used herein shall mean the estate of Borrower subject to the lien of this Mortgage.

19. Variable Rate. Under the terms and provisions of the Note which this Mortgage secures and under the terms and provisions of any future or further advances secured hereby, the interest rate payable thereunder, and the amount of each principal payment, may be variable. THE PURPOSE OF THIS PARAGRAPH IS TO PROVIDE RECORD NOTICE OF THE RIGHT OF LENDER, ITS SUCCESSORS AND ASSIGNS, TO INCREASE OR DECREASE THE INTEREST RATE ON ANY OBLIGATION SECURED HEREBY, AND THE AMOUNT OF EACH PRINCIPAL PAYMENT, WHERE THE TERMS AND PROVISIONS OF SUCH OBLIGATION PROVIDE FOR A VARIABLE INTEREST RATE.

20. Environmental Matters. Borrower represents, covenants and agrees that the Premises and the present use thereof are now and will be throughout the term of this Mortgage in material compliance with all the land use laws, environmental laws and other applicable laws, ordinances, and regulations, together with any other covenants, conditions and restrictions that may affect the Premises.

21. JURY TRIAL WAIVER

IN RECOGNITION OF THE HIGHER COSTS AND DELAY THAT MAY RESULT FROM A JURY TRIAL, EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LENDER OR BORROWER OR EITHER OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR

**OTHERWISE; AND EACH OF LENDER AND BORROWER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT EITHER BORROWER OR LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF LENDER AND BORROWER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY BORROWER AND LENDER, AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. NEITHER OF BORROWER OR LENDER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.**

22. Consent to Jurisdiction. Borrower hereby irrevocably and unconditionally (a) submits to personal jurisdiction in the State of Vermont over any suit, action or proceeding arising out of or relating to this Mortgage, and (b) waives any and all personal rights under the laws of any state to object to jurisdiction within the State of Vermont or venue in any particular forum within the State of Vermont. Nothing contained herein, however, shall prevent Lender from bringing any suit, action or proceeding or exercising any rights against any security and against Borrower personally, and against any property of Borrower, within any other state. Initiating such suit, action or proceeding or taking such action in any state shall in no event constitute a waiver of the agreement contained herein that the laws of the State of Vermont shall govern the rights and obligations of the parties hereunder or of the submission herein made by Borrower to personal jurisdiction within the State of Vermont.

23. Commercial Purpose of Note and Mortgage. Borrower warrants and represents to Lender that the proceeds of the Note will be used solely for business or commercial purposes, and in no way will the proceeds be used for personal, family or household purposes, and Borrower agrees that this Mortgage is given primarily for a business, commercial or agricultural purpose.

24. Merger. This Mortgage, together with the other Loan Documents, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter.

25. Governing Law; Severability. This Mortgage and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by those laws of the State of Vermont that are applicable to agreements that are negotiated, executed, delivered and performed solely in the State of Vermont. If any term or provision of this Mortgage or the application thereof to any party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Mortgage, or the application of such term or provision to parties or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Mortgage shall be valid and enforceable to the maximum extent permitted by law.

26. Further Assurances. Borrower will, at its expense, upon the request of Lender, promptly and duly execute and deliver such documents and assurances and take such actions as may be necessary or desirable in Lender's sole discretion in order to correct any defect, error or omission that may at any time be discovered in this Mortgage or the documents related hereto, or to carry out more effectively the intent and purpose of this Mortgage, or to establish, perfect and protect Lender's lien, security interest, rights and remedies created or intended to be created hereunder. Without limiting the generality of the foregoing, Borrower authorizes Lender to file, or Borrower will itself file, in all offices and jurisdictions requested by Lender, at Borrower's expense, financing and continuation statements pursuant to the Uniform Commercial Code that describe the Personal Property Collateral and any other property of Borrower in which Lender holds a collateral security interest, or other notices appropriate under applicable federal or state law in form satisfactory to Lender.

27. Captions. The use of paragraph headings in this Mortgage is for purposes of convenience only, and no caption or heading shall affect in any way the interpretation, meaning or construction of this Mortgage.

28. Successors and Assigns. The covenants herein contained shall bind, and the benefits and advantages shall inure to, except as herein specifically limited, the respective successors and assigns of Borrower and Lender. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender or the neuter shall be applicable to all genders and the neuter.

INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, Borrower has caused this instrument to be executed by its President thereunto duly authorized as of this 24th day of March, 2005.

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.

By: *Richard J. Rushmore*  
Its: Vice President, Secretary and Treasurer  
Richard J. Rushmore

STATE OF MAINE  
COUNTY OF PENOBSCOT, ss.

March 24, 2005

At Hermon, Maine, THEN PERSONALLY APPEARED the above-named Richard J. Rushmore, Vice President, Secretary and Treasurer of Montreal, Maine & Atlantic Railway, Ltd., and acknowledged the foregoing instrument to be his free act and deed in his said capacity, and the free act and deed of Montreal, Maine & Atlantic Railway, Ltd.

Before me, *Norma J. Griffiths*  
Name:  
Title: Notary Public  
My Commission Expires: \_\_\_\_\_  
SEAL

23917002

Norma J. Griffiths  
Notary Public • Maine  
My commission expires May 13, 2007

Record for discharge on 04/07/2005 at 10:38 A.M. Page 52 of 75  
Book 149 Page 158A  
Attest: *[Signature]*  
TOWN CLERK

Newport City

**MORTGAGE DISCHARGE**

LaSalle Bank National Association hereby certifies that the Mortgage hereinafter described is paid in full and satisfied:

Montreal, Maine & Atlantic Railway, Ltd., mortgagor, to LaSalle Bank National Association, mortgagee, undated but acknowledged on December 27, 2002, and recorded on January 10, 2003 in Volume 149, Page 129- of the Land Records of the City of Newport.

DATED at Chicago, Illinois this 21<sup>st</sup> day of March, 2005.

LaSalle Bank National Association

By *[Signature]*

STATE OF ILLINOIS  
COUNTY OF COOK, SS.

ROBERT

*(ROB) W. HUNT* At Chicago in said County and State on this 21<sup>st</sup> day of March, 2005, personally appeared *(ROB) W. HUNT*, duly authorized agent of LaSalle Bank National Association, and he acknowledged this instrument by him signed and sealed to be his free act and deed and the free act and deed of LaSalle Bank National Association.

Before me *[Signature]*  
Notary Public  
Print Name: SHIRLEY J. MCGREAL  
Expiration Date: 05/20/09



23917\001\Legal\discharge-mortgage-newportcity

Vermont

**MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT**

KNOW ALL BY THESE PRESENTS, that MONTREAL, MAINE & ATLANTIC RAILWAY, LTD., a Delaware corporation (the "Borrower"), for consideration paid, does hereby GIVE, GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto the UNITED STATES OF AMERICA, represented by the SECRETARY OF TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD ADMINISTRATION (the "Lender"), its successors and assigns, with power of sale, to secure the payment and performance of the Obligations (defined below), the following described property, rights and interests (collectively, the "Real Property Collateral"):

- (a) the real estate described on Exhibit A attached hereto and incorporated herein by reference, together with all buildings and other improvements thereon, and all rights and interests appurtenant thereto (collectively, the "Realty"), and
- (b) all rents, issues, profits, revenues, royalties, bonuses, rights and benefits under any and all leases or tenancies now existing or hereafter created of the Realty, or any part thereof, and all payments received for the use or occupancy of rooms and other public facilities in hotels, motels, and other public lodging facilities at the Realty or any part thereof, with the right to receive and apply the same to the Obligations, and Lender may demand, sue for and recover such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, but shall not be required to do so; provided, however, that so long as no Event of Default has occurred hereunder, a revocable license to receive and retain such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, is reserved to Borrower, and
- (c) all judgments, awards of damages and settlements hereafter made as a result of any award that may become due to Borrower by reason of the taking by eminent domain of the whole or any part of the Realty or any rights appurtenant thereto, including any award for change of grade of streets.

As additional security for payment and performance of the Obligations, Borrower hereby assigns, transfers and grants to Lender a security interest in the following described personal property (collectively, and together with any portion of the Real Property Collateral to which Article 9-A of the Vermont Uniform Commercial Code is applicable, the "Personal Property Collateral"):

- (i) All personal property of Borrower situated on or affixed to the Realty, including without limitation all building materials, supplies and lumber to be incorporated in the Realty; and
- (ii) without abridging the restrictions contained in paragraph 6(a) hereof, all of Borrower's right, title and interest under any contracts or agreements relating in any way to the construction of any improvements on the Realty, including without limitation, all construction contracts and subcontracts, design contracts, and all other contracts and agreements between Borrower and any of Borrower's general contractors, subcontractors, architects, engineers, consultants, material providers or other parties providing any goods or services in connection with construction upon all or any portion of the Realty, together with all plans,

specifications, drawings, surveys, engineering and all other site reports, studies, and assessments related to the Realty, or to any portion thereof; and

- (iii) all notes, drafts, instruments, acceptances or other evidences of any rents, issues, profits, revenues, royalties, bonuses, rights, benefits, payments, sums of money and accounts receivable arising from the Realty or from any of the foregoing categories of property; and
- (iv) all cash and non-cash proceeds of all or any of the foregoing property, all replacements of, and additions and accessions to, said property, and all similar property now owned or hereafter acquired by Borrower.

There is excepted from the Personal Property Collateral any inventory and other personal property used, consumed or sold in the ordinary course of Borrower's business. If the lien of this Mortgage on any of the Personal Property Collateral is subject to a conditional sales agreement or security agreement, all the rights, title and interest of Borrower in and to any and all deposits made thereon or therefor are hereby assigned to Lender, together with the benefit of any payments now or hereafter made thereon, and are included in the Personal Property Collateral. Borrower agrees to execute and deliver to Lender specific separate assignments of any contracts, instruments, agreements, permits, licenses, orders, or approvals that are included in the Personal Property Collateral when requested by Lender, provided that nothing contained herein shall obligate Lender to perform any obligations of Borrower under any such contracts, instruments, agreements, permits, licenses, orders or approvals, all of which the Borrower hereby agrees to perform well and punctually. The inclusion of proceeds in the Personal Property Collateral does not constitute authorization by Lender to dispose of any Personal Property Collateral.

The Real Property Collateral and the Personal Property Collateral are hereinafter sometimes referred to collectively in this Mortgage as the "Premises."

This Mortgage shall also serve as a FINANCING STATEMENT with respect to any and all Personal Property Collateral of the Borrower (debtor) whether now owned or hereafter acquired, that is or may become affixed to the Realty. The names of the debtor and the secured party are the names of Borrower and Lender, respectively, as set forth in the preamble to this Mortgage. Information concerning this security interest in fixtures may be obtained from Lender (secured party) at its offices listed in the paragraph of this Mortgage pertaining to the giving of notices; the mailing address of the Borrower (debtor) is the address listed in the paragraph of this Mortgage pertaining to the giving of notices.

TO HAVE AND TO HOLD the aforegranted and bargained Premises, with all the privileges and rights appurtenant thereto, to Lender, its successors and assigns, to its and their use and behoof forever; PROVIDED, NEVERTHELESS, that if Borrower pays to Lender the sum of THIRTY-FOUR MILLION DOLLARS (\$34,000,000) or so much thereof as may be advanced, with interest and premium thereon and other charges, if applicable, in accordance with the terms and conditions of the Note and the Finance Agreement (each as defined below), and pays and performs all other Obligations of Borrower to Lender under the Note and the Finance Agreement, then this Mortgage, and also the Note, shall be void, but otherwise shall remain in full force.

Borrower covenants and agrees with Lender as follows:

1. **Definitions.** As used in this Mortgage, the following capitalized words shall have the following meanings:
- (a) **"Contingent Obligations"** means all obligations of Borrower to Lender that become fixed or certain at some time after the recording of this Mortgage.
  - (b) **"Event of Default"** means the occurrence of any or all of the following events: (i) an "Event of Default" as defined in the Loan Agreement; ; or (ii) any other failure by Borrower to comply with the terms, covenants or conditions contained in this Mortgage, other than a default under any of paragraphs 2 (Title), 16 (Grandfathered Uses), or 18 (Sale or Encumbrance of the Premises) of this Mortgage (as to which there shall be no grace or cure period), and such failure shall continue for thirty (30) days after written notice thereof to Borrower (or such longer period of time, not to exceed ninety (90) days, as shall be reasonably necessary to effect cure, provided that Borrower is diligently prosecuting cure at all times after occurrence of the default in question);
  - (c) **"Financing Agreement"** means that certain Financing Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.
  - (d) **"Future Advances"** means debts and obligations of Borrower to Lender that arise under the Loan Agreement subsequent to the recording of this Mortgage, except Protective Advances or Contingent Obligations.
  - (e) **"Loan Documents"** means all documents, instruments and agreements that evidence, secure or otherwise relate to the Obligations, as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time, including, without limitation, the Financing Agreement, the Note, the Security Agreement, this Mortgage, and the other mortgages granted by Borrower in favor of Lender pursuant to the Financing Agreement.
  - (f) **"Mortgage"** means this Mortgage, Security Agreement and Financing Statement as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
  - (g) **"Note"** means one or more promissory notes executed by Borrower and delivered to Lender in the original principal amount in the aggregate not to exceed Thirty-Four Million Dollars (\$34,000,000), as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
  - (h) **"Obligations"** means (i) the indebtedness as defined in the Financing Agreement.
  - (i) **"Premises"** has the meaning set forth hereinabove, and any reference to the Premises herein shall be construed as a reference both to the entire Premises and to any portion or component thereof.

- (j) "Protective Advances" means (i) any advances made by Lender that are reasonably deemed to be necessary by Lender to protect its interest in the Premises, (ii) costs and expenses incurred by Lender or its agents to collect amounts due to Lender, and/or (iii) interest earned on any Obligation secured by this Mortgage.
- (k) "Security Agreement" means that certain Security Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.

2. Title. Borrower is lawfully seized of an indefeasible estate in fee simple of the Premises, free from any claims, encumbrances or restrictions, except as may specifically be set forth in Exhibit A hereto, and has good right and power to convey the same, and shall and will WARRANT and DEFEND the same to Lender forever, against the claims and demands of all persons, except as aforesaid.

3. Payment and Performance. Borrower shall promptly pay and perform the Obligations secured hereby when due at the times and in the manner specified in the Loan Agreement.

4. Taxes and Assessments. Borrower shall pay or cause to be paid when due, all taxes and assessments of every type or nature levied or assessed against the Premises and any claim, lien or encumbrance against the Premises that may be or become prior to the lien of this Mortgage.

5. Insurance. Borrower shall keep the Premises insured against loss or damage by fire and the perils against which the Extended Coverage Endorsement affords insurance. If available, Borrower shall also maintain insurance against flood damage if the Premises are in a flood hazard area. The policy or policies of such insurance shall be in such form and shall be in such amount as Lender may require, shall be issued by a company or companies qualified to do business in the State of Vermont and approved by Lender, shall name Lender as mortgagee with loss payable to Lender, and shall contain a provision to the effect that the policy will not be canceled without at least thirty (30) days' prior notice to the Lender. Whenever required by Lender, such policy or policies shall be delivered immediately to and held by Lender. Any and all amounts received by Lender under any of such policies may be applied by Lender to the Obligations in such manner as Lender may, in its sole discretion, elect, or, at the option of Lender, the entire amount so received, or any part thereof, may be released to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, for the purpose of repair or restoration of the Premises. Upon foreclosure of this Mortgage or other acquisition of the Premises, such policies shall become the absolute property of Lender.

6. Use of Realty. Borrower (a) will not commit or suffer waste thereof except reasonable wear from business uses and (b) will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Realty, its operations, or any activities conducted on or about the Realty, and will not suffer or permit any violation thereof.

7. Eminent Domain. Borrower will give Lender immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Premises, including, without limitation, severance and consequential damage and change in grade of streets, and will deliver to Lender copies of all papers served in connection therewith. Borrower

hereby appoints Lender as Borrower's attorney-in-fact, coupled with an interest, and authorizes, directs and empowers Lender, at its option and on behalf of Borrower, to adjust, compromise or settle the claim for any such award or payment, to collect, receive and retain the proceeds thereof, and to give proper receipts therefor. Lender shall have the right to intervene and participate in any eminent domain proceedings unless prohibited by a court having jurisdiction, in which event Borrower shall consult with Lender in all matters pertaining to the adjustment, compromise or settlement of such proceedings and shall not enter into any agreement with respect to such matters without the prior written consent of Lender. Borrower further agrees to execute and deliver, upon request, any other instruments deemed necessary by Lender so as to confirm the assignment and security interest herein granted and conveyed to Lender with respect to all awards and other compensation to be made for any taking of the Premises under eminent domain proceedings. There shall be no abatement or reduction in the amount payable by Borrower hereunder, under the Note or under the other Loan Documents in the event of the commencement of any eminent domain proceeding affecting the Premises, and Borrower shall continue to be obligated to pay all such amounts notwithstanding such commencement. After deducting its collection costs, disbursements, expenses and reasonable attorney's and paralegal's fees, Lender, at its option, may either (i) apply all or any portion of such awards as additional payment in reduction of the Obligations in such manner as Lender elects, or (ii) pay to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, all or any portion of the awards for the purpose of repair or restoration of the Premises.

8. Protective Advances. If Borrower fails to defend against or pay any claim, lien or encumbrance that is alleged to be prior to the lien of this Mortgage, or, when due, any tax or assessment or insurance premium, or to keep the Premises in repair, or shall commit or permit waste, or if there be commenced any action or proceeding affecting the Premises or title thereto, or if Borrower shall fail to maintain and keep the Premises in good repair or satisfy the other terms and conditions of this Mortgage, then Lender, at its option, may pay said claim, lien, encumbrance, tax, assessment or premium, or expend such funds as necessary to repair the Premises or prevent or cure any such waste or any other Event of Default of Borrower, with right of subrogation thereunder, may procure such abstracts or other evidence of title as it deems advisable to assess and/or challenge any action or proceeding affecting title to the Premises, and may appear in any action or proceeding affecting the Premises as Lender deems advisable, and for any of said purposes Lender may advance such sums of money as it deems necessary. Lender shall have no responsibility with respect to the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and premium, and of the amount necessary to be paid in satisfaction thereof. Borrower will pay to Lender, immediately and without demand, all sums of money advanced by Lender pursuant to this paragraph, together with interest on each such advance at the rate set forth in the Note, and all such sums and interest thereon shall be deemed Protective Advances, and shall be secured hereby.

9. Event of Default. In the event that any Event of Default shall occur, then, in each and every such case,

(a) Lender is authorized to foreclose this Mortgage by any legal or equitable method of foreclosure existing at the time of the execution of this Mortgage or thereafter, including:

(i) sale of the Premises or such portion thereof as may remain subject to this Mortgage in case of any prior partial release thereof, or any part or parts of the

same, either as a whole or in parts or parcels, together with any improvements that may be thereon, said power of sale to be exercised in compliance with (x) court orders after initiation of foreclosure proceedings and proper notice to any party to said proceedings pursuant to 12 V.S.A., §4531 et seq., as then in effect, or (y) pursuant to 12 V.S.A. §4531a or any other statutes of the State of Vermont then in effect relating to the foreclosure of mortgages by exercise of a power of sale; and Lender may convey the same by proper deed or deeds or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar Borrower and all persons claiming under it from all right and interest in the Property, whether at law or in equity. In the exercise of any power of sale hereunder, it is agreed that a part or parcel may consist wholly of real estate, wholly of tangible personal property or any combination of both. Unless otherwise required by statute or rule of court, any sale under the foregoing provisions shall be made only after notice is published once in each of three successive weeks in a newspaper or newspapers of general circulation in the municipalities where the part of the Property to be sold is located, the first publication to be not less than twenty-one (21) days before the day of sale and after a copy of such notice is served on or sent by registered mail to Borrower at least twenty-one (21) days before said sale, or after such other notice as may be required or permitted by law. Borrower or Lender or any holder of any Note or any interest therein may become the purchaser at any such sale. Borrower covenants that (i) Borrower, in case a sale shall be made under this Section, will, upon request, execute, acknowledge and deliver to the purchaser a deed or deeds of release or any other appropriate instrument confirming such sale and (ii) Lender is appointed and constituted the attorney irrevocable and authorized agent of Borrower to execute and deliver to said purchaser a full transfer of all policies of insurance on the Mortgaged Property at the time of such sale.

(ii) whether or not Lender exercises any of the foregoing remedies, enforce the provisions of this Mortgage by appropriate legal proceedings for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy, or judicial foreclosure, and may recover damages caused by any breach by Borrower of the provisions of this Mortgage, including court costs, reasonable attorneys fees including fees exceeding two percent of the of the total of principal, interests and costs due.

- (b) Lender is authorized at any time, without notice, in its sole discretion to revoke Borrower's license to receive or retain the rents, issues, profits, revenues, royalties, bonuses, rights and benefits derived from the Premises, whereupon Lender may, with or without taking possession of the Premises, collect and receive all such rents, issues, profits, revenues, royalties, bonuses, rights and benefits, including those past due as well as those accruing thereafter; and
- (c) Lender is authorized at any time, without notice, in its sole discretion to enter upon and take possession of the Premises, or any part thereof, and to perform any acts Lender deems necessary or proper to preserve its security, and to collect and receive all rents,

issues, profits, revenues, royalties, bonuses, rights and benefits thereof, including those past due as well as those accruing thereafter; and

- (d) Lender is entitled to have a receiver appointed by any court of competent jurisdiction to enter, take possession of and manage, use and operate the Premises, collect the rents, issues, profits, revenues, royalties, bonuses, rights and benefits therefrom and apply the same as the court may direct; and
- (e) Lender shall be entitled to be reimbursed by Borrower for any costs incurred by Lender enforcing this Mortgage including reasonable attorney's fees; and
- (f) Lender shall have such further rights and remedies as may be given to Lender in the other Loan Documents or as may be afforded by law or in equity.

In any such case, Lender or the receiver may also take possession of, and for these purposes use, any and all personal property, including any Personal Property Collateral, located in or at the Realty and used by Borrower in the rental or leasing thereof or any part thereof. The expense (including receiver's fees, legal fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby. Lender shall (after payment of all costs and expenses incurred) apply such rents, issues and profits received by it to the Obligations in such order as Lender determines. The right to enter and take possession of the Premises, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law or in equity, and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for rents, issues and profits actually received by Lender. In the event of foreclosure pursuant to the Statutory Power of Sale, any public sale may be conducted on or near the Realty.

10. Waiver and Modification of Mortgage; No Waiver of Foreclosure. Lender may exercise its rights against the Premises without resort or regard to any other collateral or sources of payment of the Obligations. Lender shall not be deemed to have waived any of its rights under this Mortgage or under any of the other Loan Documents, or otherwise, unless such waiver be in writing and signed by Lender. Lender's failure to require strict and complete performance of the terms, covenants and agreements contained in this Mortgage or under any of the other Loan Documents, or any delay or omission on the part of Lender in exercising any right, or any acceptance of partial or inadequate payment or performance, shall not waive, affect or diminish such right or Borrower's duty of compliance and performance with the terms, covenants and agreements of this Mortgage and of all of the other Loan Documents. A waiver on any one occasion shall not be construed as a bar to or waiver of the same or any other right on the same or any future occasion.

11. Remedies Not Exclusive. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under this Mortgage, the other Loan Documents, at law, in equity or by statute, and each and every such remedy shall be cumulative and in addition to every other remedy given hereunder, under the other Loan Documents, or now or hereafter existing at law, in equity or by statute.

12. Modification of Security. Without affecting the liability of Borrower or any other party (except any party expressly released in writing) for payment or performance of the

Obligations, and without affecting the rights of Lender with respect to any security not expressly released in writing, Borrower agrees that Lender may, at any time and from time to time, either before or after the maturity of the Obligations, and without notice or consent:

- (a) Exercise or refrain from exercising or waive any right Lender may have;
- (b) Accept additional security of any kind;
- (c) Release or otherwise deal with any property, real or personal, securing the Obligations, including all or any part of the Premises;
- (d) Release any party liable for payment or performance of all or any part of the Obligations; and
- (e) Lender may make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Obligations, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof.

13. Priority of Future Agreements. Any agreement hereafter made by Borrower and Lender pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

14. Right of Lender to Deal With Successors in Title. In the event that Borrower's estate becomes vested in a person or entity other than Borrower, with the prior written consent of Lender, Lender may, without notice to Borrower, deal with such person to extend or modify this Mortgage or to extend or modify the Obligations, or release part of the Premises, without releasing, or diminishing the liability or Obligations of Borrower.

15. Security Interest; Notice; Remedies. This Mortgage shall constitute a security agreement with respect to any and all of the Personal Property Collateral, and all additions, accessions, substitutions, and replacements thereto and therefor, and Borrower hereby grants to Lender, its successors and assigns, a security interest therein. Upon occurrence of an Event of Default, Lender may, in its discretion, require Borrower to assemble the Personal Property Collateral and make it available to Lender at a place reasonably convenient to both parties to be designated by Lender. Lender shall give Borrower notice by mail, postage prepaid, of the time and place of any public sale of any of the Personal Property Collateral or of the time any private sale or other intended disposition thereof is to be made by sending notice to Borrower at least ten (10) days before the time of the sale or other disposition, which provisions for notice Borrower and Lender agree are reasonable; provided, however, that nothing herein shall preclude Lender from proceeding as to both the Real Property Collateral and the Personal Property Collateral in accordance with Lender's rights and remedies in respect of the Real Property Collateral. Lender shall have all of the remedies of a secured party under the Uniform Commercial Code as now in effect in the State of Vermont and such further remedies as may from time to time hereafter be provided in Vermont for a secured party. Borrower agrees that all rights of Lender as to the Personal Property Collateral and as to the Real Property Collateral may be exercised together or separately and further agrees that in exercising its power of sale as to the Premises, Lender may sell the Personal Property Collateral, or any part thereof, either separately from or together with the Real Property Collateral, or any part thereof, all as Lender may in its discretion elect.

16. Grandfathered Uses. If at any time the then existing use or occupancy of the Realty shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, Borrower will not cause or permit such use or occupancy to be discontinued without the prior written consent of Lender.

17. Notices. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to or under this Mortgage (each, a "Notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) four (4) business days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after the date of delivery of such Notice to a nationwide, reputable commercial courier service specifying next day delivery:

(a) If to Lender:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Associate Administrator for Railroad Development

with a copy by the same means sent simultaneously to:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Chief Counsel

(b) If to Borrower:

Montreal, Maine & Atlantic Railway, Ltd.  
15 Iron Road  
Hermon, Maine 04401

with a copy by the same means sent simultaneously to:

Michael E. Cutler, Esq.  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2401

Any party may change the address to which any Notice is to be delivered to any other address within the United States of America by furnishing written Notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such Notice of change shall be effective unless and until received by such

other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no Notice of changed address was given, shall be deemed to be receipt of any such Notice. Any Notice to an entity shall be deemed to be given on the date specified in this paragraph, without regard to when such Notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a Notice is received by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such Notice. Notices may be given on behalf of any party by such party's attorneys.

18. Sale or Encumbrance of the Premises. Without Lender's prior written consent, neither the Borrower, nor any subsequent owner of the Premises shall convey, mortgage, sell, contract to sell or otherwise transfer or encumber the title, ownership, right of possession, or any other interest in the Premises, or in any part thereof, nor shall any interest in the Premises pass from Borrower or from any subsequent owner, whether voluntarily, involuntarily, by operation of law or otherwise; provided, however, that Borrower may grant easements, licenses, or other rights in, to, across, over and under portions of the Premises provided that any such rights shall not have a material adverse effect on the operation of Borrower's business as a railroad and provided further that Borrower may enter into leases without Lender's prior written consent if they are fully subordinated to the lien of this Mortgage, pursuant to terms and conditions satisfactory to Lender in its reasonable judgment. The term "title" as used herein shall mean the estate of Borrower subject to the lien of this Mortgage.

19. Variable Rate. Under the terms and provisions of the Note which this Mortgage secures and under the terms and provisions of any future or further advances secured hereby, the interest rate payable thereunder, and the amount of each principal payment, may be variable. THE PURPOSE OF THIS PARAGRAPH IS TO PROVIDE RECORD NOTICE OF THE RIGHT OF LENDER, ITS SUCCESSORS AND ASSIGNS, TO INCREASE OR DECREASE THE INTEREST RATE ON ANY OBLIGATION SECURED HEREBY, AND THE AMOUNT OF EACH PRINCIPAL PAYMENT, WHERE THE TERMS AND PROVISIONS OF SUCH OBLIGATION PROVIDE FOR A VARIABLE INTEREST RATE.

20. Environmental Matters. Borrower represents, covenants and agrees that the Premises and the present use thereof are now and will be throughout the term of this Mortgage in material compliance with all the land use laws, environmental laws and other applicable laws, ordinances, and regulations, together with any other covenants, conditions and restrictions that may affect the Premises.

21. JURY TRIAL WAIVER

IN RECOGNITION OF THE HIGHER COSTS AND DELAY THAT MAY RESULT FROM A JURY TRIAL, EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LENDER OR BORROWER OR EITHER OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR

**OTHERWISE; AND EACH OF LENDER AND BORROWER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT EITHER BORROWER OR LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF LENDER AND BORROWER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY BORROWER AND LENDER, AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. NEITHER OF BORROWER OR LENDER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.**

22. Consent to Jurisdiction. Borrower hereby irrevocably and unconditionally (a) submits to personal jurisdiction in the State of Vermont over any suit, action or proceeding arising out of or relating to this Mortgage, and (b) waives any and all personal rights under the laws of any state to object to jurisdiction within the State of Vermont or venue in any particular forum within the State of Vermont. Nothing contained herein, however, shall prevent Lender from bringing any suit, action or proceeding or exercising any rights against any security and against Borrower personally, and against any property of Borrower, within any other state. Initiating such suit, action or proceeding or taking such action in any state shall in no event constitute a waiver of the agreement contained herein that the laws of the State of Vermont shall govern the rights and obligations of the parties hereunder or of the submission herein made by Borrower to personal jurisdiction within the State of Vermont.

23. Commercial Purpose of Note and Mortgage. Borrower warrants and represents to Lender that the proceeds of the Note will be used solely for business or commercial purposes, and in no way will the proceeds be used for personal, family or household purposes, and Borrower agrees that this Mortgage is given primarily for a business, commercial or agricultural purpose.

24. Merger. This Mortgage, together with the other Loan Documents, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter.

25. Governing Law; Severability. This Mortgage and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by those laws of the State of Vermont that are applicable to agreements that are negotiated, executed, delivered and performed solely in the State of Vermont. If any term or provision of this Mortgage or the application thereof to any party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Mortgage, or the application of such term or provision to parties or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Mortgage shall be valid and enforceable to the maximum extent permitted by law.

26. Further Assurances. Borrower will, at its expense, upon the request of Lender, promptly and duly execute and deliver such documents and assurances and take such actions as may be necessary or desirable in Lender's sole discretion in order to correct any defect, error or omission that may at any time be discovered in this Mortgage or the documents related hereto, or to carry out more effectively the intent and purpose of this Mortgage, or to establish, perfect and protect Lender's lien, security interest, rights and remedies created or intended to be created hereunder. Without limiting the generality of the foregoing, Borrower authorizes Lender to file, or Borrower will itself file, in all offices and jurisdictions requested by Lender, at Borrower's expense, financing and continuation statements pursuant to the Uniform Commercial Code that describe the Personal Property Collateral and any other property of Borrower in which Lender holds a collateral security interest, or other notices appropriate under applicable federal or state law in form satisfactory to Lender.

27. Captions. The use of paragraph headings in this Mortgage is for purposes of convenience only, and no caption or heading shall affect in any way the interpretation, meaning or construction of this Mortgage.

28. Successors and Assigns. The covenants herein contained shall bind, and the benefits and advantages shall inure to, except as herein specifically limited, the respective successors and assigns of Borrower and Lender. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender or the neuter shall be applicable to all genders and the neuter.

INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, Borrower has caused this instrument to be executed by its President thereunto duly authorized as of this 24th day of March, 2005.

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.

By: [Signature]  
Its: Vice President, Secretary and Treasurer  
Richard J. Rushmore

STATE OF MAINE  
COUNTY OF PENOBSCOT, ss.

March 24, 2005

At Hermon, Maine, THEN PERSONALLY APPEARED the above-named Richard J. Rushmore, Vice President, Secretary and Treasurer of Montreal, Maine & Atlantic Railway, Ltd., and acknowledged the foregoing instrument to be his free act and deed in his said capacity, and the free act and deed of Montreal, Maine & Atlantic Railway, Ltd.

Before me, [Signature]  
Name: \_\_\_\_\_  
Title: Notary Public  
My Commission Expires: \_\_\_\_\_  
SEAL

23917002

Norma J. Griffiths  
Notary Public - Maine  
My commission expires May 13, 2007

NEWPORT CENTER TOWN CLERK'S OFFICE  
Rec'd For Record March 24 20 05 A.d.  
At 11 O'clock 20 Minutes A M  
Recorded in Book 39A Page 461-473 Land Records  
Attest [Signature] Town Clerk

Newport Town

MORTGAGE DISCHARGE

LaSalle Bank National Association hereby certifies that the Mortgage hereinafter described is paid in full and satisfied:

Montreal, Maine & Atlantic Railway, Ltd., mortgagor, to LaSalle Bank National Association, mortgagee, undated but acknowledged on December 27, 2002, and recorded on January 13, 2003 in Volume 33A, Page 323- of the Land Records of the Town of Newport.

DATED at Chicago, Illinois this 24<sup>th</sup> day of March, 2005.

LaSalle Bank National Association

By *R.W. Hart*

STATE OF ILLINOIS  
COUNTY OF COOK, SS.

*ROBERT*

*(R.W. Hart)* At Chicago in said County and State on this 24<sup>th</sup> day of March, 2005, personally appeared *R.W. Hart*, duly authorized agent of LaSalle Bank National Association, and he acknowledged this instrument by him signed and sealed to be his free act and deed and the free act and deed of LaSalle Bank National Association.

Before me *Shirley J. McGreal*  
Notary Public  
Print Name: *SHIRLEY J. MCGREAL*  
Expiration Date: *05/20/09*



23917\001\Legal\discharge-mortgage-newporttown

LISMAN, WEBSTER, KIRKPATRICK & LECKERLING, P.C., ATTORNEYS AT LAW, P.O. BOX 728, BURLINGTON, VT 05402 (802) 864-5756

RECEIVED FOR DISCHARGE  
*April 7* A.D. 20 *05*  
AT *4* O'CLOCK *00* MINUTES *0* H  
AND RECORDED IN BOOK *10A* PAGES *12*  
ATTEST *[Signature]* TOWN CLERK

Vermont

**MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT**

KNOW ALL BY THESE PRESENTS, that MONTREAL, MAINE & ATLANTIC RAILWAY, LTD., a Delaware corporation (the "Borrower"), for consideration paid, does hereby GIVE, GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto the UNITED STATES OF AMERICA, represented by the SECRETARY OF TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD ADMINISTRATION (the "Lender"), its successors and assigns, with power of sale, to secure the payment and performance of the Obligations (defined below), the following described property, rights and interests (collectively, the "Real Property Collateral"):

- (a) the real estate described on Exhibit A attached hereto and incorporated herein by reference, together with all buildings and other improvements thereon, and all rights and interests appurtenant thereto (collectively, the "Realty"), and
- (b) all rents, issues, profits, revenues, royalties, bonuses, rights and benefits under any and all leases or tenancies now existing or hereafter created of the Realty, or any part thereof, and all payments received for the use or occupancy of rooms and other public facilities in hotels, motels, and other public lodging facilities at the Realty or any part thereof, with the right to receive and apply the same to the Obligations, and Lender may demand, sue for and recover such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, but shall not be required to do so; provided, however, that so long as no Event of Default has occurred hereunder, a revocable license to receive and retain such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, is reserved to Borrower, and
- (c) all judgments, awards of damages and settlements hereafter made as a result of any award that may become due to Borrower by reason of the taking by eminent domain of the whole or any part of the Realty or any rights appurtenant thereto, including any award for change of grade of streets.

As additional security for payment and performance of the Obligations, Borrower hereby assigns, transfers and grants to Lender a security interest in the following described personal property (collectively, and together with any portion of the Real Property Collateral to which Article 9-A of the Vermont Uniform Commercial Code is applicable, the "Personal Property Collateral"):

- (i) All personal property of Borrower situated on or affixed to the Realty, including without limitation all building materials, supplies and lumber to be incorporated in the Realty; and
- (ii) without abridging the restrictions contained in paragraph 6(a) hereof, all of Borrower's right, title and interest under any contracts or agreements relating in any way to the construction of any improvements on the Realty, including without limitation, all construction contracts and subcontracts, design contracts, and all other contracts and agreements between Borrower and any of Borrower's general contractors, subcontractors, architects, engineers, consultants, material providers or other parties providing any goods or services in connection with construction upon all or any portion of the Realty, together with all plans,

specifications, drawings, surveys, engineering and all other site reports, studies, and assessments related to the Realty, or to any portion thereof; and

- (iii) all notes, drafts, instruments, acceptances or other evidences of any rents, issues, profits, revenues, royalties, bonuses, rights, benefits, payments, sums of money and accounts receivable arising from the Realty or from any of the foregoing categories of property; and
- (iv) all cash and non-cash proceeds of all or any of the foregoing property, all replacements of, and additions and accessions to, said property, and all similar property now owned or hereafter acquired by Borrower.

There is excepted from the Personal Property Collateral any inventory and other personal property used, consumed or sold in the ordinary course of Borrower's business. If the lien of this Mortgage on any of the Personal Property Collateral is subject to a conditional sales agreement or security agreement, all the rights, title and interest of Borrower in and to any and all deposits made thereon or therefor are hereby assigned to Lender, together with the benefit of any payments now or hereafter made thereon, and are included in the Personal Property Collateral. Borrower agrees to execute and deliver to Lender specific separate assignments of any contracts, instruments, agreements, permits, licenses, orders, or approvals that are included in the Personal Property Collateral when requested by Lender, provided that nothing contained herein shall obligate Lender to perform any obligations of Borrower under any such contracts, instruments, agreements, permits, licenses, orders or approvals, all of which the Borrower hereby agrees to perform well and punctually. The inclusion of proceeds in the Personal Property Collateral does not constitute authorization by Lender to dispose of any Personal Property Collateral.

The Real Property Collateral and the Personal Property Collateral are hereinafter sometimes referred to collectively in this Mortgage as the "Premises."

This Mortgage shall also serve as a FINANCING STATEMENT with respect to any and all Personal Property Collateral of the Borrower (debtor) whether now owned or hereafter acquired, that is or may become affixed to the Realty. The names of the debtor and the secured party are the names of Borrower and Lender, respectively, as set forth in the preamble to this Mortgage. Information concerning this security interest in fixtures may be obtained from Lender (secured party) at its offices listed in the paragraph of this Mortgage pertaining to the giving of notices; the mailing address of the Borrower (debtor) is the address listed in the paragraph of this Mortgage pertaining to the giving of notices.

TO HAVE AND TO HOLD the aforegranted and bargained Premises, with all the privileges and rights appurtenant thereto, to Lender, its successors and assigns, to its and their use and behoof forever; PROVIDED, NEVERTHELESS, that if Borrower pays to Lender the sum of THIRTY-FOUR MILLION DOLLARS (\$34,000,000) or so much thereof as may be advanced, with interest and premium thereon and other charges, if applicable, in accordance with the terms and conditions of the Note and the Finance Agreement (each as defined below), and pays and performs all other Obligations of Borrower to Lender under the Note and the Finance Agreement, then this Mortgage, and also the Note, shall be void, but otherwise shall remain in full force.

Borrower covenants and agrees with Lender as follows:

1. **Definitions.** As used in this Mortgage, the following capitalized words shall have the following meanings:

- (a) "Contingent Obligations" means all obligations of Borrower to Lender that become fixed or certain at some time after the recording of this Mortgage.
- (b) "Event of Default" means the occurrence of any or all of the following events: (i) an "Event of Default" as defined in the Loan Agreement; ; or (ii) any other failure by Borrower to comply with the terms, covenants or conditions contained in this Mortgage, other than a default under any of paragraphs 2 (Title), 16 (Grandfathered Uses), or 18 (Sale or Encumbrance of the Premises) of this Mortgage (as to which there shall be no grace or cure period), and such failure shall continue for thirty (30) days after written notice thereof to Borrower (or such longer period of time, not to exceed ninety (90) days, as shall be reasonably necessary to effect cure, provided that Borrower is diligently prosecuting cure at all times after occurrence of the default in question);
- (c) "Financing Agreement" means that certain Financing Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.
- (d) "Future Advances" means debts and obligations of Borrower to Lender that arise under the Loan Agreement subsequent to the recording of this Mortgage, except Protective Advances or Contingent Obligations.
- (e) "Loan Documents" means all documents, instruments and agreements that evidence, secure or otherwise relate to the Obligations, as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time, including, without limitation, the Financing Agreement, the Note, the Security Agreement, this Mortgage, and the other mortgages granted by Borrower in favor of Lender pursuant to the Financing Agreement.
- (f) "Mortgage" means this Mortgage, Security Agreement and Financing Statement as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
- (g) "Note" means one or more promissory notes executed by Borrower and delivered to Lender in the original principal amount in the aggregate not to exceed Thirty-Four Million Dollars (\$34,000,000), as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
- (h) "Obligations" means (i) the indebtedness as defined in the Financing Agreement.
- (i) "Premises" has the meaning set forth hereinabove, and any reference to the Premises herein shall be construed as a reference both to the entire Premises and to any portion or component thereof.

(j) "Protective Advances" means (i) any advances made by Lender that are reasonably deemed to be necessary by Lender to protect its interest in the Premises, (ii) costs and expenses incurred by Lender or its agents to collect amounts due to Lender, and/or (iii) interest earned on any Obligation secured by this Mortgage.

(k) "Security Agreement" means that certain Security Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.

2. Title. Borrower is lawfully seized of an indefeasible estate in fee simple of the Premises, free from any claims, encumbrances or restrictions, except as may specifically be set forth in Exhibit A hereto, and has good right and power to convey the same, and shall and will WARRANT and DEFEND the same to Lender forever, against the claims and demands of all persons, except as aforesaid.

3. Payment and Performance. Borrower shall promptly pay and perform the Obligations secured hereby when due at the times and in the manner specified in the Loan Agreement.

4. Taxes and Assessments. Borrower shall pay or cause to be paid when due, all taxes and assessments of every type or nature levied or assessed against the Premises and any claim, lien or encumbrance against the Premises that may be or become prior to the lien of this Mortgage.

5. Insurance. Borrower shall keep the Premises insured against loss or damage by fire and the perils against which the Extended Coverage Endorsement affords insurance. If available, Borrower shall also maintain insurance against flood damage if the Premises are in a flood hazard area. The policy or policies of such insurance shall be in such form and shall be in such amount as Lender may require, shall be issued by a company or companies qualified to do business in the State of Vermont and approved by Lender, shall name Lender as mortgagee with loss payable to Lender, and shall contain a provision to the effect that the policy will not be canceled without at least thirty (30) days' prior notice to the Lender. Whenever required by Lender, such policy or policies shall be delivered immediately to and held by Lender. Any and all amounts received by Lender under any of such policies may be applied by Lender to the Obligations in such manner as Lender may, in its sole discretion, elect, or, at the option of Lender, the entire amount so received, or any part thereof, may be released to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, for the purpose of repair or restoration of the Premises. Upon foreclosure of this Mortgage or other acquisition of the Premises, such policies shall become the absolute property of Lender.

6. Use of Realty. Borrower (a) will not commit or suffer waste thereof except reasonable wear from business uses and (b) will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Realty, its operations, or any activities conducted on or about the Realty, and will not suffer or permit any violation thereof.

7. Eminent Domain. Borrower will give Lender immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Premises, including, without limitation, severance and consequential damage and change in grade of streets, and will deliver to Lender copies of all papers served in connection therewith. Borrower

hereby appoints Lender as Borrower's attorney-in-fact, coupled with an interest, and authorizes, directs and empowers Lender, at its option and on behalf of Borrower, to adjust, compromise or settle the claim for any such award or payment, to collect, receive and retain the proceeds thereof, and to give proper receipts therefor. Lender shall have the right to intervene and participate in any eminent domain proceedings unless prohibited by a court having jurisdiction, in which event Borrower shall consult with Lender in all matters pertaining to the adjustment, compromise or settlement of such proceedings and shall not enter into any agreement with respect to such matters without the prior written consent of Lender. Borrower further agrees to execute and deliver, upon request, any other instruments deemed necessary by Lender so as to confirm the assignment and security interest herein granted and conveyed to Lender with respect to all awards and other compensation to be made for any taking of the Premises under eminent domain proceedings. There shall be no abatement or reduction in the amount payable by Borrower hereunder, under the Note or under the other Loan Documents in the event of the commencement of any eminent domain proceeding affecting the Premises, and Borrower shall continue to be obligated to pay all such amounts notwithstanding such commencement. After deducting its collection costs, disbursements, expenses and reasonable attorney's and paralegal's fees, Lender, at its option, may either (i) apply all or any portion of such awards as additional payment in reduction of the Obligations in such manner as Lender elects, or (ii) pay to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, all or any portion of the awards for the purpose of repair or restoration of the Premises.

8. Protective Advances. If Borrower fails to defend against or pay any claim, lien or encumbrance that is alleged to be prior to the lien of this Mortgage, or, when due, any tax or assessment or insurance premium, or to keep the Premises in repair, or shall commit or permit waste, or if there be commenced any action or proceeding affecting the Premises or title thereto, or if Borrower shall fail to maintain and keep the Premises in good repair or satisfy the other terms and conditions of this Mortgage, then Lender, at its option, may pay said claim, lien, encumbrance, tax, assessment or premium, or expend such funds as necessary to repair the Premises or prevent or cure any such waste or any other Event of Default of Borrower, with right of subrogation thereunder, may procure such abstracts or other evidence of title as it deems advisable to assess and/or challenge any action or proceeding affecting title to the Premises, and may appear in any action or proceeding affecting the Premises as Lender deems advisable, and for any of said purposes Lender may advance such sums of money as it deems necessary. Lender shall have no responsibility with respect to the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and premium, and of the amount necessary to be paid in satisfaction thereof. Borrower will pay to Lender, immediately and without demand, all sums of money advanced by Lender pursuant to this paragraph, together with interest on each such advance at the rate set forth in the Note, and all such sums and interest thereon shall be deemed Protective Advances, and shall be secured hereby.

9. Event of Default. In the event that any Event of Default shall occur, then, in each and every such case,

(a) Lender is authorized to foreclose this Mortgage by any legal or equitable method of foreclosure existing at the time of the execution of this Mortgage or thereafter, including:

(i) sale of the Premises or such portion thereof as may remain subject to this Mortgage in case of any prior partial release thereof, or any part or parts of the

same, either as a whole or in parts or parcels, together with any improvements that may be thereon, said power of sale to be exercised in compliance with (x) court orders after initiation of foreclosure proceedings and proper notice to any party to said proceedings pursuant to 12 V.S.A., §4531 et seq., as then in effect, or (y) pursuant to 12 V.S.A. §4531a or any other statutes of the State of Vermont then in effect relating to the foreclosure of mortgages by exercise of a power of sale; and Lender may convey the same by proper deed or deeds or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar Borrower and all persons claiming under it from all right and interest in the Property, whether at law or in equity. In the exercise of any power of sale hereunder, it is agreed that a part or parcel may consist wholly of real estate, wholly of tangible personal property or any combination of both. Unless otherwise required by statute or rule of court, any sale under the foregoing provisions shall be made only after notice is published once in each of three successive weeks in a newspaper or newspapers of general circulation in the municipalities where the part of the Property to be sold is located, the first publication to be not less than twenty-one (21) days before the day of sale and after a copy of such notice is served on or sent by registered mail to Borrower at least twenty-one (21) days before said sale, or after such other notice as may be required or permitted by law. Borrower or Lender or any holder of any Note or any interest therein may become the purchaser at any such sale. Borrower covenants that (i) Borrower, in case a sale shall be made under this Section, will, upon request, execute, acknowledge and deliver to the purchaser a deed or deeds of release or any other appropriate instrument confirming such sale and (ii) Lender is appointed and constituted the attorney irrevocable and authorized agent of Borrower to execute and deliver to said purchaser a full transfer of all policies of insurance on the Mortgaged Property at the time of such sale.

(ii) whether or not Lender exercises any of the foregoing remedies, enforce the provisions of this Mortgage by appropriate legal proceedings for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy, or judicial foreclosure, and may recover damages caused by any breach by Borrower of the provisions of this Mortgage, including court costs, reasonable attorneys fees including fees exceeding two percent of the of the total of principal, interests and costs due.

- (b) Lender is authorized at any time, without notice, in its sole discretion to revoke Borrower's license to receive or retain the rents, issues, profits, revenues, royalties, bonuses, rights and benefits derived from the Premises, whereupon Lender may, with or without taking possession of the Premises, collect and receive all such rents, issues, profits, revenues, royalties, bonuses, rights and benefits, including those past due as well as those accruing thereafter; and
- (c) Lender is authorized at any time, without notice, in its sole discretion to enter upon and take possession of the Premises, or any part thereof, and to perform any acts Lender deems necessary or proper to preserve its security, and to collect and receive all rents,

issues, profits, revenues, royalties, bonuses, rights and benefits thereof, including those past due as well as those accruing thereafter; and

- (d) Lender is entitled to have a receiver appointed by any court of competent jurisdiction to enter, take possession of and manage, use and operate the Premises, collect the rents, issues, profits, revenues, royalties, bonuses, rights and benefits therefrom and apply the same as the court may direct; and
- (e) Lender shall be entitled to be reimbursed by Borrower for any costs incurred by Lender enforcing this Mortgage including reasonable attorney's fees; and
- (f) Lender shall have such further rights and remedies as may be given to Lender in the other Loan Documents or as may be afforded by law or in equity.

In any such case, Lender or the receiver may also take possession of, and for these purposes use, any and all personal property, including any Personal Property Collateral, located in or at the Realty and used by Borrower in the rental or leasing thereof or any part thereof. The expense (including receiver's fees, legal fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby. Lender shall (after payment of all costs and expenses incurred) apply such rents, issues and profits received by it to the Obligations in such order as Lender determines. The right to enter and take possession of the Premises, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law or in equity, and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for rents, issues and profits actually received by Lender. In the event of foreclosure pursuant to the Statutory Power of Sale, any public sale may be conducted on or near the Realty.

10. Waiver and Modification of Mortgage; No Waiver of Foreclosure. Lender may exercise its rights against the Premises without resort or regard to any other collateral or sources of payment of the Obligations. Lender shall not be deemed to have waived any of its rights under this Mortgage or under any of the other Loan Documents, or otherwise, unless such waiver be in writing and signed by Lender. Lender's failure to require strict and complete performance of the terms, covenants and agreements contained in this Mortgage or under any of the other Loan Documents, or any delay or omission on the part of Lender in exercising any right, or any acceptance of partial or inadequate payment or performance, shall not waive, affect or diminish such right or Borrower's duty of compliance and performance with the terms, covenants and agreements of this Mortgage and of all of the other Loan Documents. A waiver on any one occasion shall not be construed as a bar to or waiver of the same or any other right on the same or any future occasion.

11. Remedies Not Exclusive. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under this Mortgage, the other Loan Documents, at law, in equity or by statute, and each and every such remedy shall be cumulative and in addition to every other remedy given hereunder, under the other Loan Documents, or now or hereafter existing at law, in equity or by statute.

12. Modification of Security. Without affecting the liability of Borrower or any other party (except any party expressly released in writing) for payment or performance of the

Obligations, and without affecting the rights of Lender with respect to any security not expressly released in writing, Borrower agrees that Lender may, at any time and from time to time, either before or after the maturity of the Obligations, and without notice or consent:

- (a) Exercise or refrain from exercising or waive any right Lender may have;
- (b) Accept additional security of any kind;
- (c) Release or otherwise deal with any property, real or personal, securing the Obligations, including all or any part of the Premises;
- (d) Release any party liable for payment or performance of all or any part of the Obligations; and
- (e) Lender may make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Obligations, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof.

13. Priority of Future Agreements. Any agreement hereafter made by Borrower and Lender pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

14. Right of Lender to Deal With Successors in Title. In the event that Borrower's estate becomes vested in a person or entity other than Borrower, with the prior written consent of Lender, Lender may, without notice to Borrower, deal with such person to extend or modify this Mortgage or to extend or modify the Obligations, or release part of the Premises, without releasing, or diminishing the liability or Obligations of Borrower.

15. Security Interest; Notice; Remedies. This Mortgage shall constitute a security agreement with respect to any and all of the Personal Property Collateral, and all additions, accessions, substitutions, and replacements thereto and therefor, and Borrower hereby grants to Lender, its successors and assigns, a security interest therein. Upon occurrence of an Event of Default, Lender may, in its discretion, require Borrower to assemble the Personal Property Collateral and make it available to Lender at a place reasonably convenient to both parties to be designated by Lender. Lender shall give Borrower notice by mail, postage prepaid, of the time and place of any public sale of any of the Personal Property Collateral or of the time any private sale or other intended disposition thereof is to be made by sending notice to Borrower at least ten (10) days before the time of the sale or other disposition, which provisions for notice Borrower and Lender agree are reasonable; provided, however, that nothing herein shall preclude Lender from proceeding as to both the Real Property Collateral and the Personal Property Collateral in accordance with Lender's rights and remedies in respect of the Real Property Collateral. Lender shall have all of the remedies of a secured party under the Uniform Commercial Code as now in effect in the State of Vermont and such further remedies as may from time to time hereafter be provided in Vermont for a secured party. Borrower agrees that all rights of Lender as to the Personal Property Collateral and as to the Real Property Collateral may be exercised together or separately and further agrees that in exercising its power of sale as to the Premises, Lender may sell the Personal Property Collateral, or any part thereof, either separately from or together with the Real Property Collateral, or any part thereof, all as Lender may in its discretion elect.

16. Grandfathered Uses. If at any time the then existing use or occupancy of the Realty shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, Borrower will not cause or permit such use or occupancy to be discontinued without the prior written consent of Lender.

17. Notices. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to or under this Mortgage (each, a "Notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) four (4) business days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after the date of delivery of such Notice to a nationwide, reputable commercial courier service specifying next day delivery:

(a) If to Lender:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Associate Administrator for Railroad Development

with a copy by the same means sent simultaneously to:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Chief Counsel

(b) If to Borrower:

Montreal, Maine & Atlantic Railway, Ltd.  
15 Iron Road  
Hermon, Maine 04401

with a copy by the same means sent simultaneously to:

Michael E. Cutler, Esq.  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2401

Any party may change the address to which any Notice is to be delivered to any other address within the United States of America by furnishing written Notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such Notice of change shall be effective unless and until received by such

other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no Notice of changed address was given, shall be deemed to be receipt of any such Notice. Any Notice to an entity shall be deemed to be given on the date specified in this paragraph, without regard to when such Notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a Notice is received by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such Notice. Notices may be given on behalf of any party by such party's attorneys.

18. Sale or Encumbrance of the Premises. Without Lender's prior written consent, neither the Borrower, nor any subsequent owner of the Premises shall convey, mortgage, sell, contract to sell or otherwise transfer or encumber the title, ownership, right of possession, or any other interest in the Premises, or in any part thereof, nor shall any interest in the Premises pass from Borrower or from any subsequent owner, whether voluntarily, involuntarily, by operation of law or otherwise; provided, however, that Borrower may grant easements, licenses, or other rights in, to, across, over and under portions of the Premises provided that any such rights shall not have a material adverse effect on the operation of Borrower's business as a railroad and provided further that Borrower may enter into leases without Lender's prior written consent if they are fully subordinated to the lien of this Mortgage, pursuant to terms and conditions satisfactory to Lender in its reasonable judgment. The term "title" as used herein shall mean the estate of Borrower subject to the lien of this Mortgage.

19. Variable Rate. Under the terms and provisions of the Note which this Mortgage secures and under the terms and provisions of any future or further advances secured hereby, the interest rate payable thereunder, and the amount of each principal payment, may be variable. THE PURPOSE OF THIS PARAGRAPH IS TO PROVIDE RECORD NOTICE OF THE RIGHT OF LENDER, ITS SUCCESSORS AND ASSIGNS, TO INCREASE OR DECREASE THE INTEREST RATE ON ANY OBLIGATION SECURED HEREBY, AND THE AMOUNT OF EACH PRINCIPAL PAYMENT, WHERE THE TERMS AND PROVISIONS OF SUCH OBLIGATION PROVIDE FOR A VARIABLE INTEREST RATE.

20. Environmental Matters. Borrower represents, covenants and agrees that the Premises and the present use thereof are now and will be throughout the term of this Mortgage in material compliance with all the land use laws, environmental laws and other applicable laws, ordinances, and regulations, together with any other covenants, conditions and restrictions that may affect the Premises.

21. JURY TRIAL WAIVER

IN RECOGNITION OF THE HIGHER COSTS AND DELAY THAT MAY RESULT FROM A JURY TRIAL, EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LENDER OR BORROWER OR EITHER OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR

**OTHERWISE; AND EACH OF LENDER AND BORROWER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT EITHER BORROWER OR LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF LENDER AND BORROWER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY BORROWER AND LENDER, AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. NEITHER OF BORROWER OR LENDER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.**

22. Consent to Jurisdiction. Borrower hereby irrevocably and unconditionally (a) submits to personal jurisdiction in the State of Vermont over any suit, action or proceeding arising out of or relating to this Mortgage, and (b) waives any and all personal rights under the laws of any state to object to jurisdiction within the State of Vermont or venue in any particular forum within the State of Vermont. Nothing contained herein, however, shall prevent Lender from bringing any suit, action or proceeding or exercising any rights against any security and against Borrower personally, and against any property of Borrower, within any other state. Initiating such suit, action or proceeding or taking such action in any state shall in no event constitute a waiver of the agreement contained herein that the laws of the State of Vermont shall govern the rights and obligations of the parties hereunder or of the submission herein made by Borrower to personal jurisdiction within the State of Vermont.

23. Commercial Purpose of Note and Mortgage. Borrower warrants and represents to Lender that the proceeds of the Note will be used solely for business or commercial purposes, and in no way will the proceeds be used for personal, family or household purposes, and Borrower agrees that this Mortgage is given primarily for a business, commercial or agricultural purpose.

24. Merger. This Mortgage, together with the other Loan Documents, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter.

25. Governing Law; Severability. This Mortgage and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by those laws of the State of Vermont that are applicable to agreements that are negotiated, executed, delivered and performed solely in the State of Vermont. If any term or provision of this Mortgage or the application thereof to any party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Mortgage, or the application of such term or provision to parties or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Mortgage shall be valid and enforceable to the maximum extent permitted by law.

26. Further Assurances. Borrower will, at its expense, upon the request of Lender, promptly and duly execute and deliver such documents and assurances and take such actions as may be necessary or desirable in Lender's sole discretion in order to correct any defect, error or omission that may at any time be discovered in this Mortgage or the documents related hereto, or to carry out more effectively the intent and purpose of this Mortgage, or to establish, perfect and protect Lender's lien, security interest, rights and remedies created or intended to be created hereunder. Without limiting the generality of the foregoing, Borrower authorizes Lender to file, or Borrower will itself file, in all offices and jurisdictions requested by Lender, at Borrower's expense, financing and continuation statements pursuant to the Uniform Commercial Code that describe the Personal Property Collateral and any other property of Borrower in which Lender holds a collateral security interest, or other notices appropriate under applicable federal or state law in form satisfactory to Lender.

27. Captions. The use of paragraph headings in this Mortgage is for purposes of convenience only, and no caption or heading shall affect in any way the interpretation, meaning or construction of this Mortgage.

28. Successors and Assigns. The covenants herein contained shall bind, and the benefits and advantages shall inure to, except as herein specifically limited, the respective successors and assigns of Borrower and Lender. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender or the neuter shall be applicable to all genders and the neuter.

INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, Borrower has caused this instrument to be executed by its President thereunto duly authorized as of this 24th day of March, 2005.

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.

By: [Signature]  
Its: Vice President, Secretary and Treasurer  
Richard J. Rushmore

STATE OF MAINE  
COUNTY OF PENOBSCOT, ss.

March 24, 2005

At Hermon, Maine, THEN PERSONALLY APPEARED the above-named Richard J. Rushmore, Vice President, Secretary and Treasurer of Montreal, Maine & Atlantic Railway, Ltd., and acknowledged the foregoing instrument to be his free act and deed in his said capacity, and the free act and deed of Montreal, Maine & Atlantic Railway, Ltd.

Before me, [Signature]  
Name: \_\_\_\_\_  
Title: Notary Public  
My Commission Expires: \_\_\_\_\_  
SEAL

23917002

Norma J. Griffiths  
Notary Public - Maine  
My commission expires May 13, 2007

**Richard Town Clerk's Office**  
Filed for record Mar 28 2005 AM  
at 11 of Book 55 page 43  
Recorded in Book 100 Page 540-552  
Attest: [Signature]

100652

Richford

MORTGAGE DISCHARGE

LaSalle Bank National Association hereby certifies that the Mortgage hereinafter described is paid in full and satisfied:

Montreal, Maine & Atlantic Railway, Ltd., mortgagor, to LaSalle Bank National Association, mortgagee, undated but acknowledged on December 27, 2002, and recorded on January 10, 2003 in Volume 089, Page 480- of the Land Records of the Town of Richford.

DATED at Chicago, Illinois this 24th day of March, 2005.

LaSalle Bank National Association

By [Signature]

STATE OF ILLINOIS  
COUNTY OF COOK, SS.

ROBERT

(Robert HART) At Chicago in said County and State on this 24th day of March, 2005, personally appeared Robert HART, duly authorized agent of LaSalle Bank National Association, and he acknowledged this instrument by him signed and sealed to be his free act and deed and the free act and deed of LaSalle Bank National Association.

Before me [Signature]  
Print Name: SHIRLEY J. MCGREAL  
Expiration Date: 05/20/09



23917001\Legal\discharge-mortgage-richford

LISMAN, WEBSTER, KIRKPATRICK & LECKERLING, P.C., ATTORNEYS AT LAW, P.O. BOX 728, BURLINGTON, VT 05402  
(802) 864-5756

Richford Town Clerk's Office  
Rec'd for record Apr 7 2005 A.D.  
at 9 o'clock 00 minutes A.M.  
Recorded in Book 100 Page 652  
Attest Joyce Fletcher Town Clerk

Vermont

**MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT**

KNOW ALL BY THESE PRESENTS, that MONTREAL, MAINE & ATLANTIC RAILWAY, LTD., a Delaware corporation (the "Borrower"), for consideration paid, does hereby GIVE, GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto the UNITED STATES OF AMERICA, represented by the SECRETARY OF TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD ADMINISTRATION (the "Lender"), its successors and assigns, with power of sale, to secure the payment and performance of the Obligations (defined below), the following described property, rights and interests (collectively, the "Real Property Collateral"):

- (a) the real estate described on Exhibit A attached hereto and incorporated herein by reference, together with all buildings and other improvements thereon, and all rights and interests appurtenant thereto (collectively, the "Realty"), and
- (b) all rents, issues, profits, revenues, royalties, bonuses, rights and benefits under any and all leases or tenancies now existing or hereafter created of the Realty, or any part thereof, and all payments received for the use or occupancy of rooms and other public facilities in hotels, motels, and other public lodging facilities at the Realty or any part thereof, with the right to receive and apply the same to the Obligations, and Lender may demand, sue for and recover such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, but shall not be required to do so; provided, however, that so long as no Event of Default has occurred hereunder, a revocable license to receive and retain such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, is reserved to Borrower, and
- (c) all judgments, awards of damages and settlements hereafter made as a result of any award that may become due to Borrower by reason of the taking by eminent domain of the whole or any part of the Realty or any rights appurtenant thereto, including any award for change of grade of streets.

As additional security for payment and performance of the Obligations, Borrower hereby assigns, transfers and grants to Lender a security interest in the following described personal property (collectively, and together with any portion of the Real Property Collateral to which Article 9-A of the Vermont Uniform Commercial Code is applicable, the "Personal Property Collateral"):

- (i) All personal property of Borrower situated on or affixed to the Realty, including without limitation all building materials, supplies and lumber to be incorporated in the Realty; and
- (ii) without abridging the restrictions contained in paragraph 6(a) hereof, all of Borrower's right, title and interest under any contracts or agreements relating in any way to the construction of any improvements on the Realty, including without limitation, all construction contracts and subcontracts, design contracts, and all other contracts and agreements between Borrower and any of Borrower's general contractors, subcontractors, architects, engineers, consultants, material providers or other parties providing any goods or services in connection with construction upon all or any portion of the Realty, together with all plans,

specifications, drawings, surveys, engineering and all other site reports, studies, and assessments related to the Realty, or to any portion thereof; and

- (iii) all notes, drafts, instruments, acceptances or other evidences of any rents, issues, profits, revenues, royalties, bonuses, rights, benefits, payments, sums of money and accounts receivable arising from the Realty or from any of the foregoing categories of property; and
- (iv) all cash and non-cash proceeds of all or any of the foregoing property, all replacements of, and additions and accessions to, said property, and all similar property now owned or hereafter acquired by Borrower.

There is excepted from the Personal Property Collateral any inventory and other personal property used, consumed or sold in the ordinary course of Borrower's business. If the lien of this Mortgage on any of the Personal Property Collateral is subject to a conditional sales agreement or security agreement, all the rights, title and interest of Borrower in and to any and all deposits made thereon or therefor are hereby assigned to Lender, together with the benefit of any payments now or hereafter made thereon, and are included in the Personal Property Collateral. Borrower agrees to execute and deliver to Lender specific separate assignments of any contracts, instruments, agreements, permits, licenses, orders, or approvals that are included in the Personal Property Collateral when requested by Lender, provided that nothing contained herein shall obligate Lender to perform any obligations of Borrower under any such contracts, instruments, agreements, permits, licenses, orders or approvals, all of which the Borrower hereby agrees to perform well and punctually. The inclusion of proceeds in the Personal Property Collateral does not constitute authorization by Lender to dispose of any Personal Property Collateral.

The Real Property Collateral and the Personal Property Collateral are hereinafter sometimes referred to collectively in this Mortgage as the "Premises."

This Mortgage shall also serve as a FINANCING STATEMENT with respect to any and all Personal Property Collateral of the Borrower (debtor) whether now owned or hereafter acquired, that is or may become affixed to the Realty. The names of the debtor and the secured party are the names of Borrower and Lender, respectively, as set forth in the preamble to this Mortgage. Information concerning this security interest in fixtures may be obtained from Lender (secured party) at its offices listed in the paragraph of this Mortgage pertaining to the giving of notices; the mailing address of the Borrower (debtor) is the address listed in the paragraph of this Mortgage pertaining to the giving of notices.

TO HAVE AND TO HOLD the aforegranted and bargained Premises, with all the privileges and rights appurtenant thereto, to Lender, its successors and assigns, to its and their use and behoof forever; PROVIDED, NEVERTHELESS, that if Borrower pays to Lender the sum of THIRTY-FOUR MILLION DOLLARS (\$34,000,000) or so much thereof as may be advanced, with interest and premium thereon and other charges, if applicable, in accordance with the terms and conditions of the Note and the Finance Agreement (each as defined below), and pays and performs all other Obligations of Borrower to Lender under the Note and the Finance Agreement, then this Mortgage, and also the Note, shall be void, but otherwise shall remain in full force.

Borrower covenants and agrees with Lender as follows:

1. **Definitions.** As used in this Mortgage, the following capitalized words shall have the following meanings:
- (a) **"Contingent Obligations"** means all obligations of Borrower to Lender that become fixed or certain at some time after the recording of this Mortgage.
  - (b) **"Event of Default"** means the occurrence of any or all of the following events: (i) an "Event of Default" as defined in the Loan Agreement; ; or (ii) any other failure by Borrower to comply with the terms, covenants or conditions contained in this Mortgage, other than a default under any of paragraphs 2 (Title), 16 (Grandfathered Uses), or 18 (Sale or Encumbrance of the Premises) of this Mortgage (as to which there shall be no grace or cure period), and such failure shall continue for thirty (30) days after written notice thereof to Borrower (or such longer period of time, not to exceed ninety (90) days, as shall be reasonably necessary to effect cure, provided that Borrower is diligently prosecuting cure at all times after occurrence of the default in question);
  - (c) **"Financing Agreement"** means that certain Financing Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.
  - (d) **"Future Advances"** means debts and obligations of Borrower to Lender that arise under the Loan Agreement subsequent to the recording of this Mortgage, except Protective Advances or Contingent Obligations.
  - (e) **"Loan Documents"** means all documents, instruments and agreements that evidence, secure or otherwise relate to the Obligations, as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time, including, without limitation, the Financing Agreement, the Note, the Security Agreement, this Mortgage, and the other mortgages granted by Borrower in favor of Lender pursuant to the Financing Agreement.
  - (f) **"Mortgage"** means this Mortgage, Security Agreement and Financing Statement as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
  - (g) **"Note"** means one or more promissory notes executed by Borrower and delivered to Lender in the original principal amount in the aggregate not to exceed Thirty-Four Million Dollars (\$34,000,000), as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
  - (h) **"Obligations"** means (i) the indebtedness as defined in the Financing Agreement.
  - (i) **"Premises"** has the meaning set forth hereinabove, and any reference to the Premises herein shall be construed as a reference both to the entire Premises and to any portion or component thereof.

- (j) "Protective Advances" means (i) any advances made by Lender that are reasonably deemed to be necessary by Lender to protect its interest in the Premises, (ii) costs and expenses incurred by Lender or its agents to collect amounts due to Lender, and/or (iii) interest earned on any Obligation secured by this Mortgage.
- (k) "Security Agreement" means that certain Security Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.

2. Title. Borrower is lawfully seized of an indefeasible estate in fee simple of the Premises, free from any claims, encumbrances or restrictions, except as may specifically be set forth in Exhibit A hereto, and has good right and power to convey the same, and shall and will WARRANT and DEFEND the same to Lender forever, against the claims and demands of all persons, except as aforesaid.

3. Payment and Performance. Borrower shall promptly pay and perform the Obligations secured hereby when due at the times and in the manner specified in the Loan Agreement.

4. Taxes and Assessments. Borrower shall pay or cause to be paid when due, all taxes and assessments of every type or nature levied or assessed against the Premises and any claim, lien or encumbrance against the Premises that may be or become prior to the lien of this Mortgage.

5. Insurance. Borrower shall keep the Premises insured against loss or damage by fire and the perils against which the Extended Coverage Endorsement affords insurance. If available, Borrower shall also maintain insurance against flood damage if the Premises are in a flood hazard area. The policy or policies of such insurance shall be in such form and shall be in such amount as Lender may require, shall be issued by a company or companies qualified to do business in the State of Vermont and approved by Lender, shall name Lender as mortgagee with loss payable to Lender, and shall contain a provision to the effect that the policy will not be canceled without at least thirty (30) days' prior notice to the Lender. Whenever required by Lender, such policy or policies shall be delivered immediately to and held by Lender. Any and all amounts received by Lender under any of such policies may be applied by Lender to the Obligations in such manner as Lender may, in its sole discretion, elect, or, at the option of Lender, the entire amount so received, or any part thereof, may be released to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, for the purpose of repair or restoration of the Premises. Upon foreclosure of this Mortgage or other acquisition of the Premises, such policies shall become the absolute property of Lender.

6. Use of Realty. Borrower (a) will not commit or suffer waste thereof except reasonable wear from business uses and (b) will comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Realty, its operations, or any activities conducted on or about the Realty, and will not suffer or permit any violation thereof.

7. Eminent Domain. Borrower will give Lender immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Premises, including, without limitation, severance and consequential damage and change in grade of streets, and will deliver to Lender copies of all papers served in connection therewith. Borrower

hereby appoints Lender as Borrower's attorney-in-fact, coupled with an interest, and authorizes, directs and empowers Lender, at its option and on behalf of Borrower, to adjust, compromise or settle the claim for any such award or payment, to collect, receive and retain the proceeds thereof, and to give proper receipts therefor. Lender shall have the right to intervene and participate in any eminent domain proceedings unless prohibited by a court having jurisdiction, in which event Borrower shall consult with Lender in all matters pertaining to the adjustment, compromise or settlement of such proceedings and shall not enter into any agreement with respect to such matters without the prior written consent of Lender. Borrower further agrees to execute and deliver, upon request, any other instruments deemed necessary by Lender so as to confirm the assignment and security interest herein granted and conveyed to Lender with respect to all awards and other compensation to be made for any taking of the Premises under eminent domain proceedings. There shall be no abatement or reduction in the amount payable by Borrower hereunder, under the Note or under the other Loan Documents in the event of the commencement of any eminent domain proceeding affecting the Premises, and Borrower shall continue to be obligated to pay all such amounts notwithstanding such commencement. After deducting its collection costs, disbursements, expenses and reasonable attorney's and paralegal's fees, Lender, at its option, may either (i) apply all or any portion of such awards as additional payment in reduction of the Obligations in such manner as Lender elects, or (ii) pay to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, all or any portion of the awards for the purpose of repair or restoration of the Premises.

8. Protective Advances. If Borrower fails to defend against or pay any claim, lien or encumbrance that is alleged to be prior to the lien of this Mortgage, or, when due, any tax or assessment or insurance premium, or to keep the Premises in repair, or shall commit or permit waste, or if there be commenced any action or proceeding affecting the Premises or title thereto, or if Borrower shall fail to maintain and keep the Premises in good repair or satisfy the other terms and conditions of this Mortgage, then Lender, at its option, may pay said claim, lien, encumbrance, tax, assessment or premium, or expend such funds as necessary to repair the Premises or prevent or cure any such waste or any other Event of Default of Borrower, with right of subrogation thereunder, may procure such abstracts or other evidence of title as it deems advisable to assess and/or challenge any action or proceeding affecting title to the Premises, and may appear in any action or proceeding affecting the Premises as Lender deems advisable, and for any of said purposes Lender may advance such sums of money as it deems necessary. Lender shall have no responsibility with respect to the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and premium, and of the amount necessary to be paid in satisfaction thereof. Borrower will pay to Lender, immediately and without demand, all sums of money advanced by Lender pursuant to this paragraph, together with interest on each such advance at the rate set forth in the Note, and all such sums and interest thereon shall be deemed Protective Advances, and shall be secured hereby.

9. Event of Default. In the event that any Event of Default shall occur, then, in each and every such case,

(a) Lender is authorized to foreclose this Mortgage by any legal or equitable method of foreclosure existing at the time of the execution of this Mortgage or thereafter, including:

(i) sale of the Premises or such portion thereof as may remain subject to this Mortgage in case of any prior partial release thereof, or any part or parts of the

same, either as a whole or in parts or parcels, together with any improvements that may be thereon, said power of sale to be exercised in compliance with (x) court orders after initiation of foreclosure proceedings and proper notice to any party to said proceedings pursuant to 12 V.S.A., §4531 et seq., as then in effect, or (y) pursuant to 12 V.S.A. §4531a or any other statutes of the State of Vermont then in effect relating to the foreclosure of mortgages by exercise of a power of sale; and Lender may convey the same by proper deed or deeds or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar Borrower and all persons claiming under it from all right and interest in the Property, whether at law or in equity. In the exercise of any power of sale hereunder, it is agreed that a part or parcel may consist wholly of real estate, wholly of tangible personal property or any combination of both. Unless otherwise required by statute or rule of court, any sale under the foregoing provisions shall be made only after notice is published once in each of three successive weeks in a newspaper or newspapers of general circulation in the municipalities where the part of the Property to be sold is located, the first publication to be not less than twenty-one (21) days before the day of sale and after a copy of such notice is served on or sent by registered mail to Borrower at least twenty-one (21) days before said sale, or after such other notice as may be required or permitted by law. Borrower or Lender or any holder of any Note or any interest therein may become the purchaser at any such sale. Borrower covenants that (i) Borrower, in case a sale shall be made under this Section, will, upon request, execute, acknowledge and deliver to the purchaser a deed or deeds of release or any other appropriate instrument confirming such sale and (ii) Lender is appointed and constituted the attorney irrevocable and authorized agent of Borrower to execute and deliver to said purchaser a full transfer of all policies of insurance on the Mortgaged Property at the time of such sale.

(ii) whether or not Lender exercises any of the foregoing remedies, enforce the provisions of this Mortgage by appropriate legal proceedings for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy, or judicial foreclosure, and may recover damages caused by any breach by Borrower of the provisions of this Mortgage, including court costs, reasonable attorneys fees including fees exceeding two percent of the of the total of principal, interests and costs due.

- (b) Lender is authorized at any time, without notice, in its sole discretion to revoke Borrower's license to receive or retain the rents, issues, profits, revenues, royalties, bonuses, rights and benefits derived from the Premises, whereupon Lender may, with or without taking possession of the Premises, collect and receive all such rents, issues, profits, revenues, royalties, bonuses, rights and benefits, including those past due as well as those accruing thereafter; and
- (c) Lender is authorized at any time, without notice, in its sole discretion to enter upon and take possession of the Premises, or any part thereof, and to perform any acts Lender deems necessary or proper to preserve its security, and to collect and receive all rents,

issues, profits, revenues, royalties, bonuses, rights and benefits thereof, including those past due as well as those accruing thereafter; and

- (d) Lender is entitled to have a receiver appointed by any court of competent jurisdiction to enter, take possession of and manage, use and operate the Premises, collect the rents, issues, profits, revenues, royalties, bonuses, rights and benefits therefrom and apply the same as the court may direct; and
- (e) Lender shall be entitled to be reimbursed by Borrower for any costs incurred by Lender enforcing this Mortgage including reasonable attorney's fees; and
- (f) Lender shall have such further rights and remedies as may be given to Lender in the other Loan Documents or as may be afforded by law or in equity.

In any such case, Lender or the receiver may also take possession of, and for these purposes use, any and all personal property, including any Personal Property Collateral, located in or at the Realty and used by Borrower in the rental or leasing thereof or any part thereof. The expense (including receiver's fees, legal fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby. Lender shall (after payment of all costs and expenses incurred) apply such rents, issues and profits received by it to the Obligations in such order as Lender determines. The right to enter and take possession of the Premises, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law or in equity, and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for rents, issues and profits actually received by Lender. In the event of foreclosure pursuant to the Statutory Power of Sale, any public sale may be conducted on or near the Realty.

10. Waiver and Modification of Mortgage; No Waiver of Foreclosure. Lender may exercise its rights against the Premises without resort or regard to any other collateral or sources of payment of the Obligations. Lender shall not be deemed to have waived any of its rights under this Mortgage or under any of the other Loan Documents, or otherwise, unless such waiver be in writing and signed by Lender. Lender's failure to require strict and complete performance of the terms, covenants and agreements contained in this Mortgage or under any of the other Loan Documents, or any delay or omission on the part of Lender in exercising any right, or any acceptance of partial or inadequate payment or performance, shall not waive, affect or diminish such right or Borrower's duty of compliance and performance with the terms, covenants and agreements of this Mortgage and of all of the other Loan Documents. A waiver on any one occasion shall not be construed as a bar to or waiver of the same or any other right on the same or any future occasion.

11. Remedies Not Exclusive. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under this Mortgage, the other Loan Documents, at law, in equity or by statute, and each and every such remedy shall be cumulative and in addition to every other remedy given hereunder, under the other Loan Documents, or now or hereafter existing at law, in equity or by statute.

12. Modification of Security. Without affecting the liability of Borrower or any other party (except any party expressly released in writing) for payment or performance of the

Obligations, and without affecting the rights of Lender with respect to any security not expressly released in writing, Borrower agrees that Lender may, at any time and from time to time, either before or after the maturity of the Obligations, and without notice or consent:

- (a) Exercise or refrain from exercising or waive any right Lender may have;
- (b) Accept additional security of any kind;
- (c) Release or otherwise deal with any property, real or personal, securing the Obligations, including all or any part of the Premises;
- (d) Release any party liable for payment or performance of all or any part of the Obligations; and
- (e) Lender may make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Obligations, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof.

13. Priority of Future Agreements. Any agreement hereafter made by Borrower and Lender pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

14. Right of Lender to Deal With Successors in Title. In the event that Borrower's estate becomes vested in a person or entity other than Borrower, with the prior written consent of Lender, Lender may, without notice to Borrower, deal with such person to extend or modify this Mortgage or to extend or modify the Obligations, or release part of the Premises, without releasing, or diminishing the liability or Obligations of Borrower.

15. Security Interest; Notice; Remedies. This Mortgage shall constitute a security agreement with respect to any and all of the Personal Property Collateral, and all additions, accessions, substitutions, and replacements thereto and therefor, and Borrower hereby grants to Lender, its successors and assigns, a security interest therein. Upon occurrence of an Event of Default, Lender may, in its discretion, require Borrower to assemble the Personal Property Collateral and make it available to Lender at a place reasonably convenient to both parties to be designated by Lender. Lender shall give Borrower notice by mail, postage prepaid, of the time and place of any public sale of any of the Personal Property Collateral or of the time any private sale or other intended disposition thereof is to be made by sending notice to Borrower at least ten (10) days before the time of the sale or other disposition, which provisions for notice Borrower and Lender agree are reasonable; provided, however, that nothing herein shall preclude Lender from proceeding as to both the Real Property Collateral and the Personal Property Collateral in accordance with Lender's rights and remedies in respect of the Real Property Collateral. Lender shall have all of the remedies of a secured party under the Uniform Commercial Code as now in effect in the State of Vermont and such further remedies as may from time to time hereafter be provided in Vermont for a secured party. Borrower agrees that all rights of Lender as to the Personal Property Collateral and as to the Real Property Collateral may be exercised together or separately and further agrees that in exercising its power of sale as to the Premises, Lender may sell the Personal Property Collateral, or any part thereof, either separately from or together with the Real Property Collateral, or any part thereof, all as Lender may in its discretion elect.

16. Grandfathered Uses. If at any time the then existing use or occupancy of the Realty shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, Borrower will not cause or permit such use or occupancy to be discontinued without the prior written consent of Lender.

17. Notices. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to or under this Mortgage (each, a "Notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) four (4) business days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after the date of delivery of such Notice to a nationwide, reputable commercial courier service specifying next day delivery:

(a) If to Lender:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Associate Administrator for Railroad Development

with a copy by the same means sent simultaneously to:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Chief Counsel

(b) If to Borrower:

Montreal, Maine & Atlantic Railway, Ltd.  
15 Iron Road  
Hermon, Maine 04401

with a copy by the same means sent simultaneously to:

Michael E. Cutler, Esq.  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2401

Any party may change the address to which any Notice is to be delivered to any other address within the United States of America by furnishing written Notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such Notice of change shall be effective unless and until received by such

other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no Notice of changed address was given, shall be deemed to be receipt of any such Notice. Any Notice to an entity shall be deemed to be given on the date specified in this paragraph, without regard to when such Notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a Notice is received by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such Notice. Notices may be given on behalf of any party by such party's attorneys.

18. Sale or Encumbrance of the Premises. Without Lender's prior written consent, neither the Borrower, nor any subsequent owner of the Premises shall convey, mortgage, sell, contract to sell or otherwise transfer or encumber the title, ownership, right of possession, or any other interest in the Premises, or in any part thereof, nor shall any interest in the Premises pass from Borrower or from any subsequent owner, whether voluntarily, involuntarily, by operation of law or otherwise; provided, however, that Borrower may grant easements, licenses, or other rights in, to, across, over and under portions of the Premises provided that any such rights shall not have a material adverse effect on the operation of Borrower's business as a railroad and provided further that Borrower may enter into leases without Lender's prior written consent if they are fully subordinated to the lien of this Mortgage, pursuant to terms and conditions satisfactory to Lender in its reasonable judgment. The term "title" as used herein shall mean the estate of Borrower subject to the lien of this Mortgage.

19. Variable Rate. Under the terms and provisions of the Note which this Mortgage secures and under the terms and provisions of any future or further advances secured hereby, the interest rate payable thereunder, and the amount of each principal payment, may be variable. THE PURPOSE OF THIS PARAGRAPH IS TO PROVIDE RECORD NOTICE OF THE RIGHT OF LENDER, ITS SUCCESSORS AND ASSIGNS, TO INCREASE OR DECREASE THE INTEREST RATE ON ANY OBLIGATION SECURED HEREBY, AND THE AMOUNT OF EACH PRINCIPAL PAYMENT, WHERE THE TERMS AND PROVISIONS OF SUCH OBLIGATION PROVIDE FOR A VARIABLE INTEREST RATE.

20. Environmental Matters. Borrower represents, covenants and agrees that the Premises and the present use thereof are now and will be throughout the term of this Mortgage in material compliance with all the land use laws, environmental laws and other applicable laws, ordinances, and regulations, together with any other covenants, conditions and restrictions that may affect the Premises.

21. JURY TRIAL WAIVER

IN RECOGNITION OF THE HIGHER COSTS AND DELAY THAT MAY RESULT FROM A JURY TRIAL, EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LENDER OR BORROWER OR EITHER OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR

**OTHERWISE; AND EACH OF LENDER AND BORROWER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT EITHER BORROWER OR LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF LENDER AND BORROWER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY BORROWER AND LENDER, AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. NEITHER OF BORROWER OR LENDER HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.**

22. Consent to Jurisdiction. Borrower hereby irrevocably and unconditionally (a) submits to personal jurisdiction in the State of Vermont over any suit, action or proceeding arising out of or relating to this Mortgage, and (b) waives any and all personal rights under the laws of any state to object to jurisdiction within the State of Vermont or venue in any particular forum within the State of Vermont. Nothing contained herein, however, shall prevent Lender from bringing any suit, action or proceeding or exercising any rights against any security and against Borrower personally, and against any property of Borrower, within any other state. Initiating such suit, action or proceeding or taking such action in any state shall in no event constitute a waiver of the agreement contained herein that the laws of the State of Vermont shall govern the rights and obligations of the parties hereunder or of the submission herein made by Borrower to personal jurisdiction within the State of Vermont.

23. Commercial Purpose of Note and Mortgage. Borrower warrants and represents to Lender that the proceeds of the Note will be used solely for business or commercial purposes, and in no way will the proceeds be used for personal, family or household purposes, and Borrower agrees that this Mortgage is given primarily for a business, commercial or agricultural purpose.

24. Merger. This Mortgage, together with the other Loan Documents, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter.

25. Governing Law; Severability. This Mortgage and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by those laws of the State of Vermont that are applicable to agreements that are negotiated, executed, delivered and performed solely in the State of Vermont. If any term or provision of this Mortgage or the application thereof to any party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Mortgage, or the application of such term or provision to parties or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Mortgage shall be valid and enforceable to the maximum extent permitted by law.

26. Further Assurances. Borrower will, at its expense, upon the request of Lender, promptly and duly execute and deliver such documents and assurances and take such actions as may be necessary or desirable in Lender's sole discretion in order to correct any defect, error or omission that may at any time be discovered in this Mortgage or the documents related hereto, or to carry out more effectively the intent and purpose of this Mortgage, or to establish, perfect and protect Lender's lien, security interest, rights and remedies created or intended to be created hereunder. Without limiting the generality of the foregoing, Borrower authorizes Lender to file, or Borrower will itself file, in all offices and jurisdictions requested by Lender, at Borrower's expense, financing and continuation statements pursuant to the Uniform Commercial Code that describe the Personal Property Collateral and any other property of Borrower in which Lender holds a collateral security interest, or other notices appropriate under applicable federal or state law in form satisfactory to Lender.

27. Captions. The use of paragraph headings in this Mortgage is for purposes of convenience only, and no caption or heading shall affect in any way the interpretation, meaning or construction of this Mortgage.

28. Successors and Assigns. The covenants herein contained shall bind, and the benefits and advantages shall inure to, except as herein specifically limited, the respective successors and assigns of Borrower and Lender. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender or the neuter shall be applicable to all genders and the neuter.

INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, Borrower has caused this instrument to be executed by its President thereunto duly authorized as of this 24th day of March, 2005.

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.

By: [Signature]  
Its: Vice President, Secretary and Treasurer  
Richard J. Rushmore

STATE OF MAINE  
COUNTY OF PENOBSCOT, ss.

March 24, 2005

At Hermon, Maine, THEN PERSONALLY APPEARED the above-named Richard J. Rushmore, Vice President, Secretary and Treasurer of Montreal, Maine & Atlantic Railway, Ltd., and acknowledged the foregoing instrument to be his free act and deed in his said capacity, and the free act and deed of Montreal, Maine & Atlantic Railway, Ltd.

Before me,

[Signature]  
Name: \_\_\_\_\_  
Title: Notary Public  
My Commission Expires: \_\_\_\_\_  
SEAL

23917002

Norma J. Griffiths  
Notary Public • Maine  
My commission expires May 13, 2007

Troy, Vt. Town Clerk's Office

Rec'd for Record 3-28-05  
at 11:30 o'clock A.M and Recorded  
in Book 64 Pg. 459 of Land & Records  
Attest: [Signature]  
Town Clerk

RECEIVED FOR DISCHARGE

DATE 4-8-05 TIME 8:00 AM

RECORDED IN BOOK 64 PAGE 527

ATTEST [Signature] TOWN CLERK

Troy

MORTGAGE DISCHARGE

LaSalle Bank National Association hereby certifies that the Mortgage hereinafter described is paid

in full and satisfied:

Montreal, Maine & Atlantic Railway, Ltd., mortgagor, to LaSalle Bank National Association, mortgagee, undated but acknowledged on December 27, 2002, and recorded on January 10, 2003 in Volume 061, Page 258- of the Land Records of the Town of Troy.

DATED at Chicago, Illinois this 24<sup>th</sup> day of March, 2005.

LaSalle Bank National Association

By [Signature]

STATE OF ILLINOIS  
COUNTY OF COOK, SS.

ROBERT

(ROBERT HAAT) At Chicago in said County and State on this 24<sup>th</sup> day of March, 2005, personally appeared ROBERT HAAT, duly authorized agent of LaSalle Bank National Association, and he acknowledged this instrument by him signed and sealed to be his free act and deed and the free act and deed of LaSalle Bank National Association.

Before me [Signature]  
Notary Public  
Print Name: SHIRLEY J. MCGREAL  
Expiration Date: 05/20/09



23917001\legal\discharge-mortgage-troy

Maine  
Rev. 3/24/05  
N. *Monteth*

**MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT**

KNOW ALL BY THESE PRESENTS, that MONTREAL, MAINE & ATLANTIC RAILWAY, LTD., a Delaware corporation (the "Borrower"), for consideration paid, does hereby GIVE, GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto the UNITED STATES OF AMERICA, represented by the SECRETARY OF TRANSPORTATION acting through the ADMINISTRATOR of the FEDERAL RAILROAD ADMINISTRATION (the "Lender"), its successors and assigns, to secure the payment and performance of the Obligations (defined below), the following described property, rights and interests (collectively, the "Real Property Collateral"):

- (a) the real estate described on Exhibit A attached hereto and incorporated herein by reference, together with all buildings and other improvements thereon, and all rights and interests appurtenant thereto (collectively, the "Realty"), and
- (b) all rents, issues, profits, revenues, royalties, bonuses, rights and benefits under any and all leases or tenancies now existing or hereafter created of the Realty, or any part thereof, and all payments received for the use or occupancy of rooms and other public facilities in hotels, motels, and other public lodging facilities at the Realty or any part thereof, with the right to receive and apply the same to the Obligations, and Lender may demand, sue for and recover such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, but shall not be required to do so; provided, however, that so long as no Event of Default has occurred hereunder, a revocable license to receive and retain such rents, issues, profits, revenues, royalties, bonuses, rights, benefits and payments, is reserved to Borrower, and
- (c) all judgments, awards of damages and settlements hereafter made as a result of any award that may become due to Borrower by reason of the taking by eminent domain of the whole or any part of the Realty or any rights appurtenant thereto, including any award for change of grade of streets.

As additional security for payment and performance of the Obligations, Borrower hereby assigns, transfers and grants to Lender a security interest in the following described personal property (collectively, and together with any portion of the Real Property Collateral to which Article 9-A of the Maine Uniform Commercial Code is applicable, the "Personal Property Collateral"):

- (i) All personal property of Borrower situated on or affixed to the Realty, including without limitation all building materials, supplies and lumber to be incorporated in the Realty; and
- (ii) without abridging the restrictions contained in paragraph 6(a) hereof, all of Borrower's right, title and interest under any contracts or agreements relating in any way to the construction of any improvements on the Realty, including without limitation, all construction contracts and subcontracts, design contracts, and all other contracts and agreements between Borrower and any of Borrower's general contractors, subcontractors, architects, engineers,

consultants, material providers or other parties providing any goods or services in connection with construction upon all or any portion of the Realty, together with all plans, specifications, drawings, surveys, engineering and all other site reports, studies, and assessments related to the Realty, or to any portion thereof; and

- (iii) all notes, drafts, instruments, acceptances or other evidences of any rents, issues, profits, revenues, royalties, bonuses, rights, benefits, payments, sums of money and accounts receivable arising from the Realty or from any of the foregoing categories of property; and
- (iv) all cash and non-cash proceeds of all or any of the foregoing property, all replacements of, and additions and accessions to, said property, and all similar property now owned or hereafter acquired by Borrower.

There is excepted from the Personal Property Collateral any inventory and other personal property used, consumed or sold in the ordinary course of Borrower's business. If the lien of this Mortgage on any of the Personal Property Collateral is subject to a conditional sales agreement or security agreement, all the rights, title and interest of Borrower in and to any and all deposits made thereon or therefor are hereby assigned to Lender, together with the benefit of any payments now or hereafter made thereon, and are included in the Personal Property Collateral. Borrower agrees to execute and deliver to Lender specific separate assignments of any contracts, instruments, agreements, permits, licenses, orders, or approvals that are included in the Personal Property Collateral when requested by Lender, provided that nothing contained herein shall obligate Lender to perform any obligations of Borrower under any such contracts, instruments, agreements, permits, licenses, orders or approvals, all of which the Borrower hereby agrees to perform well and punctually. The inclusion of proceeds in the Personal Property Collateral does not constitute authorization by Lender to dispose of any Personal Property Collateral.

The Real Property Collateral and the Personal Property Collateral are hereinafter sometimes referred to collectively in this Mortgage as the "Premises."

This Mortgage shall also serve as a FINANCING STATEMENT with respect to any and all Personal Property Collateral of the Borrower (debtor) whether now owned or hereafter acquired, that is or may become affixed to the Realty. The names of the debtor and the secured party are the names of Borrower and Lender, respectively, as set forth in the preamble to this Mortgage. Information concerning this security interest in fixtures may be obtained from Lender (secured party) at its offices listed in the paragraph of this Mortgage pertaining to the giving of notices; the mailing address of the Borrower (debtor) is the address listed in the paragraph of this Mortgage pertaining to the giving of notices.

TO HAVE AND TO HOLD the aforegranted and bargained Premises, with all the privileges and rights appurtenant thereto, to Lender, its successors and assigns, to its and their use and behoof forever; PROVIDED, NEVERTHELESS, that if Borrower pays to Lender the sum of THIRTY-FOUR MILLION DOLLARS (\$34,000,000) or so much thereof as may be advanced, with interest and premium thereon and other charges, if applicable, in accordance with the terms and conditions of the Note and the Finance Agreement (each as defined below), and pays and performs

all other Obligations of Borrower to Lender under the Note and the Finance Agreement, then this Mortgage, and also the Note, shall be void, but otherwise shall remain in full force.

Borrower covenants and agrees with Lender as follows:

1. **Definitions.** As used in this Mortgage, the following capitalized words shall have the following meanings:

- (a) "Contingent Obligations" means all obligations of Borrower to Lender that become fixed or certain at some time after the recording of this Mortgage.
- (b) "Event of Default" means the occurrence of any or all of the following events: (i) an "Event of Default" as defined in the Loan Agreement; ; or (ii) any other failure by Borrower to comply with the terms, covenants or conditions contained in this Mortgage, other than a default under any of paragraphs 2 (Title), 16 (Grandfathered Uses), or 18 (Sale or Encumbrance of the Premises) of this Mortgage (as to which there shall be no grace or cure period), and such failure shall continue for thirty (30) days after written notice thereof to Borrower (or such longer period of time, not to exceed ninety (90) days, as shall be reasonably necessary to effect cure, provided that Borrower is diligently prosecuting cure at all times after occurrence of the default in question);
- (c) "Financing Agreement" means that certain Financing Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.
- (d) "Future Advances" means debts and obligations of Borrower to Lender that arise under the Loan Agreement subsequent to the recording of this Mortgage, except Protective Advances or Contingent Obligations.
- (e) "Loan Documents" means all documents, instruments and agreements that evidence, secure or otherwise relate to the Obligations, as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time, including, without limitation, the Financing Agreement, the Note, the Security Agreement, this Mortgage, and the other mortgages granted by Borrower in favor of Lender pursuant to the Financing Agreement.
- (f) "Mortgage" means this Mortgage, Security Agreement and Financing Statement as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
- (g) "Note" means one or more promissory notes executed by Borrower from time to time and delivered to Lender in the original principal amount in the aggregate, not to exceed Thirty-Four Million Dollars (\$34,000,000), as the same may be amended, extended, renewed, restated, supplemented, replaced, or otherwise modified from time to time.
- (h) "Obligations" means Indebtedness as defined in the Financing Agreement.

- (i) "Premises" has the meaning set forth hereinabove, and any reference to the Premises herein shall be construed as a reference both to the entire Premises and to any portion or component thereof.
- (j) "Protective Advances" means (i) any advances made by Lender that are reasonably deemed to be necessary by Lender to protect its interest in the Premises, (ii) costs and expenses incurred by Lender or its agents to collect amounts due to Lender, and/or (iii) interest earned on any Obligation secured by this Mortgage.
- (k) "Security Agreement" means that certain Security Agreement dated as of March 24, 2005, by and between the Borrower and the Lender, as the same may hereafter be amended in accordance with its terms.

2. Title. Borrower is lawfully seized of an indefeasible estate in fee simple of the Premises, free from any claims, encumbrances or restrictions, except as may specifically be set forth in Exhibit A hereto, and has good right and power to convey the same, and shall and will WARRANT and DEFEND the same to Lender forever, against the claims and demands of all persons, except as aforesaid.

3. Payment and Performance. Borrower shall promptly pay and perform the Obligations secured hereby when due at the times and in the manner specified in the Loan Agreement.

4. Taxes and Assessments. Borrower shall pay or cause to be paid when due, all taxes and assessments of every type or nature levied or assessed against the Premises and any claim, lien or encumbrance against the Premises that may be or become prior to the lien of this Mortgage.

5. Insurance. Borrower shall keep the Premises insured against loss or damage by fire and the perils against which the Extended Coverage Endorsement affords insurance. Borrower shall also maintain insurance against flood damage if the Premises are in a flood hazard area. The policy or policies of such insurance shall be in such form and shall be in such amount as Lender may require, shall be issued by a company or companies approved by Lender, shall name Lender as mortgagee with loss payable to Lender, and shall contain a provision to the effect that the policy will not be canceled without at least thirty (30) days' prior notice to the Lender. Whenever required by Lender, such policy or policies shall be delivered immediately to and held by Lender. Any and all amounts received by Lender under any of such policies may be applied by Lender to the Obligations in such manner as Lender may, in its sole discretion, elect, or, at the option of Lender, the entire amount so received, or any part thereof, may be released to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, for the purpose of repair or restoration of the Premises. Upon foreclosure of this Mortgage or other acquisition of the Premises, such policies shall become the absolute property of Lender.

6. Use of Realty. Borrower (a) will not commit or suffer waste thereof except reasonable wear from business uses and (b) will comply with all laws, ordinances, regulations,

covenants, conditions and restrictions affecting the Realty, its operations, or any activities conducted on or about the Realty, and will not suffer or permit any violation thereof.

7. Eminent Domain. Borrower will give Lender immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Premises, including, without limitation, severance and consequential damage and change in grade of streets, and will deliver to Lender copies of all papers served in connection therewith. Borrower hereby appoints Lender as Borrower's attorney-in-fact, coupled with an interest, and authorizes, directs and empowers Lender, at its option and on behalf of Borrower, to adjust, compromise or settle the claim for any such award or payment, to collect, receive and retain the proceeds thereof, and to give proper receipts therefor. Lender shall have the right to intervene and participate in any eminent domain proceedings unless prohibited by a court having jurisdiction, in which event Borrower shall consult with Lender in all matters pertaining to the adjustment, compromise or settlement of such proceedings and shall not enter into any agreement with respect to such matters without the prior written consent of Lender. Borrower further agrees to execute and deliver, upon request, any other instruments deemed necessary by Lender so as to confirm the assignment and security interest herein granted and conveyed to Lender with respect to all awards and other compensation to be made for any taking of the Premises under eminent domain proceedings. There shall be no abatement or reduction in the amount payable by Borrower hereunder, under the Note or under the other Loan Documents in the event of the commencement of any eminent domain proceeding affecting the Premises, and Borrower shall continue to be obligated to pay all such amounts notwithstanding such commencement. After deducting its collection costs, disbursements, expenses and reasonable attorney's and paralegal's fees, Lender, at its option, may either (i) apply all or any portion of such awards as additional payment in reduction of the Obligations in such manner as Lender elects, or (ii) pay to Borrower (or to Borrower's contractors, subcontractors or suppliers), subject to such conditions as Lender may impose, all or any portion of the awards for the purpose of repair or restoration of the Premises.

8. Protective Advances. If Borrower fails to defend against or pay any claim, lien or encumbrance that is alleged to be prior to the lien of this Mortgage, or, when due, any tax or assessment or insurance premium, or to keep the Premises in repair, or shall commit or permit waste, or if there be commenced any action or proceeding affecting the Premises or title thereto, or if Borrower shall fail to maintain and keep the Premises in good repair or satisfy the other terms and conditions of this Mortgage, then Lender, at its option, may pay said claim, lien, encumbrance, tax, assessment or premium, or expend such funds as necessary to repair the Premises or prevent or cure any such waste or any other Event of Default of Borrower, with right of subrogation thereunder, may procure such abstracts or other evidence of title as it deems advisable to assess and/or challenge any action or proceeding affecting title to the Premises, and may appear in any action or proceeding affecting the Premises as Lender deems advisable, and for any of said purposes Lender may advance such sums of money as it deems necessary. Lender shall have no responsibility with respect to the legality, validity and priority of any such claim, lien, encumbrance, tax, assessment and premium, and of the amount necessary to be paid in satisfaction thereof. Borrower will pay to Lender, immediately and without demand, all sums of money advanced by Lender pursuant to this paragraph, together with interest on each such advance at the rate set forth in the Note, and all such sums and interest thereon shall be deemed Protective Advances, and shall be secured hereby.

9. Event of Default. In the event that any Event of Default shall occur, then, in each and every such case,

- (a) Lender is authorized to foreclose this Mortgage by any legal or equitable method of foreclosure existing at the time of the execution of this Mortgage or thereafter, including the Statutory Power of Sale, as provided in 33 M.R.S.A. § 501-A; and
- (b) Lender is authorized at any time, without notice, in its sole discretion to revoke Borrower's license to receive or retain the rents, issues, profits, revenues, royalties, bonuses, rights and benefits derived from the Premises, whereupon Lender may, with or without taking possession of the Premises, collect and receive all such rents, issues, profits, revenues, royalties, bonuses, rights and benefits, including those past due as well as those accruing thereafter; and
- (c) Lender is authorized at any time, without notice, in its sole discretion to enter upon and take possession of the Premises, or any part thereof, and to perform any acts Lender deems necessary or proper to preserve its security, and to collect and receive all rents, issues, profits, revenues, royalties, bonuses, rights and benefits thereof, including those past due as well as those accruing thereafter; and
- (d) Lender is entitled to have a receiver appointed by any court of competent jurisdiction to enter, take possession of and manage, use and operate the Premises, collect the rents, issues, profits, revenues, royalties, bonuses, rights and benefits therefrom and apply the same as the court may direct; and
- (e) Lender shall be entitled to be reimbursed by Borrower for any costs incurred by Lender enforcing this Mortgage including reasonable attorney's fees; and
- (f) Lender shall have such further rights and remedies as may be given to Lender in the other Loan Documents or as may be afforded by law or in equity.

In any such case, Lender or the receiver may also take possession of, and for these purposes use, any and all personal property, including any Personal Property Collateral, located in or at the Realty and used by Borrower in the rental or leasing thereof or any part thereof. The expense (including receiver's fees, legal fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured hereby. Lender shall (after payment of all costs and expenses incurred) apply such rents, issues and profits received by it to the Obligations in such order as Lender determines. The right to enter and take possession of the Premises, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law or in equity, and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for rents, issues and profits actually received by Lender. In the event of foreclosure pursuant to the Statutory Power of Sale, any public sale may be conducted on or near the Realty.

10. Waiver and Modification of Mortgage; No Waiver of Foreclosure. Lender may exercise its rights against the Premises without resort or regard to any other collateral or sources of payment of the Obligations. Lender shall not be deemed to have waived any of its rights under this Mortgage or under any of the other Loan Documents, or otherwise, unless such waiver be in writing and signed by Lender. Lender's failure to require strict and complete performance of the terms, covenants and agreements contained in this Mortgage or under any of the other Loan Documents, or any delay or omission on the part of Lender in exercising any right, or any acceptance of partial or inadequate payment or performance, shall not waive, affect or diminish such right or Borrower's duty of compliance and performance with the terms, covenants and agreements of this Mortgage and of all of the other Loan Documents. A waiver on any one occasion shall not be construed as a bar to or waiver of the same or any other right on the same or any future occasion. Borrower agrees that the acceptance, before the expiration of any right of redemption and after the commencement of foreclosure proceedings of this Mortgage, of insurance proceeds, eminent domain awards, rents or anything else of value to be applied on or to the Obligations by Lender or any person or party holding under it shall not constitute a waiver of any right of foreclosure, and this agreement by Borrower shall be that agreement referred to in 14 M.R.S.A. § 6204 as the same may be amended or replaced, as necessary to prevent such waiver of foreclosure.

11. Remedies Not Exclusive. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedy or remedies available to Lender under this Mortgage, the other Loan Documents, at law, in equity or by statute, and each and every such remedy shall be cumulative and in addition to every other remedy given hereunder, under the other Loan Documents, or now or hereafter existing at law, in equity or by statute.

12. Modification of Security. Without affecting the liability of Borrower or any other party (except any party expressly released in writing) for payment or performance of the Obligations, and without affecting the rights of Lender with respect to any security not expressly released in writing, Borrower agrees that Lender may, at any time and from time to time, either before or after the maturity of the Obligations, and without notice or consent:

- (a) Exercise or refrain from exercising or waive any right Lender may have;
- (b) Accept additional security of any kind;
- (c) Release or otherwise deal with any property, real or personal, securing the Obligations, including all or any part of the Premises;
- (d) Release any party liable for payment or performance of all or any part of the Obligations; and
- (e) Lender may make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Obligations, or modifying or waiving any Obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof.

13. Priority of Future Agreements. Any agreement hereafter made by Borrower and Lender pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

14. Right of Lender to Deal With Successors in Title. In the event that Borrower's estate becomes vested in a person or entity other than Borrower, with the prior written consent of Lender, Lender may, without notice to Borrower, deal with such person to extend or modify this Mortgage or to extend or modify the Obligations, or release part of the Premises, without releasing, or diminishing the liability or Obligations of Borrower.

15. Security Interest; Notice; Remedies. This Mortgage shall constitute a security agreement with respect to any and all of the Personal Property Collateral, and all additions, accessions, substitutions, and replacements thereto and therefor, and Borrower hereby grants to Lender, its successors and assigns, a security interest therein. Upon occurrence of an Event of Default, Lender may, in its discretion, require Borrower to assemble the Personal Property Collateral and make it available to Lender at a place reasonably convenient to both parties to be designated by Lender. Lender shall give Borrower notice by mail, postage prepaid, of the time and place of any public sale of any of the Personal Property Collateral or of the time any private sale or other intended disposition thereof is to be made by sending notice to Borrower at least ten (10) days before the time of the sale or other disposition, which provisions for notice Borrower and Lender agree are reasonable; provided, however, that nothing herein shall preclude Lender from proceeding as to both the Real Property Collateral and the Personal Property Collateral in accordance with Lender's rights and remedies in respect of the Real Property Collateral. Lender shall have all of the remedies of a secured party under the Uniform Commercial Code as now in effect in the State of Maine and such further remedies as may from time to time hereafter be provided in Maine for a secured party. Borrower agrees that all rights of Lender as to the Personal Property Collateral and as to the Real Property Collateral may be exercised together or separately and further agrees that in exercising its power of sale as to the Premises, Lender may sell the Personal Property Collateral, or any part thereof, either separately from or together with the Real Property Collateral, or any part thereof, all as Lender may in its discretion elect.

16. Grandfathered Uses. If at any time the then existing use or occupancy of the Realty shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, Borrower will not cause or permit such use or occupancy to be discontinued without the prior written consent of Lender.

17. Notices. All notices, consents, approvals, statements, requests, reports, demands, instruments or other communications to be made, given or furnished pursuant to or under this Mortgage (each, a "Notice") shall be in writing and shall be deemed given or furnished if addressed to the party intended to receive the same at the address of such party as set forth below (i) upon receipt when personally delivered at such address, (ii) four (4) business days after the same is deposited in the United States mail as first class registered or certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after the date of delivery of such Notice to a nationwide, reputable commercial courier service specifying next day delivery:

(a) If to Lender:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Associate Administrator for Railroad Development

with a copy by the same means sent simultaneously to:

Federal Railroad Administration  
400 Seventh Street, S.W.  
Washington, D.C. 20590  
Attn: Chief Counsel

(b) If to Borrower:

Montreal, Maine & Atlantic Railway, Ltd.  
15 Iron Road  
Hermon, Maine 04401

with a copy by the same means sent simultaneously to:

Michael E. Cutler, Esq.  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2401

Any party may change the address to which any Notice is to be delivered to any other address within the United States of America by furnishing written Notice of such change at least fifteen (15) days prior to the effective date of such change to the other parties in the manner set forth above, but no such Notice of change shall be effective unless and until received by such other parties. Rejection or refusal to accept, or inability to deliver because of changed address or because no Notice of changed address was given, shall be deemed to be receipt of any such Notice. Any Notice to an entity shall be deemed to be given on the date specified in this paragraph, without regard to when such Notice is delivered by the entity to the individual to whose attention it is directed and without regard to the fact that proper delivery may be refused by someone other than the individual to whose attention it is directed. If a Notice is received by an entity, the fact that the individual to whose attention it is directed is no longer at such address or associated with such entity shall not affect the effectiveness of such Notice. Notices may be given on behalf of any party by such party's attorneys.

18. Sale or Encumbrance of the Premises. Without Lender's prior written consent, neither the Borrower, nor any subsequent owner of the Premises shall convey, mortgage, sell, contract to sell or otherwise transfer or encumber the title, ownership, right of possession, or any other interest in the Premises, or in any part thereof, nor shall any interest in the Premises pass from Borrower or from any subsequent owner, whether voluntarily, involuntarily, by operation of law or

otherwise; provided, however, that Borrower may grant easements, licenses, or other rights in, to, across, over and under portions of the Premises provided that any such rights shall not have a material adverse effect on the operation of Borrower's business as a railroad and provided further that Borrower may enter into leases without Lender's prior written consent if they are fully subordinated to the lien of this Mortgage, pursuant to terms and conditions satisfactory to Lender in its reasonable judgment. The term "title" as used herein shall mean the estate of Borrower subject to the lien of this Mortgage.

19. Variable Rate. Under the terms and provisions of the Note which this Mortgage secures and under the terms and provisions of any future or further advances secured hereby, the interest rate payable thereunder, and the amount of each principal payment, may be variable. THE PURPOSE OF THIS PARAGRAPH IS TO PROVIDE RECORD NOTICE OF THE RIGHT OF LENDER, ITS SUCCESSORS AND ASSIGNS, TO INCREASE OR DECREASE THE INTEREST RATE ON ANY OBLIGATION SECURED HEREBY, AND THE AMOUNT OF EACH PRINCIPAL PAYMENT, WHERE THE TERMS AND PROVISIONS OF SUCH OBLIGATION PROVIDE FOR A VARIABLE INTEREST RATE.

20. Environmental Matters. Borrower represents, covenants and agrees that the Premises and the present use thereof are now and will be throughout the term of this Mortgage in material compliance with all the land use laws, environmental laws and other applicable laws, ordinances, and regulations, together with any other covenants, conditions and restrictions that may affect the Premises.

21. JURY TRIAL WAIVER

IN RECOGNITION OF THE HIGHER COSTS AND DELAY THAT MAY RESULT FROM A JURY TRIAL, EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LENDER OR BORROWER OR EITHER OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH OF LENDER AND BORROWER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH OF BORROWER AND, BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT EITHER BORROWER OR LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF LENDER AND BORROWER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY BORROWER AND LENDER, AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. NEITHER OF BORROWER OR LENDER HAS AGREED

**WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.**

22. Consent to Jurisdiction. Borrower hereby irrevocably and unconditionally (a) submits to personal jurisdiction in the State of Maine over any suit, action or proceeding arising out of or relating to this Mortgage, and (b) waives any and all personal rights under the laws of any state to object to jurisdiction within the State of Maine or venue in any particular forum within the State of Maine. Nothing contained herein, however, shall prevent Lender from bringing any suit, action or proceeding or exercising any rights against any security and against Borrower personally, and against any property of Borrower, within any other state. Initiating such suit, action or proceeding or taking such action in any state shall in no event constitute a waiver of the agreement contained herein that the laws of the State of Maine shall govern the rights and obligations of the parties hereunder or of the submission herein made by Borrower to personal jurisdiction within the State of Maine.

23. Commercial Purpose of Note and Mortgage. Borrower warrants and represents to Lender that the proceeds of the Note will be used solely for business or commercial purposes, and in no way will the proceeds be used for personal, family or household purposes, and Borrower agrees that this Mortgage is given primarily for a business, commercial or agricultural purpose.

24. Merger. This Mortgage, together with the other Loan Documents, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior written and oral agreements and understandings with respect to such subject matter.

25. Governing Law; Severability. This Mortgage and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by those laws of the State of Maine that are applicable to agreements that are negotiated, executed, delivered and performed solely in the State of Maine. If any term or provision of this Mortgage or the application thereof to any party or circumstance shall to any extent be invalid or unenforceable, the remainder of this Mortgage, or the application of such term or provision to parties or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Mortgage shall be valid and enforceable to the maximum extent permitted by law.

26. Further Assurances. Borrower will, at its expense, upon the request of Lender, promptly and duly execute and deliver such documents and assurances and take such actions as may be necessary or desirable in Lender's sole discretion in order to correct any defect, error or omission that may at any time be discovered in this Mortgage or the documents related hereto, or to carry out more effectively the intent and purpose of this Mortgage, or to establish, perfect and protect Lender's lien, security interest, rights and remedies created or intended to be created hereunder. Without limiting the generality of the foregoing, Borrower authorizes Lender to file, or Borrower will itself file, in all offices and jurisdictions requested by Lender, at Borrower's expense, financing and continuation statements pursuant to the Uniform Commercial Code that describe the Personal Property Collateral and any other property of Borrower in which Lender holds a collateral security interest, or other notices appropriate under applicable federal or state law in form satisfactory to Lender.

27. Captions. The use of paragraph headings in this Mortgage is for purposes of convenience only, and no caption or heading shall affect in any way the interpretation, meaning or construction of this Mortgage.

28. Successors and Assigns. The covenants herein contained shall bind, and the benefits and advantages shall inure to, except as herein specifically limited, the respective successors and assigns of Borrower and Lender. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender or the neuter shall be applicable to all genders and the neuter.

INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, Borrower has caused this instrument to be executed by its Richard J. Rushmore, Vice President, Secretary and Treasurer, thereunto duly authorized as of this 24th day of March, 2005.

WITNESS:

MONTREAL, MAINE & ATLANTIC RAILWAY, LTD.

*Nancy J. Lozier*  
Name:

By: *[Signature]*  
Its: Vice President, Secretary & Treasurer  
Name: Richard J. Rushmore



STATE OF MAINE  
COUNTY OF PENOBSCOT, ss.

March 24, 2005

THEN PERSONALLY APPEARED the above-named Richard J. Rushmore, Vice President, Secretary and Treasurer of Montreal, Maine & Atlantic Railway, Ltd., and acknowledged the foregoing instrument to be his free act and deed in his said capacity, and the free act and deed of Montreal, Maine & Atlantic Railway, Ltd.

Before me,

*Norma J. Griffiths*  
Name:

Title: Notary Public  
My Commission Expires: \_\_\_\_\_

SEAL

Norma J. Griffiths  
Notary Public • Maine  
My commission expires May 13, 2007



Mtg

Final

EXHIBIT A

MASTER DESCRIPTION FOR MONTREAL, MAINE & ATLANTIC RAILWAY, LTD  
Maine Real Estate

Grantor: Montreal, Maine & Atlantic Railway, Ltd  
Grantee: United States of America, represented by the Secretary of  
Transportation of the Federal Railroad Administration

- Exhibit A-1 Former Bangor & Aroostook Main Line and Selected Branch Lines ("BAR")
- Schedule A – Northern Maine Junction
  - Schedule B – Derby Yard
  - Schedule C – Millinocket & Indian Township No. 3
  - Schedule D – Mack Point, Searsport
  - Schedule E – Master Valuation Plan Index
  - Schedule F – Medford Cutoff
  - Schedule G – Excluded Parcels
  - Schedule H-1 – Tenant List with 30-day Termination Rights for Leases, Licenses, easements, crossing and other agreements
  - Schedule H-2 – Tenant List without 30-days Termination Rights for Leases, Licenses, easements, crossing and other agreements
  - Schedule I – Easements for Northern Maine Junction and Houlton Yard
  - Schedule AA – Waldo County
  - Schedule BB – Penobscot County
  - Schedule CC – Piscataquis County
  - Schedule DD – Aroostook Northern District
  - Schedule EE – Aroostook Southern District
- Exhibit A-2 Moosehead Subdivision ("CDAC")
- Schedule A – Conveyances, Locations, Agreements, Exceptions and Reservations
  - Schedule B – Licenses, Leases, Easements, Crossing, Etc.
- Exhibit A-3 Van Buren Bridge Company – real estate in Van Buren, Maine
- Exhibit A-4 Northern Vermont – real estate in Stockton Springs, Maine
- Exhibit A-5 List of Leases/Sub-Leases where MM&A is a tenant
- Exhibit A-6 Encumbrances

Final

EXHIBIT A-1

Former Bangor and Aroostook Railroad Company Real Estate

Except as otherwise expressly excluded, reserved, or excepted herein, all real property, interests in real property, easements, rights, rights to repurchase, rights of way, with the buildings, structures, and fixtures thereon and appurtenances thereto of every kind and description owned in the counties of Waldo, Penobscot, Piscataquis and Aroostook (both Northern and Southern Districts) in the State of Maine by the Grantor, including, but without limiting the generality of the foregoing, and/or together with the following property:

All of the lines of railroad of the Grantor including the Main Line beginning at Mile 0.16 at Searsport, Waldo County, Maine and extending generally northerly from Searsport to Madawaska, Aroostook County, Maine, passing through Northern Maine Junction in the Town of Hermon, Penobscot County, Maine, and through (among others) the towns of South LaGrange, Milo, Oakfield, Ashland, Eagle Lake, and Fort Kent (the Main Line), the "F Track" and adjacent land in Searsport which extends from the Atlantic Ocean in Searsport at Parcel 1.84 described in Schedule G attached hereto to the Main Line at or near Milepost 0.16 on the Main Line, the following branch lines and all parallel lines of railroad, including a portion of the East Millinocket Branch from the Main Line to Milepost E7.5 more specifically identified on "Right of Way and Track Map Bangor & Aroostook R.R. Co., Schoodic Stream Jct. To E. Millinocket, Station 399 + 04.5 to Station 499 + 22.2" dated June 30, 1916 as revised, V2h/3, to the point where the Valuation Plan V2h/3 indicates "no track," a portion of the Katahdin Iron Works ("KI") Branch from the Main Line to Milepost 4.0, the Houlton Branch including that line beginning at MP H17.27 and continuing to the end of "Spur B", said spur more specifically identified as Station 13+90 on "Right of Way and Track Map Bangor & Aroostook R.R. Co., Oakfield to Caribou, Station 64+00 to Station 97+00" dated January 3, 1966, V2k/s-5c, a portion of the Washburn Branch to Milepost W0.8, the Presque Isle Branch, the Limestone Branch, the Van Buren Branch and any and all rights in the rail line which extends from the Van Buren Branch to the Canadian border on the bridge which crosses the St. John River and was formerly owned by Van Buren Bridge Company, a portion of the Fort Fairfield Branch to Milepost F10 more specifically identified as Station 242+86.3 on "Right of Way and Track Map Bangor & Aroostook R.R. Co., Phair to Fort Fairfield, Sta. 185+00 to Station 396+20" dated June 30, 1916, as revised V2r/2 and a portion of the Medford Cutoff to Milepost M 0.15.

**INCLUDING** all of the lots or parcels of land and interests in land at Northern Maine Junction in the Towns of Hermon and Hampden, Penobscot County, Maine, together with all appurtenances, fixtures, equipment, rights, rights of way, easements, buildings, and structures appertaining thereto, including all real estate more particularly described or referred to on Schedule A attached hereto and made a part hereof.

**INCLUDING** all the lots or parcels of land and interests in land at Derby Yard in the Town of Milo, Piscataquis County, Maine, together with all appurtenances, fixtures, equipment, rights, rights of way, easements, buildings, and structures appertaining together, including all real estate more particularly described or referred to on Schedule B attached hereto and made a part hereof.

INCLUDING all the lots or parcels of land and interests in land at the station grounds in the Towns of Millinocket and Indian Township No. 3, Penobscot County, Maine, together with all appurtenances, fixtures, equipment, rights, rights of way, easements, buildings, and structures appertaining thereto, including all real estate more particularly described or referred to on Schedule C attached hereto and made a part hereof.

INCLUDING all interest of the Grantor in and to its real property, railroad lines, interests in real property, easements, rights, rights of way, with the buildings, structures, and fixtures thereon and appurtenances thereto of every kind and description owned in the Town of Searsport, Waldo County, Maine, including all buildings, and all structures, fixtures and equipment appertaining thereto, together with all yards, storage tracks, and other property and facilities now used at or in connection with its rail yard, more particularly described or referred to on Schedule D, and together with all land and all appurtenant rights and easements shown on the Plan by James W. Sewall & Company entitled "Boundary Survey Mack Point in Searsport, Maine Waldo County" dated December 20, 2002 as owned by, belonging to or held by or for the benefit of Bangor & Aroostook Railroad including "Parcel 02-1" as shown on said plan.

INCLUDING a parcel of land and the tower and other improvements thereon located in Patten, Penobscot County described in deed dated May 13, 1983 and recorded in the Penobscot County Registry of Deeds in Volume 3827, Page 50 and a parcel of land with the tower and other improvements thereon located in Charlestown, Penobscot County, Maine, and more particularly described in deed dated March 30, 1992, recorded in the Penobscot County Registry of Deeds in Book 5035, Page 307.

INCLUDING a right-of-way and easement reserved over land located in LaGrange, Penobscot County, Maine, by the Bangor & Aroostook Railroad Company in deed to Karl R. Ziebarth, Trustee, recorded in the Penobscot County Registry of Deeds in Book 6257, Page 346, to use, operate over, maintain, repair and replace a certain railroad line and railroad right-of-way, and all road beds, culverts, structures, communications, the signal facilities, other facilities and all other fixtures associated therewith, located on the railway line and railroad right-of-way, together with all track located on the railroad line, over, across, and through the above-described land, the centerline of the right-of-way and easement being shown on Plan entitled "Right of Way and Track Maps, Northern Maine Seaport R.R. Operated by the Bangor & Aroostook R.R. Co., Mack's Point to South LaGrange," dated June 30, 1916, as revised, Plan No. V.1.a/14, said right-of-way being 99 feet wide, parallel with and 49½ feet from the centerline on each side of said track. This easement is conveyed subject to an agreement to provide Karl Ziebarth, Trustee, with a private crossing agreement at a location mutually agreed upon between Karl R. Ziebarth, Trustee, and Montreal, Maine & Atlantic Railway, Ltd. (as successor to the Bangor & Aroostook Railroad Company) for access to the westerly portion of the Lagrange parcel conveyed by said Bangor & Aroostook Railroad Company in the above-mentioned deed.

INCLUDING a right-of-way and easement over land identified as the "US Route No. 1 Parcel," reserved by the Bangor & Aroostook Railroad Company in deed dated October 31, 1996, to Karl R. Ziebarth, Trustee, recorded in the Waldo County Registry of Deeds in Book 1652, Page 200, to use, operate over, maintain, repair and replace a certain railroad line and railroad right-of-way, and all road beds, culverts, structures, communications, the signal facilities, other facilities and all other fixtures associated therewith, located on the railway line and railroad right-of-way, together with all track located on the railroad line, over, across, and through the above-described land, the centerline of the right-of-way and easement being shown on Plan entitled "Right of

Way and Track Maps, Northern Maine Seaport R.R. Operated by the Bangor & Aroostook R.R. Co., Mack's Point to South LaGrange," dated June 30, 1916, as revised, Plan No. V.1.a/2, said right-of-way being 66 feet wide, parallel with and 33 feet from the centerline on each side of said track. This easement is conveyed subject to an agreement to provide Karl Ziebarth, Trustee, with a private crossing agreement at a location mutually agreed upon between Karl R. Ziebarth, Trustee, and Montreal, Maine & Atlantic Railway Ltd. (as successor to the Bangor & Aroostook Railroad Company) for access to the easterly portion of the U.S. Route No. 1 parcel conveyed by said Bangor & Aroostook Railroad Company in the above-mentioned deed.

INCLUDING a right-of-way and easement over land identified as the "Waterfront Parcel," Stockton Springs, Waldo County, Maine, reserved by the Bangor & Aroostook Railroad Company in deed dated October 31, 1996, to Karl R. Ziebarth, Trustee, recorded in the Waldo County Registry of Deeds in Book 1652, Page 200, to use, operate over, maintain, repair and replace a certain railroad line and railroad right-of-way, and all road beds, culverts, structures, communications, the signal facilities, other facilities and all other fixtures associated therewith, located on the railway line and railroad right-of-way, together with all track located on the railroad line, over, across, and through the above-described land, the centerline of the right-of-way and easement being shown on Plan entitled "Right of Way and Track Map, Northern Maine Seaport R.R. Operated by the Bangor & Aroostook R.R. Co., Mack's Point to South LaGrange," dated June 30, 1916, as revised, Plan No. V.1.a/2, said right-of-way being 66 feet wide, parallel with and 33 feet from the centerline on the easterly side of said track and 33 feet wide on the westerly side of said track. This easement is subject to an agreement to provide Karl Ziebarth, Trustee, with a private crossing agreement at a location mutually agreed upon between Karl R. Ziebarth, Trustee, and Montreal, Maine & Atlantic Railway Ltd. (as successor to the Bangor & Aroostook Railroad Company) for access to the southerly portion of the Waterfront Parcel conveyed by said Bangor & Aroostook Railroad Company in the above-mentioned deed.

INCLUDING a right-of-way and easement over land located in Houlton, Aroostook County, Maine, reserved by the Bangor & Aroostook Railroad Company in deed dated April 1, 1997, to Karl R. Ziebarth, Trustee, recorded in the Aroostook County Registry of Deeds in Book 2999, Page 122, to use, operate over, maintain, repair and replace a certain railroad line and railroad right-of-way, and all road beds, culverts, structures, communications, the signal facilities, other facilities and all other fixtures associated therewith, located on the railway line and railroad right-of-way, together with all track located on the railroad line, over, across, and through the above-described land, the centerline of the right-of-way and easement being shown on Plan entitled "Station Map, Bangor & Aroostook R.R. Co., Oakfield to Caribou," dated January 24, 1950, as revised, with Plan No. V2k/s/5b, said right-of-way being 30 feet wide, parallel with the centerline of said track, on the southerly side 10 feet from the centerline of said track and on the northerly side 20 feet from the centerline of said track. This easement is conveyed subject to an agreement to provide Karl Ziebarth, Trustee, with a private crossing agreement at a location mutually agreed upon between Karl R. Ziebarth, Trustee, and Montreal, Maine & Atlantic Railway Ltd. (as successor to the Bangor & Aroostook Railroad Company) for access to the southerly portion of land in Houlton conveyed by said Bangor & Aroostook Railroad Company in the above-mentioned deed.

INCLUDING all rail and related cross ties, rail joints, tie plates, switch ties, turnouts, switches, anchors and spikes and all replacements thereto, affixed to and/or located in, on, over or under any of the real property herein conveyed.

INCLUDING all yards, sidings, buildings, and fixtures and personal property appertaining thereto, meaning and intending by this clause to convey and hereby conveying the Grantor's entire lines of railroad and other real and personal property together with any improvements and buildings thereon, including without limitation the lines (i.e. the Main Line and the branch lines) and other real property shown on the valuation maps of the railroad, as revised and amended, on file at the offices of the Bangor & Aroostook Railroad Company, Northern Maine Junction Park, Route 2, Hermon, Maine, and listed on Schedule E attached hereto.

INCLUDING Grantor's entire interest, whether in fee or easement, and any lands adjacent thereto, in that portion of the Medford Cutoff from Milepost M0.15 in South LaGrange to Milepost M27.95 at "Packards" in Township 4, Range 9 where the Medford Cutoff line rejoins the Main Line, which interests are shown on the valuation maps of the railroad, as revised and amended, on file at the offices of the Bangor & Aroostook Railroad Company, Northern Maine Junction Park, Route 2, Hermon, Maine, and listed on Schedule F attached hereto.

INCLUDING all the right or rights of way, roadbeds, depots, depot buildings and grounds, station houses, station grounds, car houses, wood houses and other buildings, fuel houses, communication and signal facilities, water stations, water and coaling stations and grounds, coal sheds and other buildings, gravel pits, quarries, and real estate, store houses, dwelling houses, shops and other buildings, repair and machine shops now appertaining or which may hereafter appertain to any or all of said lines of railroad; also all superstructures, fences, trestles, bridges, wharves, piers, docks, culverts, crossings, sidings and spur lines now appertaining or which may hereafter appertain to any and all of said lines of railroad; also all the privileges, rights and franchises incident and necessary to the ownership, maintenance and operation of any and all of said railroads and property aforesaid.

INCLUDING an easement for the use, maintenance, repair and replacement of any and all buildings and structures situated on the premises conveyed hereby to the extent any portion of such buildings or structures may encroach upon any portion of land retained by Grantor including, without limitation, the Excluded Parcels.

INCLUDING all right, title and interest in any and all constructive easements created pursuant to 12 M.R.S.A. Section 558-A(6), as amended, with respect to any structures of the Grantor located upon submerged and intertidal lands, including without limitation the following Constructive Easements registered with the State of Maine Bureau of Parks and Lands of the Department of Conservation: Constructive Easement Registrations # 06 and # 07 in Stockton Springs, Waldo County, Maine.

INCLUDING all of Grantor's rights in and to (i) certain rights, privileges and easements granted to Bangor & Aroostook Railroad Company by Arlene L. Larson by deed dated May 25, 1993 and recorded in the Piscataquis County Registry of Deeds in Book 898, Page 85; (ii) certain rights, privileges and easements from the Town of Medford to Bangor & Aroostook Railroad Company dated May 26, 1993; and (iii) certain rights, privileges and easements granted to Bangor & Aroostook Railroad Company by the Lydia A. Godsoe Estate by deed dated August 30, 1993 and recorded in the Piscataquis County Registry of Deeds in Book 909, Page 244.

INCLUDING all and singular of the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, and any and all reversion or reversions, remainder or remainders, rents, issues and profits thereof; and also all of the estate, right, title, interest,

property, possession, claim and demand whatsoever, as well in law as in equity of the Grantor in and to said premises and every part and parcel thereof, with the appurtenances, together with all additions, betterments and replacements in and to any and all of said premises and together with any and all other real property of every kind and description hereafter acquired by the Grantor that pertains to these premises.

**INCLUDING** all of Grantor's right, title and interest in and to any real property or interests therein and appurtenances and any fixtures, equipment or improvements thereon located in the Counties of Waldo, Penobscot, Piscataquis and Aroostook (Northern and Southern Districts), Maine, including any real property shown on the Valuation Plans as belonging to the Grantor.

**INCLUDING** those leases, licenses, easements, crossing and other agreements listed on Schedule H attached hereto, which Schedule H consists of Schedules H-1 and H-2.

**INCLUDING** a right of way and easement for railroad, pedestrian, utility and vehicular purposes in, on, under and over those roads, driveways, utility corridors, parking and loading areas which are presently located in, on, under or over, or cross the Excluded Parcels (as that term is defined below) and which benefit the premises herein conveyed, subject, however, to the right of Bangor & Aroostook Railroad Company: (a) to relocate any such road, driveway or utility crossing to a reasonable alternative location; and (b) to restrict any such road, driveway or utility crossing to a restricted area sufficient for reasonable access to the premises herein conveyed;

**INCLUDING** those easements burdening the Excluded Parcels (as that term is defined below) for the benefit of the premises herein conveyed located at Northern Maine Junction (so-called) in the Towns of Hampden and Hermon and located at the Houlton Yard (so-called) in the Town of Houlton, which easements are described on Schedule I attached hereto and made a part hereof.

**EXCLUDING AND RESERVING**, however, from the premises herein conveyed, certain real property now owned by Bangor & Aroostook Railroad Company or previously conveyed to third parties by Bangor & Aroostook Railroad Company (the "Excluded Parcels"), which are more particularly described on Schedule G attached hereto and made a part hereof. The Excluded Parcels do not include and there is excepted therefrom the rights of way and easements described in the preceding two paragraphs and in Schedule I to this Exhibit A-1 which are intended to burden the Excluded Parcels for the benefit of the premises herein conveyed.

**EXCLUDING**, however, all of the rights, obligations and liabilities reserved by Bangor & Aroostook Railroad Company in deed to the Grantor herein in and to a certain CN Junction Settlement Agreement and a certain CN Trackage Rights Agreement, each dated as of March 1, 2001, and each among Canadian National Railway Company, Bangor & Aroostook Railway and Van Buren Bridge Company.

**EXCLUDING**, however, all of the rights, obligations and liabilities reserved to Bangor & Aroostook Railroad Company in deed of near or even date herewith to the Grantor herein, in and to a certain License Agreement between Bangor & Aroostook Railroad Company as Licensor and AT&T Communications, Inc. as Licensee dated May 17, 1993.

**EXCLUDING** the rights and easements reserved by Bangor & Aroostook Railroad Company, its successors and assigns, in common with Grantor to use those existing roads and driveways and utility crossings affecting the Premises which: (i) do not cross the Main Line right of way, or

any Branch Line Right of Way; (ii) benefit, by providing pedestrian, utility or vehicular access to any of the Excluded Parcels; (iii) are in use as of the date of this conveyance; and (iv) do not interfere in any manner with Grantor's use of the premises herein conveyed for railroad purposes, provided Grantor shall have and is hereby granted the right: (a) to relocate any such road, driveway or utility crossing to a reasonable alternative location; (b) to restrict any such road, driveway or utility crossing to a restricted area sufficient for reasonable access to the Excluded Parcel; or (c) to eliminate such road, driveway or utility crossing if the Excluded Parcel (including any land abutting and then in common ownership with the Excluded Parcel) affected thereby, has at the time reasonable alternative vehicular, utility and/or pedestrian access to public rights of way or, in the case of utilities, to public utility lines.

FURTHER EXCLUDING the easement reserved by Bangor & Aroostook Railroad Company, its successors and assigns, (subject to the termination described below) to use and maintain any buildings located mainly on those Excluded Parcels owned by Bangor & Aroostook Railroad Company to the extent that any such building(s) encroach(es) upon any portion of the premises herein conveyed, provided, however, that no such encroachment may be expanded or enlarged and further provided that at no time shall any such encroaching building interfere in any manner with Grantor's use and enjoyment of the premises conveyed herein for the operation of a railroad. In the event any building or the encroaching portion thereof to which this easement applies shall be demolished, destroyed or otherwise removed, the easement shall automatically terminate with respect to the area formerly occupied by such building and Bangor & Aroostook Railroad Company shall have no right to rebuild said building within such easement area.

SUBJECT, however, to the following:

- 1) All rights the public may have to use any roads, alleys, bridges, or streets crossing the railroad lines; rights of others in and to the waters of any streams, rivers, creeks and water ways passing under, across or through the railroad lines; and to any pipes, wires, poles, cable, culverts, drainage courses or systems and appurtenances now existing and remaining in, on, under, over, across, and through the railroad lines; together with the right of any person entitled thereto to maintain, repair, renew, replace, use and remove the same.
- 2) Any real estate taxes, sewer, water and other municipal betterment assessments or charges, not yet due and payable.
- 3) Those takings, easements, crossings and outconveyances referred or listed in the Schedules to this Exhibit A-1 or in the Valuation Plans.

The premises conveyed herein are further conveyed subject to and with the benefit of those matters described or referred to on the following Schedules:

- Schedule AA
- Schedule BB
- Schedule CC
- Schedule DD
- Schedule EE

SCHEDULE A  
(Northern Maine Junction – Val Plans V1a/7 and V1a/8)

Final

Part 1

All the real property in the Towns of Hermon and Hampden in Penobscot County, Maine described or referred to in the following documents recorded in the Penobscot County Registry of Deeds:

1. Quitclaim deed from Louis Kirstein to Northern Maine Seaport Railroad Company dated February 28, 1905 and recorded in Book 742, Page 455.
2. Warranty deed from George K. Humphrey to Northern Maine Seaport Railroad Company dated May 15, 1905 and recorded in Book 748, Page 206.
3. Warranty deed from Frank E. Emerson to Northern Maine Seaport Railroad Company dated April 20, 1905 and recorded in Book 751, Page 26.
4. Warranty deed from William H. Littlefield to Northern Maine Seaport Railroad Company dated April 22, 1905 and recorded in Book 751, Page 40, subject to a reservation for a farm crossing set forth therein.
5. Warranty deed from Walter C. Raynes, et al. to Northern Maine Seaport Railroad Company dated April 26, 1905 and recorded in Book 751, Page 70.
6. Warranty deed from Fred A. Wing to Northern Maine Seaport Railroad Company dated May 8, 1905 and recorded in Book 751, Page 88.
7. Quitclaim deed from Louis Kirstein to Northern Maine Seaport Railroad Company dated March 18, 1905 and recorded in Book 753, Page 6.
8. Warranty deed from Martha J. Phillips, et als. to Northern Maine Seaport Railroad Company dated July 7, 1905 and recorded in Book 753, Page 451, subject to a reservation for a farm crossing set forth therein.
9. Warranty deed from Frank E. Emerson to Northern Maine Seaport Railroad Company dated July 1, 1905 and recorded in Book 754, Page 32.
10. Warranty deed from John E. Henry to Northern Maine Seaport Railroad Company dated September 23, 1905 and recorded in Book 754, Page 407.
11. Warranty deed from Isaac Hewens to Northern Maine Seaport Railroad Company dated October 31, 1905 and recorded in Book 757, Page 128.
12. Warranty deed from Elizabeth Philbrook to Northern Maine Seaport Railroad Company dated November 8, 1905 and recorded in Book 757, Page 176.
13. Warranty deed from Annie E. Morrison to Northern Maine Seaport Railroad Company dated December 19, 1905 and recorded in Book 757, Page 374.
14. Warranty deed from Wilmer F. Harding to Northern Maine Seaport Railroad Company dated October 24, 1906 and recorded in Book 769, Page 72.
15. Warranty deed from William Robinson to Northern Maine Seaport Railroad Company dated December 26, 1906 and recorded in Book 769, Page 366, subject to a reservation for a farm crossing set forth therein.
16. Warranty deed from Alva G. Littlefield to Northern Maine Seaport Railroad Company dated June 20, 1907 and recorded in Book 776, Page 278.
17. Quitclaim deed from Charles A. Clewley to Northern Maine Seaport Railroad Company dated July 20, 1907 and recorded in Book 777, Page 73.
18. Deed from Frank B. Small to Bangor and Aroostook Railroad Company dated December 6, 1919 and recorded in Book 918, Page 183.

19. Deed from Bangor Investment Company to Bangor & Aroostook Railroad Company dated September 10, 1963 and recorded in Book 1913, Page 181.
20. Deed from Kenneth G. Wood to Bangor and Aroostook Railroad Company dated June 22, 1981 and recorded in Book 3198, Page 210.
21. Rights and easements reserved in Deed from Bangor & Aroostook Railroad Company to Karl R. Ziebarth, Trustee of the Bangor and Aroostook Railroad Company Pension Plan dated October 31, 1996 and recorded in said Registry of Deeds in Book 6257, Page 346.

**Part 2**

EXCEPTING, however from the land described in items 1 through 21 above, the following:

1. Quitclaim deeds from Bangor and Aroostook Railroad Company:
  - a. To Addle E. Eastman, et al. dated May 2, 1946 and recorded in Book 1201, Page 431, and
  - b. To Lyall S. Brackett dated September 6, 1950 and recorded in Book 1329, Page 287.
2. Petition for Condemnation in Favor of the United States of America dated July 5, 1951 and recorded in Book 1335, Page 446.
3. Deed from Bangor and Aroostook Railroad Company to Bangor Hydro-Electric Company dated November 15, 1994 and recorded in Book 5758, Page 247.
4. Quitclaim deed from Bangor and Aroostook Railroad Company to Lloyd D. Robinson, et al. dated October 5, 1959 and recorded in Book 1702, Page 205.

**Part 3**

The property is SUBJECT to the following:

1. Notice of Layout and Taking by the State Highway Commission of the State of Maine dated June 25, 1929 and recorded in Book 1033, Page 317.
2. Notice of Layout and Taking by the State of Maine - State Highway Commission dated July 2, 1958 and recorded in Book 1633, Page 275.
3. Notice of Layout and Taking by the State of Maine - State Highway Commission dated November 15, 1961 and recorded in Book 1813, Page 168; as affected by the Receipt and Confirmation of Taking dated January 8, 1962 and recorded in Book 1823, Page 200.
4. Land and right of way set forth in deed from Bangor and Aroostook Railroad Company to B & A Properties Incorporated dated April 21, 1989 and recorded in Book 4425, Page 15 ("Warehouse").
5. Notice of Layout and Taking by the State of Maine - State Highway Commission dated June 28, 1967 and recorded in Book 2109, Page 526.
6. Notice of Statutory Option by the State of Maine acting through its Department of Transportation dated December 8, 1989 and recorded in Book 4581, Page 219.
7. Rights and easements for public highway granted to the State of Maine from Bangor & Aroostook Railroad Company as set forth in the deed dated May 5, 1959 and recorded in Book 1674, Page 229.
8. Rights and easements for pole line granted to Central Maine Power Company from Bangor and Aroostook Railroad Company as set forth in the deed dated December 12, 1989 and recorded in Book 4575, Page 74.

9. Rights and easements for pole line granted to Central Maine Power Company and New England Telephone & Telegraph Company from Bangor and Aroostook Railroad Company as set forth in the instrument dated November 2, 1992 and recorded in Book 5231, Page 178.
10. Rights and easements for sewer line granted to the Town of Hermon from Bangor and Aroostook Railroad Company as set forth in the easement deed dated April 12, 1977 and recorded in Book 2755, Page 344.
11. Rights and easements for pole line granted to the Central Maine Power Company from Bangor and Aroostook Railroad Company as set forth in the deed dated on March 6, 1990 and recorded in Book 4611, Page 218.
12. Polyphase Contract with Central Maine Power Company from Bangor and Aroostook Railroad Company dated March 27, 1990 and recorded on January 29, 1991 in Book 4785, Page 77; as amended by instruments dated July 7, 1992 and recorded in Book 5237, Page 62 and dated July 14, 1994 and recorded in Book 5680, Page 143.
13. Rights and easements over a 250' strip of land for utility lines and roads granted to Bangor Hydro-Electric Company from Bangor and Aroostook Railroad Company as set forth in the instrument dated November 15, 1994 and recorded in Book 5758, Page 249.
14. Right of way, obligation to construct road and share maintenance of the road as described in deed from Bangor & Aroostook Railroad Company to R. H. Foster, Inc. dated June 28, 1995 and recorded in said Registry of Deeds in Book 5890, Page 113.
15. Rights and easements for pole line granted by Bangor & Aroostook Railroad Company to Bangor Hydro-Electric Company dated August 2, 1995 and recorded in said Registry of Deeds in Book 5922, Page 98.
16. Hermon Planning Board Subdivision Approval Final Order dated October 17, 1996 and recorded in the Penobscot County Registry of Deeds in Book 6250, Page 127, relating to Subdivision Plan recorded in said Registry of Deeds in Map File 1996-94.
17. Hermon Planning Board Amended Subdivision Plan Final Order dated October 30, 1996 and recorded in said Registry of Deeds in Book 6257, Page 352, relating to Subdivision Plan recorded in said Registry of Deeds in Map File 1996-97.
18. Railroad farm crossing reserved in warranty deed from William H. Littlefield to Northern Maine Seaport Railroad Company dated April 22, 1905 and recorded in Book 751, Page 40.
19. Agreement that railroad crossing being built by grantee as set forth in warranty deed from Martha J. Phillips, et als. to Northern Maine Seaport Railroad Company dated July 7, 1905 and recorded in Book 753, Page 451.
20. Agreement that present farm crossing to be maintained by grantee as set forth in warranty deed from William Robinson to Northern Maine Seaport Railroad Company dated December 26, 1906 and recorded in Book 769, Page 366, subject to a reservation for a farm crossing set forth therein.
21. Fifty foot wide right of way described in deed from Bangor & Aroostook Railroad Company to Bangor Investment Company dated June 10, 1973 and recorded in Book 2448, Page 227 and right of way set forth in deed from Bangor & Aroostook Railroad Company to Bangor Investment Company dated October 24, 1985 and recorded in Book 3746, Page 61, affects the property described in deed from B & A Properties to Bangor & Aroostook Railroad Company dated December 31, 1991 and recorded in Book 4996, Page 115 (the "Office Building").

SCHEDULE B  
(Derby - Valuation Plan V2b/L14)

Final

Part 1

All the real property in the Town of Milo in Piscataquis County Maine, described or referred to in the following deeds recorded in the Piscataquis County Registry of Deeds:

1. Release Deed from Henry F. Daggett to Bangor & Piscataquis Railroad Company dated October 13, 1868 and recorded in Book 55, Page 68, being Parcel 1 on the station map for Derby in the Town of Milo of the Bangor and Aroostook Railroad Company Station 1409+00 to Station 1480+00 dated June 30, 1916 (the "Station Map").
2. Release Deed from William A. Mooers to the Bangor & Piscataquis Railroad Company dated October 14, 1868 recorded in Book 55, Page 69.
3. Release Deed from Adonijah Webber to the Bangor & Piscataquis Railroad Company dated August 12, 1868 and recorded in Book 55, Page 70.
4. Release Deed from William Cross to the Bangor & Piscataquis Railroad Company dated August 12, 1868 and recorded in Book 55, Page 77.
5. Release Deed from Charles H. Perrigo to the Bangor & Piscataquis Railroad Company dated October 27, 1868 and recorded in Book 55, Page 82.
6. Warranty Deed from Charles H. Perrigo to the Bangor and Piscataquis Railroad Company dated March 12, 1870 and recorded in Book 56, Page 344.
7. Warranty Deed from Adonijah Webber to Bangor and Piscataquis Railroad Company dated August 1, 1870 and recorded in Book 56, Page 550.
8. Administrator's Deed from E.A. Thompson, Administrator of the Estate of James Thompson to the Bangor and Piscataquis Railroad Company dated November 18, 1874 and recorded in Book 66, Page 224.
9. Release Deed from Betsey J. Lord and Gershom Lord to the Bangor & Piscataquis Railroad Company dated November 18, 1874 and recorded in Book 66, Page 225.
10. Release Deed from Orrin W. Freeman to the Bangor and Katahdin Iron Works Railway dated September 28, 1881 and recorded in Book 78, Page 516.
11. Warranty Deed from Orrin W. Freeman to the Bangor and Katahdin Iron Works Railway dated August 5, 1881 and recorded in Book 82, Page 158, subject to the affirmative obligation to build and maintain a fence as set forth therein.
12. Warranty deed from John E. Gould to Bangor and Katahdin Iron Works Railway dated August 20, 1881 and recorded in Book 82, Page 239, subject to the affirmative obligation to build and maintain a fence as set forth therein.
13. Warranty, Deed from John A. Mooers to the Bangor & Katahdin Iron Works Railway dated August 30, 1881 and recorded in Book 82, Page 242, subject to the affirmative obligation to build and maintain a fence as set forth therein.
14. Warranty Deed from Charles H. Perrigo to the Bangor and Katahdin Iron Works Railway dated November 16, 1881 and recorded in Book 82, Page 348, subject to the affirmative obligation to build and maintain a fence as set forth therein.
15. Administrator's Deed from Lydia C. Davis, Administratrix of the Estate of Benjamin H. Davis to Bangor & Katahdin Iron Works Railway dated August 29, 1881 and recorded in Book 86, Page 114 and Release Deed from Lydia C. Davis to the Bangor & Katahdin Iron Works Railway dated August 26, 1881 and recorded in Book 78, Page 461, subject to the affirmative obligation to build and maintain a fence as set forth therein.

16. Release deed from J. A. Mooers to the Bangor and Aroostook Railroad Company dated June 5, 1893 and recorded in Book 111, Page 397.
17. Release deed from Lambert Sands and George W. Howe to the Bangor and Piscataquis Railroad Company acknowledged June 5, 1893 and recorded in Book 113, Page 81.
18. Warranty deed from Etta E. Blood to Bangor and Aroostook Railroad Company dated April 11, 1899 and recorded in Book 127, Page 174.
19. Release deed from Valentin Fabian to Bangor and Aroostook Railroad Company dated February 3, 1900 and recorded in Book 131, Page 59, subject to the reservation that the Town has the use of the highway included within the premises described therein.
20. Warranty deed from Valentin Fabian to Bangor and Aroostook Railroad Company dated July 19, 1901 and recorded in Book 134, Page 239.
21. Warranty deed from Oliver Ackerly to Bangor and Aroostook Railroad Company dated August 31, 1901 and recorded in Book 134, Page 312, subject to the exceptions and reservations for mill lot and privilege contained therein.
22. Warranty deed from Ida Laurietta Mooers to Bangor and Aroostook Railroad Company dated July 19, 1901 and recorded in Book 136, Page 298.
23. Warranty deed from Valentin Fabian to Bangor and Aroostook Railroad Corn party dated March 24, 1905 and recorded in Book 146, Page 4.
24. Warranty deed from William J. Cross to Bangor and Aroostook Railroad Company dated March 24, 1905 and recorded in Book 146, Page 5.
25. Warranty deed from Oliver Ackerly to Bangor and Aroostook Railroad Company dated March 24, 1905 and recorded in Book 146, Page 6.
26. Warranty deed from Esther E. Blood to Bangor and Aroostook Railroad Company dated March 22, 1905 and recorded in Book 146, Page 7, subject to the exceptions set forth therein.
27. Warranty deed from Stillman Y. Glidden to the Bangor and Aroostook Railroad Company dated April 7, 1905 and recorded in Book 146, Page 43.
28. Quitclaim Deed with Covenant from John E. Kelley to Bangor and Aroostook Railroad Company dated June 23, 1923 and recorded in Book 200, Page 401.
29. Quitclaim Deed with Covenant from Bangor Investment Company to Bangor and Aroostook Railroad Company dated August 25, 1922 and recorded in Book 209, Page 489.
30. Quitclaim Deed with Covenant from Bangor Investment Company to Bangor and Aroostook Railroad Company dated October 12, 1922 and recorded in Book 211, Page 300.
31. Quitclaim Deed with Covenant from Bangor Investment Company to Bangor and Aroostook Railroad Company dated November 21, 1922 and recorded in Book 211, Page 350.

Part 2:

1. Warranty Deed from Bangor & Aroostook Railroad Company to Oscar and Reuben Lumbra, Inc. dated August 30, 1995 and recorded in said Registry of Deeds in Book 1001, Page 203 (releasing that portion of the railroad right-of-way starting at Val Station 1541+14, Derby to Greenville chainage, to a point where said right-of-way intersects the westerly sideline of the Ferry Road in Milo, just west of Station 1457+63).

**Part 3:**

The project is SUBJECT to the following:

2. Notice of Statutory Option from Bangor & Aroostook Railroad Company to the State of Maine, acting through its Department of Transportation, dated December 8, 1989 and recorded in Book 753, Page 262.
3. Pole line easement from Bangor and Aroostook Railroad Company to Milo Electric Light and Power Company dated January 14, 1921 and recorded in Book 204, Page 423.
4. Easement for construction and maintenance of a substation from Bangor and Aroostook Railroad Company to Milo Electric Light and Power Company dated January 14, 1921 and recorded in Book 204, Page 424.
5. Pole line easement from Bangor and Aroostook Railroad Company to Bangor Hydro-Electric Company dated July 27, 1949 and recorded in Book 294, Page 159.
6. The complete sewer system, together with a right to enter, located at First, Second and Main Streets in the subdivision, conveyed to Milo Water District by quitclaim deed from Bangor and Aroostook Railroad Company, acknowledged April 27, 1951 and recorded in Book 302, Page 403.
7. Rights and easements for vehicular and utility access granted by Bangor & Aroostook Railroad Company to Oscar and Reuben Lumbra, Inc. dated June 8, 1995 and recorded in said Registry of Deeds in Book 989, Page 88.

SCHEDULE C  
(Millinocket – Valuation Plans V2g/9 and V2g/s9a)

Final

Part 1

All the real property in the Towns of Millinocket and Indian Township No. 3 in Penobscot County, Maine described or referred to in the following deeds recorded in the Penobscot County Registry of Deeds:

1. Quitclaim deed from Charles W. Mullen, et als., to Bangor and Aroostook Railroad Company acknowledged December 31, 1892 and recorded in Book 631, Page 12.
2. Quitclaim deed from Great Northern Paper Company to Bangor and Aroostook Railroad Company dated December 4, 1899 and recorded in Book 689, Page 229.
3. Quitclaim deed from Charles W. Mullen, et als., to Bangor and Aroostook Railroad Company dated November 28, 1899 and recorded in Book 694, Page 170.
4. Quitclaim deed from James B. Mullen to Bangor and Aroostook Railroad Company dated December 30, 1899 and recorded in Book 694, Page 171, as corrected by the corrective deed dated December 16, 1901 and recorded in Book 707, Page 426.
5. Warranty deed from James B. Mullen to Bangor and Aroostook Railroad Company dated December 8, 1905 and recorded in Book 757, Page 355.
6. Quitclaim deed from Frank W. Rush, et al. to Bangor and Aroostook Railroad Company recorded on June 1, 1906 in Book 761, Page 463, subject to conditions and reversion set forth in said deed.
7. Quitclaim deed from Frank W. Rush to Bangor and Aroostook Railroad Company dated April 28, 1921 and recorded in Book 833, Page 254.
8. Quitclaim deed from Great Northern Paper Company to Bangor and Aroostook Railroad Company dated March 14, 1936 and recorded in Book 1105, Page 11, subject to the condition set forth in said deed.
9. Quitclaim deed from Great Northern Paper Company to Bangor and Aroostook Railroad Company dated March 14, 1936 and recorded in Book 1105, Page 12.
10. Quitclaim deed from Albert F. Rush to Bangor and Aroostook Railroad Company dated April 30, 1936 and recorded in Book 1105, Page 36.
11. Quitclaim deed from Great Northern Nekoosa Corporation to Bangor and Aroostook Railroad Company dated October 7, 1988 and recorded in Book 4421, Page 258, subject to building restrictions set forth in said deed.
12. Quitclaim deed from Bangor Investment Company to Bangor and Aroostook Railroad Company dated August 3, 1992 and recorded in Book 5153, Page 127.
13. Lease by and between Karl R. Ziebarth, as Trustee of the Bangor and Aroostook Railroad Company Retirement Plan Trust II, as the Lessor, and Bangor and Aroostook Railroad Company, as the Lessee, dated October 31, 1996 as evidenced by the Memorandum of Lease recorded in said Registry of Deeds in Book 6363, Page 208.
14. Water and Sewer line rights reserved in deeds from Bangor & Aroostook Railroad Company to Bernard Ward dated February 22, 1984, February 7, 1984, October 22, 1984, and October 22, 1994 and recorded in Book 3498, Pages 229 and 231, and in Book 3590, Pages 345 and 347, respectively.
15. Rights and easements for appurtenant sewer line as described in Memorandum of Agreement for appurtenant easement granted from Frank W. Rush to Bangor and

Aroostook Railroad Company dated September 27, 1938 and recorded in Book 1176, Page 59.

16. Appurtenant rights reserved in Corrective Warranty Deed to Karl R. Ziebarth, as Trustee of the Bangor and Aroostook Railroad Company Retirement Plan II from Bangor & Aroostook Railroad Company dated January 6, 1997 and recorded in said Registry, of Deeds in Book 6303, Page 287.

## Part 2

This property is SUBJECT to the following:

1. Petition for a utility crossing under tracks (Bates Street, south yard entrance to yard) in favor of the Public Utilities Commission-Maine State Highway Commission dated January 27, 1936 and recorded in Book 1108, Page 449.
2. Rights and easements for a pole line easement granted by Bangor and Aroostook Railroad Company to Bangor Hydro Electric Company dated March 11, 1954 and recorded in Book 1423, Page 127.
3. Rights of the Town of Millinocket to enter the premises for purposes of cleaning, repairing or rebuilding a sanitary sewer existing new the southeasterly boundary of the parcel all as more particularly described in quitclaim deed from Great Northern Paper Company to Bangor and Aroostook Railroad Company dated March 14, 1936 and recorded in Book 1105, Page 11.
4. Notice of Statutory Option by the State of Maine acting through its Department of Transportation dated December 8, 1989 and recorded in Book 4581, Page 219.
5. Right of the Grantor to re-enter and revest title upon violation of certain building restrictions set forth in deed from Great Northern Nekoosa Corporation to Bangor and Aroostook Railroad Company dated October 7, 1988 and recorded in Book 4421, Page 258 (restrictions: no building shall be moved from some other location and placed upon the premises without consent in writing from the Grantor; buildings and structures erected on said premises shall be used for all legal purposes)
6. Rights and easements for a pole line granted by Bangor & Aroostook Railroad Company to Bangor Hydro-Electric Company by Easement Deed dated July 11, 1995 and recorded in said Registry, of Deeds in Book 5904, Page 340.
7. Building restrictions set forth in Quitclaim deed from Great Northern Nekoosa Corporation to Bangor and Aroostook Railroad Company dated October 7, 1988 and recorded in Book 4421, Page 258.

SCHEDULE D

(Mack Point, Searsport - Valuation Plans V1a/1, V1a/st1 and V1a/stb-1)

Revised 12/26/02-F

All that real estate together with the buildings, tracks and other improvements thereon located in Searsport, Waldo County, Maine identified on a plan entitled "Boundary Survey Showing Proposed Parcels, Easements and Agreements for Conveyance at Mack Point in Searsport, Maine, Waldo County, Maine" prepared for Maine Port Authority, Drawing Nos. P63-47.01, 47.02 and 47.03 dated December 20, 2002 by James W. Sewall Company, as "n/f Bangor & Aroostook Railroad Company" except for Parcel 01-1 (retained by BAR) and Parcel B-2 (retained by BAR).

Part 1

The above property has the benefit of the following:

1. Rights of Bangor and Aroostook Railroad Company under Reversionary deed from Bangor Investment Company to Bangor and Aroostook Railroad Company dated June 30, 1959 and recorded in said Registry of Deeds in Book 566, Page 258 (Grantor has right to request Grantee to remove tracks, Grantee has rights to remove tracks or cease to operate on tracks and in either event, the land will revert back to Grantor).
2. Ninety-nine foot right of way reserved in Quitclaim deed with Covenant from Bangor and Aroostook Railroad Company to Northern Chemical Industries, Inc. dated April 9, 1956 and recorded in Book 533, Page 517; as re-recorded in Book 534, Page 211; as affected by the Memorandum of Agreement by and between Bangor and Aroostook Railroad Company, Bangor Investment Company and Northern Chemical Industries, Inc. dated August 15, 1957 and recorded in Book 549, Page 338.

Part 2

EXCEPTING, however, the following:

1. Land described in Quitclaim deed from Bangor Investment Company to John Merrithew dated September 11, 1946 and recorded in Book 459, Page 8 (3 acres).
2. Land described in Quitclaim deed with Covenant from Bangor and Aroostook Railroad Company to Northern Chemical Industries, Inc. dated April 9, 1956 and recorded in Book 533, Page 517; as re-recorded in Book 534, Page 211; as affected by the Memorandum of Agreement by and between Bangor and Aroostook Railroad Company, Bangor Investment Company and Northern Chemical Industries, Inc. dated August 15, 1957 and recorded in Book 549, Page 338.
3. Land described in deed from Bangor Investment Company to Northern Chemical Industries, Inc. dated April 9, 1956 and recorded in said Registry of Deeds in Book 533, Page 519; as re-recorded in said Registry of Deeds in Book 534, Page 213; as affected by the Memorandum of Agreement by and between Bangor and Aroostook Railroad Company, Bangor Investment Company and Northern Chemicals, Inc. dated August 15, 1957 and recorded in said Registry of Deeds in Book 549, Page 338.

Part 3

The property is SUBJECT to the following:

1. Rights and easement for public highway purposes described in deed from Bangor Investment Company to State of Maine dated December 28, 1940 and recorded in Book 420, Page 173.
2. Notice of Layout and Taking by the State Highway Commission of the State of Maine dated July 1, 1942 and recorded in Book 422, Page 354.
3. Lease Agreement by and between Bangor Investment Company as Lessor and Northern Chemical Industries as Lessee dated December 18, 1954 and recorded in Book 521, Page 174.
4. Lease Agreement by and between Bangor Investment Company as Lessor and Summers Fertilizer Company as Lessee dated December 18, 1954 and recorded in Book 521, Page 198.
5. Right and easements (other than the appurtenant easements reserved therein) and the terms and conditions relative to the appurtenant easement, reserved therein, as set forth in Quitclaim deed with Covenant from Bangor and Aroostook Railroad Company to Northern Chemical Industries, Inc. dated April 9, 1956 and recorded in Book 533, Page 517; as re-recorded in Book 534, Page 211; as affected by the Memorandum of Agreement by and between Bangor and Aroostook Railroad Company, Bangor Investment Company and Northern Chemical Industries, Inc. dated August 15, 1957 and recorded in Book 549, Page 338.
6. Notice of Layout and Taking by the State of Maine - Department of Transportation dated April 1, 1980 and recorded in Book 778, Page 806 (U.S. Route 1).
7. Notice of Layout and Taking by the State of Maine - Department of Transportation dated February 5, 1986 and recorded in Book 885, Page 141.
8. Agreement by and between Bangor and Aroostook Railroad Company and Northern Chemical Industries, Inc. dated September 5, 1956 and recorded in Book 542, Page 23; as affected by the Supplementary Agreement dated March 22, 1966 and recorded in Book 646, Page 214; as affected by the Lease Agreement by and between Bangor and Aroostook Railroad Company and Delta Chemicals, Inc. dated May 19, 1970 and recorded in Book 1440, Page 182; as affected by the Lessor's Consent to Assignment of Lease dated March 7, 1994 and recorded in Book 1440, Page 299; as affected by the Assignment and Assumption of Leases dated March 8, 1994 and recorded in Book 1440, Page 301.
9. Right of way conveyed by Northern Maine Seaport Railroad Company to United States of America by deed dated October 21, 1913 and recorded in Book 315, Page 341.
10. Notice of Layout and Taking by the State Highway Commission of the State of Maine dated June 6, 1939 and recorded in Book 419, Page 54.
11. Lease Agreement by and between Bangor and Aroostook Railroad Company, as lessor and Northern Chemical Industries, as lessor dated December 18, 1954 and recorded in said Registry of Deeds in Book 521, Page 185.
12. Lease Agreement by and between Bangor and Aroostook Railroad Company, as lessor, and The Summers Fertilizer Company, Inc., as lessee, dated December 18, 1954 and recorded in said Registry of Deeds in Book 521, Page 207.
13. Notice of Statutory Option naming Bangor & Aroostook Railroad Company as the Optionor and The State of Maine, acting through its Department of

- Transportation as Optionee dated December 8, 1989 and recorded in said Registry of Deeds in Book 1141, Page 79.
14. Right of way reserved in the deed from Elizabeth McG. Nickels, et al to Northern Maine Seaport Railroad Company dated June 6, 1905 and recorded in said Registry of Deeds in Book 277, Page 154.
  15. Easement Deed from Gary J. Knostman, Trustee, to Elmer L. Savage et al dated July 21, 1995 and recorded in Book 1546, Page 223.



V2b/11	6/30/1916		Piscataquis	South Lagrange to Derby	1294+40	1347+20	64
V2b/12	6/30/1916		Piscataquis	South Lagrange to Derby	1347+20	1390+00	
V2b/13	6/30/1916		Piscataquis	South Lagrange to Derby	1390+00	1411+00	65
V2b/14	6/30/1916	1/63, 1/77, 1/78	Piscataquis	South Lagrange to Derby	1409+00	1480+00	
V2b/15	1/30/1925	7/55,	Piscataquis	Buildings & Pole lines			
V2b/16	6/30/1916	11/73,	Piscataquis	South Lagrange to Derby	1411+00	1460+00	
V2d/1	6/30/1916		Piscataquis	Derby to Brownville	1435+54	1471+60	66
V2d/2	6/30/1916	1/50, 1/59, 1/80, 1/85, 1/88	Piscataquis	Derby to Brownville	1471+60	1524+40	67
V2d/3	6/30/1916	12/42,	Piscataquis	Derby to Brownville	1524+40	1577+20	68
V2d/4	6/30/1916		Piscataquis	Derby to Brownville	1577+20	1630+00	69
V2d/5	6/30/1916		Piscataquis	Derby to Brownville	1630+00	1682+80	70
V2d/6	6/30/1916		Piscataquis	Derby to Brownville	1682+80	0+67	71
V2d/7	6/30/1916	1/79,	Piscataquis	Derby to Brownville	0+67	43+29	72
V2d/8	6/30/1916	2/54,	Piscataquis	Derby to Brownville	0+67	43+29	72
V2g/1	6/30/1914		Piscataquis	Brownville to Oakfield	0+00	211+20	73,74,75,76
V2g/s1	11/27/1935	7/51, 5-50, 1-58	Piscataquis	Brownville to Oakfield	7+00	23+00	K1
V2g/2	6/30/1914	4/42,	Piscataquis	Brownville to Oakfield	211+20	422+40	77-80
V2g/3	6/30/1914	6/52,	Piscataquis	Brownville to Oakfield	422+40	633+60	81-84
V2g/4	6/30/1914	12/63, 1/74	Piscataquis	Brownville to Oakfield	633+60	844+80	85-88, M27
V2g/5	6/30/1914	3/84,	Pen & Pisc	Brownville to Oakfield	844+80	1056+00	89-92
V2g/s5	6/30/1916	3/84,	Pen & Pisc	Brownville to Oakfield	959+50	992+00	
V2g/6	6/30/1914	1/88,	Penobscot	Brownville to Oakfield	1056+00	1267+20	93-96
V2g/7	6/30/1914	1/69,	Penobscot	Brownville to Oakfield	1267+20	1478+40	97-100
V2g/s7	5/21/1935	1/47,	Penobscot	Brownville to Oakfield	1312+00	1342+00	
V2g/8	6/30/1914	1/51, 1/88	Penobscot	Brownville to Oakfield	1478+40	1689+60	101-104
V2g/s8	5/17/1938	5/56, 1/80, 1/88	Penobscot	Brownville to Oakfield	1485+00	1525+00	
V2g/9	6/30/1914	8/53,	Penobscot	Brownville to Oakfield	1689+60	1900+80	104-108
V2g/s9a	11/16/1936	1/69, 1/74, 12/76, 1/78, 12/84, 11/89	Penobscot	Brownville to Oakfield	1709+00	1772+50	105
V2g/s9b	2/21/1931	3/51, 12/69, 12/76, 12/84, 3/86	Penobscot	Brownville to Oakfield	42+00	End of Track	
V2g/s9d	11/20/1930	1/69, 2/78, 12/79, 12/84	Penobscot	Brownville to Oakfield	0+00	50+00	
V2g/10	6/30/1914		Penobscot	Brownville to Oakfield	1900+80	2112+00	109-112
V2g/11	6/30/1914	1/51,	Penobscot	Brownville to Oakfield	2112+00	2323+20	113-116
V2g/s11	6/30/1932	1/64, 1/69, 1/88	Penobscot	Brownville to Oakfield	2144+00	2207+00	113-114
V2g/12	6/30/1914	2/51, 1/64	Penobscot	Brownville to Oakfield	2323+20	2534+40	117-120
V2g/13	6/30/1914	8/53, 1/64	Penobscot	Brownville to Oakfield	2534+40	2745+60	121-124
V2g/14	6/30/1914	2/50, 12/77, 1/81	Penobscot	Brownville to Oakfield	2745+60	2956+80	125-128
V2g/15	6/30/1914	1/87, 4/42	Penobscot	Brownville to Oakfield	2956+80	3168+00	129-132
V2g/s15	6/30/1916	12/63, 5/69, 11/73, 12/79	Pen-Aroost	Brownville to Oakfield	2969+50	3008+00	129
V2g/16	6/30/1914	1/50, 8/53, 1/79	Aroostook	Brownville to Oakfield	3168+00	3379+20	133-136
V2g/17	6/30/1914	2/50, 1/69, 12/77	Aroostook	Brownville to Oakfield	3379+20	3542+60	137-139
V2g/18	6/30/1914		Aroostook	Brownville to Oakfield	3542+60	3700+50	140-142
V2g/s18	6/30/1916	12/63, 12/77, 12/79, 11/84	Aroostook	Brownville to Oakfield	3557+65	3580+50	
V2g/19	6/30/1916	1/51,	Aroostook	Brownville to Oakfield	3700+50	3866+50	143-145

V2g/20	6/30/1916	1/52, 5/53, 6/73, 12/73	Aroostook	Brownville to Oakfield	3856+50	4023+27	146-148
V2m/1	6/30/1916	2/50,	Aroostook	Ashland Jct to Sheridan	0+00	148+60	149-152
V2m/s1	6/30/1916	8/51, 12/72, 1/88	Aroostook	Ashland Jct to Sheridan	66+86.3	109+92	151,
V2m/2	6/30/1916	1/50, 8/53	Aroostook	Ashland Jct to Sheridan	148+60	359+80	153-156
V2m/3	6/30/1916	2/50,	Aroostook	Ashland Jct to Sheridan	359+80	571+00	157-160
V2m/4	6/30/1916	2/50, 3/86	Aroostook	Ashland Jct to Sheridan	571+00	764+00	161-163
V2m/5	6/30/1916	1/51,	Aroostook	Ashland Jct to Sheridan	764+00	975+20	164-167
V2m/6	6/30/1916		Aroostook	Ashland Jct to Sheridan	975+20	1186+40	168-171
V2m/7	6/30/1916		Aroostook	Ashland Jct to Sheridan	1186+40	1397+60	172-175
V2m/8	6/30/1916		Aroostook	Ashland Jct to Sheridan	1397+60	1608+80	176-179
V2m/9	6/30/1916	illegible	Aroostook	Ashland Jct to Sheridan	1608+80	1820+00	180-183
V2m/10	6/30/1916	1/50,	Aroostook	Ashland Jct to Sheridan	1820+00	2031+20	184-187
V2m/s10	6/30/1916	last rev. 1/78	Aroostook	Ashland Jct to Sheridan	1893+00	1948+00	185-186
V2m/11	6/30/1916	1/69, 2/92	Aroostook	Ashland Jct to Sheridan	2031+20	2242+40	188-191
V2m/12	6/30/1916		Aroostook	Ashland Jct to Sheridan	2242+40	2317+44.7	192-193
V2m/s12	12/4/1987	12/84,	Aroostook	Ashland Jct to Sheridan	2196+00	2331+00	191-193
V2n/1	6/30/1916		Aroostook	Sheridan to Fort Kent	0+00	211+20	194-197
V2n/2	6/30/1916		Aroostook	Sheridan to Fort Kent	211+20	422+40	198-201
V2n/3	6/30/1916	1/88,	Aroostook	Sheridan to Fort Kent	422+40	633+60	202-205
V2n/s3	6/30/1916	1/50, 3/51, 1/69, illegible	Aroostook	Sheridan to Fort Kent	529+00	586+00	204,
V2n/4	6/30/1916		Aroostook	Sheridan to Fort Kent	633+60	844+80	206-209
V2n/5	6/30/1916		Aroostook	Sheridan to Fort Kent	844+80	1056+00	210-213
V2n/6	6/30/1916		Aroostook	Sheridan to Fort Kent	1056+00	1267+20	214-217
V2n/7	6/30/1916	1/64, 1/69	Aroostook	Sheridan to Fort Kent	1267+20	1478+40	216-221
V2n/8	6/30/1916		Aroostook	Sheridan to Fort Kent	1478+40	1889+60	222-225
V2n/9	6/30/1916	1/51, 1/88	Aroostook	Sheridan to Fort Kent	1689+60	1900+80	226-229
V2n/10	6/30/1916	2/51, 1/64, 1/69, 3/92	Aroostook	Sheridan to Fort Kent	1754+00	1796+00	227,
V2n/11	6/30/1916	3/51, 7/69	Aroostook	Sheridan to Fort Kent	1900+80	2112+00	230-233
V2n/12	6/30/1916	3/51,	Aroostook	Sheridan to Fort Kent	2112+00	2323+20	234-237
V2n/13	6/30/1916		Aroostook	Sheridan to Fort Kent	2323+20	2534+40	238-241
V2n/s13a	12/31/1946	last rev 3/86	Aroostook	Sheridan to Fort Kent	2534+40	2892+49	242-244
V2n/s13b	6/30/1916	last rev 3/92	Aroostook	Sheridan to Fort Kent	2396+00	2651+00	243,
V2w/12	6/30/1916	12/84,	Aroostook	Van Buren to Fort Kent	2655+00	2692+49	244,
V2w/11	6/30/1916		Aroostook	Van Buren to Fort Kent	2200+00	2307+72	245-246
V2w/10	6/30/1916	3/51	Aroostook	Van Buren to Fort Kent	2040+00	2200+00	247-249
V2u/s9b	6/30/1916	last rev. 12/84	Aroostook	Van Buren to Fort Kent	1850+00	2040+00	250-252
V2w/s9a	2/26/1927		Aroostook	Van Buren to Fort Kent	1684+00-	1774+00-	254,
V2w/9	6/30/1916	2/50,	Aroostook	Van Buren to Fort Kent	1724+00	1814+00	
V2w/8	6/30/1916	9/50, 3/51, 12/69	Aroostook	Van Buren to Fort Kent	1632+00	1668+00	
V2w/s1-7a	2/16/1929		Aroostook	Van Buren to Fort Kent	1640+00	1850+00	253-256
V2w/s1-7	4/27/1926	8/27,	Aroostook	Van Buren to Fort Kent	1430+00	1640+00	257-260
			Aroostook	Van Buren to Fort Kent	1256+00	1314+00	264,
			Aroostook	Van Buren to Fort Kent	1256+00	1314+00	

V2w/7	6/30/1916	7/50,3/51,5/75	Aroostook	Van Buren to Fort Kent	1220+00	1430+00	261-264
<b>BRANCH LINES</b>							
East Millinocket Branch							
V2h/1	6/30/1916						
V2h/2	6/30/1916		Penobscot	Schoodic Steam Jct to E. Millin	0+00	211+32.6	E1-E4
V2h/s2	6/30/1916	12/69,12/76,1/78,1/80,1/81,12/84	Penobscot	Schoodic Steam Jct to E. Millin	211+32.6	399+04.5	E4-E7
V2h/3	6/30/1916	1/78, 5/86	Penobscot	Schoodic Steam Jct to E. Millin	337+40	395+00	E7
			Penobscot	Schoodic Steam Jct to E. Millin	399+04.5	499+22.2	E8
Van Buren Branch							
V2w/5	6/30/1916	3/51,1/92	Aroostook	Van Buren to Fort Kent	1010+00	1220+00	V1-V4
V2w/s4	6/30/1916	1/51	Aroostook	Van Buren to Fort Kent	813+60	1010+00	V5-V8
V2w/4	6/30/1916	1/51,10/53,illegible	Aroostook	Van Buren to Fort Kent	774+40	815+00	V9
V2w/3	6/30/1916	last rev 6/53	Aroostook	Van Buren to Fort Kent	802+40	813+60	V9-V12
V2w, V2w/s1a	2/15/1943	last rev 5/86	Aroostook	Van Buren to Fort Kent	391+20	602+40	V13-V16
			Aroostook	Van Buren to Fort Kent	50+00	80+00	
V2w/2	6/30/1916	2/1950	Aroostook	Van Buren to Fort Kent	180+00	391+20	V17-V20
V2w/s-1b	6/30/1916		Aroostook	Van Buren to Fort Kent	102+00	155+40	V21
V2w/1	6/30/1916		Aroostook	Van Buren to Fort Kent	0+00	180+00	V21-V23
V2w/s9	10/30/1926	last rev 1/88	Aroostook	Caribou to Van Buren	1692+00,0+00	176.3+33.4+.06	259, V24
Limestone Branch							
V2w/17	6/30/1916	1/51,	Aroostook	Oakfield to Caribou	2360+00	2571+20	L0-L3
V2w/si-17b	1/5/1931	1/51,4/58	Aroostook	Oakfield to Caribou	2402+50	2455+11	
V2w/s17	1/6/1961	1/85, 1/88	Aroostook	Oakfield to Caribou	2571+20	2782+40	L1-L2
V2w/18	6/30/1916	5/51,	Aroostook	Oakfield to Caribou	2782+40	2991+98	L4-L7, 216-219
V2w/s18	4/16/1946	last rev 1/78	Aroostook	Oakfield to Caribou	2991+98	3151+60	L5, L6
V2w/19	6/30/1916	illegible	Aroostook	Oakfield to Caribou	3100+00	3155+00	L8-L11, 220-223
V2w/20	7/15/1946		Aroostook	Oakfield to Caribou	3151+60	3155+00	L12-L14, 224-226
V2w/s20a	10/31/1945	illegible	Aroostook	Oakfield to Caribou	3151+60	26+27	L14, 226
V2w/s-20b	6/6/1929		Aroostook	Oakfield to Caribou	4+49.3	198+00	L15, 227
V2w/1	6/30/1916		Aroostook	Caribou to Limestone	198+00	405+00	L16-L18
V2w/2	6/30/1946		Aroostook	Caribou to Limestone	405+00	616+00	L19-L22
V2w/s2	8/1/1946		Aroostook	Caribou to Limestone	405+00	616+00	L23-L26
V2w/3	12/1/1942	2/50,	Aroostook	Caribou to Limestone	616+00	822+60	L27-L30
V2w/s3	9/9/1936	last rev 12/63	Aroostook	Caribou to Limestone	778+00	822+60	L30
V2w/4	6/30/1916	4/51,	Aroostook	Caribou to Limestone	0+00	190+00	P0-P3
V2w/s4	7/8/1948	last rev 1/85	Aroostook	Caribou to Limestone	190+00	401+20	P4-P7
Presque Isle Branch							
V2p/1	6/30/1916		Aroostook	Squa Pan to Stockholm	401+20	612+40	P8-P11
V2p/2	6/30/1916		Aroostook	Squa Pan to Stockholm			
V2p/3	6/30/1916	3/51,	Aroostook	Squa Pan to Stockholm			

V2p/4	6/30/1916		Aroostook	Squa Pan to Stockholm	612-40	823+60	P12-P15
V2p/5	6/30/1916		Aroostook	Squa Pan to Stockholm	823+60	1034+80	P16-P18
V2p/s5							
V2q/2	6/30/1916	2/50,	Aroostook	Presque Isle to Mapleton	180+00	368+54.2	P18-P21
V2q/s2							
V2q/1	6/30/1916		Aroostook	Presque Isle to Mapleton	2384+03	180+00	P22-P25
V2k/17	6/30/1916	11/51,	Aroostook	Oakfield to Caribou	2360+00	2571+20	P25
Fl. Fairfield Branch							
V2k/16	6/30/1916	last rev 2/85	Aroostook	Oakfield to Caribou	2192+00	2360+00	208-211, F1-F3
V2k/15	6/30/1916	last rev 1/88	Aroostook	Oakfield to Caribou	1980+80	2192+00	204-207, F4-F6
V2k/s15	6/30/1916	last rev 1/88	Aroostook	Oakfield to Caribou	2066+00	2113+00	206, 208
V2r/1	6/30/1916	last rev 2/85	Aroostook	Phair to Fort Fairfield	0+00	185+00	F6-F8
V2r/s2	6/30/1916	last rev 12/84	Aroostook	Phair to Fort Fairfield	180+00	220+00	F9
V2r/2	6/30/1916	last rev 2/85	Aroostook	Phair to Fort Fairfield	185+00	396+20	F9-F12
Houlton Branch							
V2k/1	6/30/1916	last rev. 1/69	Aroostook	Oakfield to Caribou	4023+27	4211+20	149-151, H0,00-H2 B
V2k/s1	11/30/1948	last rev. 1/87	Aroostook	Oakfield to Caribou to Shenidan	4022+00,0+00	4106+00,66+84	149-150, H0,00
V2k/s1-a	5/5/1941		Aroostook	Oakfield to Caribou	4023+00	4077+00	
V2k/2	6/30/1916		Aroostook	Oakfield to Caribou	4211+20	4422+40	152-155, H3-H6
V2k/3	6/30/1916		Aroostook	Oakfield to Caribou	4422+40	4633+60	156-159, H7-H10
V2k/s3	6/30/1916	illegible	Aroostook	Oakfield to Caribou	4609+00	4633+00	
V2k/4	6/30/1916		Aroostook	Oakfield to Caribou	4633+60	4844+80	
V2k/5	6/30/1916	illegible	Aroostook	Oakfield to Caribou	4844+80	80+00	160-163, H11-H14
V2k/s5a	3/15/1933	8/57,	Aroostook	Oakfield to Caribou	4892+00	5+50	164-167, H15-H17
V2k/s5b	1/24/1950	last rev. 5/86	Aroostook	Oakfield to Caribou	4939+00	5+50	H16
V2k/s-5c	1/3/1966		Aroostook	Oakfield to Caribou	64+00	97+00	H17
V2k/6	6/30/1916		Aroostook	Oakfield to Caribou	80+00	291+20	168-171
K1-Branch							
V2e/1	6/30/1916	2/54	Piscataquis	Brownville to Iron Works	43+29	94+00	K1
V2e/2	6/30/1916	4/44,	Piscataquis	Brownville to Iron Works	94+00	146+80	K2
V2e/3	6/30/1916		Piscataquis	Brownville to Iron Works	146+80	199+60	K3
V2e/4	1/1/1943	1/50, 8/53, 10/63	Piscataquis	Brownville to Brownville Jct.	185+00	End of Track (237-93.6)	K4



**SCHEDULE G  
EXCLUDED PARCELS**

Certain lots or parcels of land, together with any improvements thereon, situated in the Counties of Waldo, Penobscot, Piscataquis and/or Aroostook (Northern and Southern Districts) in the State of Maine and described in Schedules G and G-1 in the following deeds, which descriptions in Schedules G and G-1 are incorporated by reference herein as if more particularly set forth herein:

1. Trustee's Deed from James E. Howard, Chapter 11 Trustee, to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Waldo County Registry of Deeds in Book 2355, Page 169.
2. Trustee's Deed from James E. Howard, Chapter 11 Trustee to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Piscataquis County Registry of Deeds in Book 1438, Page 46.
3. Trustee's Deed from James E. Howard, Chapter 11 Trustee to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Piscataquis County Registry of Deeds in Book 1438, Page 238.
4. Trustee's Deed from James E. Howard, Chapter 11 Trustee to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Franklin County Registry of Deeds in Book 2234, Page 28.
5. Trustee's Deed from James E. Howard, Chapter 11 Trustee to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Penobscot County Registry of Deeds in Book 8539, Page 1.
6. Trustee's Deed from James E. Howard, Chapter 11 Trustee to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Southern Aroostook County Registry of Deeds in Book 3753, Page 1.
7. Trustee's Deed from James E. Howard, Chapter 11 Trustee to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Northern Aroostook County Registry of Deeds in Book 1337, Page 142.
8. Trustee's Deed from James E. Howard, Chapter 11 Trustee to Montreal, Maine & Atlantic Railway, Ltd. dated December 27, 2002, and recorded in the Somerset County Registry of Deeds in Book 3061, Page 119.

There is further excluded from the mortgaged premises those certain parcels of land, together with the buildings and improvements thereon more particularly described as Additional Excluded Parcels in Schedule G-2 attached hereto and made a part hereof.

SCHEDULE G-2  
ADDITIONAL EXCLUDED PARCELS

Parcel 1

Greenville Depot:

A certain lot or parcel of land, together with any improvements thereon and adjacent parking areas and access thereto from US Route 15 located in Greenville, Piscataquis County, Maine, and more particularly shown on Schedule G-2, page 3, attached hereto as "Greenville Station."

Parcel 2

Brownville Station:

A certain lot or parcel of land, together with any improvements thereon and adjacent parking areas and access thereto from Main Street located in Brownville, Piscataquis County, Maine, and identified on Schedule G-2, page 4, attached hereto as "Brownville Station." Schedule G-2, page 3, attached hereto is a portion of Val Plan V-2E-4 referenced in Schedule E of Exhibit A to this mortgage.

Parcel 3

Bodfish Depot:

A certain lot or parcel of land, located in Elliotsville Township, Piscataquis County, Maine, shown on Schedule G-2, page 5, identified thereon as "Bodfish Station," together with a right of way for access thereto and adjacent parking areas.

Parcel 4

Jackman Depot:

A certain lot or parcel of land, together with any buildings or improvements thereon, located in Jackman, Somerset County, Maine, and more particularly shown on Schedule G-2, page 6 attached hereto and made a part hereof as "Jackman Station," together with access to Route 201 and adjacent parking areas.

Parcel 5

Derby Roundhouse:

A structure located in Derby, Piscataquis County, Maine, known as the "Roundhouse" which is shown on Schedule G-2, page 7, attached hereto as the "Derby Roundhouse" and circled thereon.

Parcel 6

Propane Lane:

A certain lot or parcel of land located in Hermon, Penobscot County, Maine, consisting of a roadway known as "Propane Lane" and which is shown (but not labeled) as "66' wide right-of-way" connecting Route 2 in Hermon with Lot 2 shown on a plan of record in the Penobscot County Registry of Deeds in Map File 1966-97, a copy of a portion of which is attached as Schedule G-2, page 8, said right-of-way is further described in deed from the Bangor & Aroostook Railroad to R.H. Foster, Inc., dated June 28, 1995, and recorded in the Penobscot County Registry of Deeds in Book 5890, Page 113.

Parcel 7

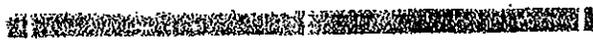
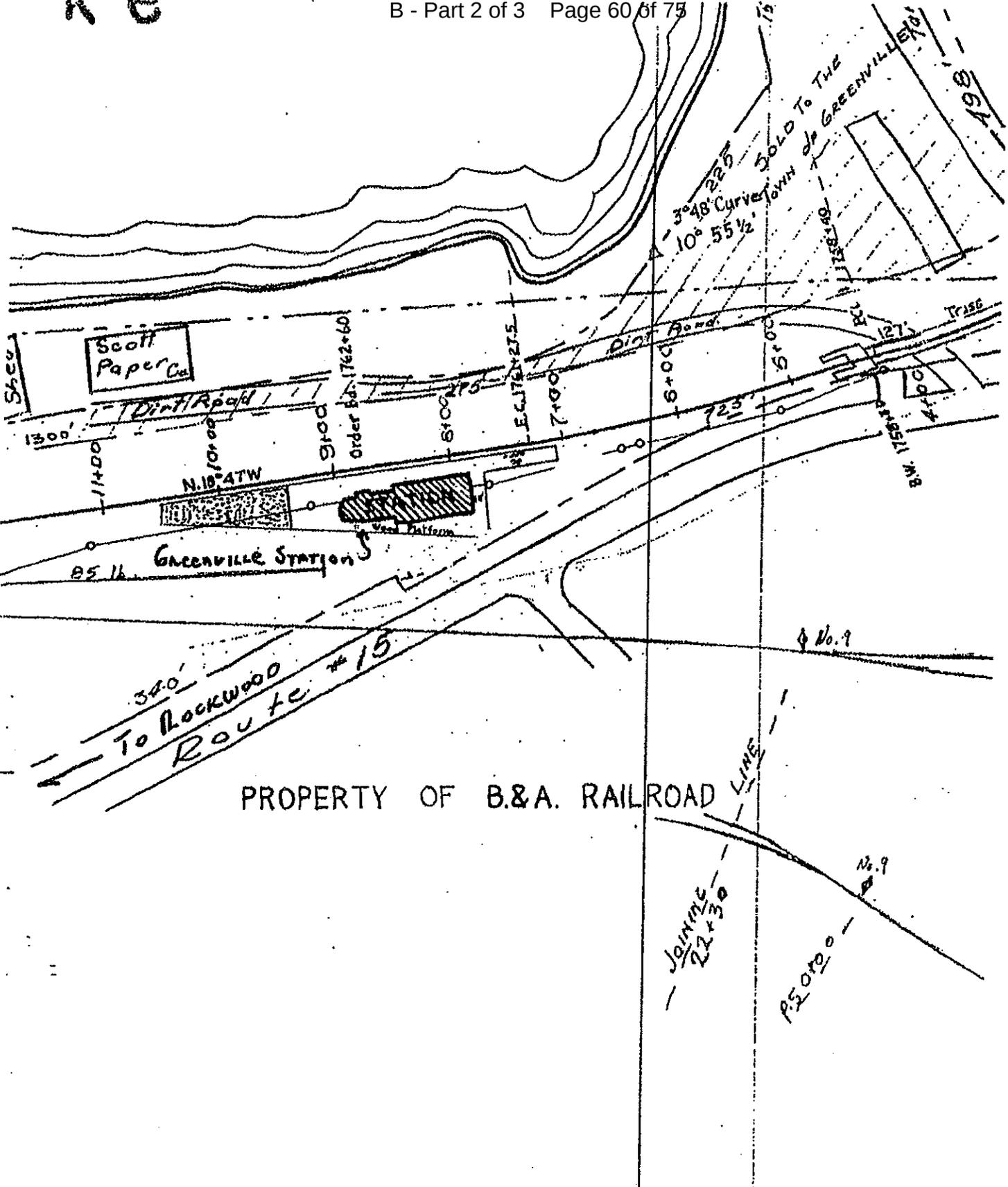
Smyrna Station Street:

A certain lot or parcel of land located in Smyrna Mills, Southern Aroostook County, Maine, and shown on Val Plan V-2M/S-1 referenced in Exhibit A to this Mortgage and shown on Schedule G-2, page 9, attached hereto as "Station Street" and cross-hatched thereon.

Parcel 8

Holeb Station:

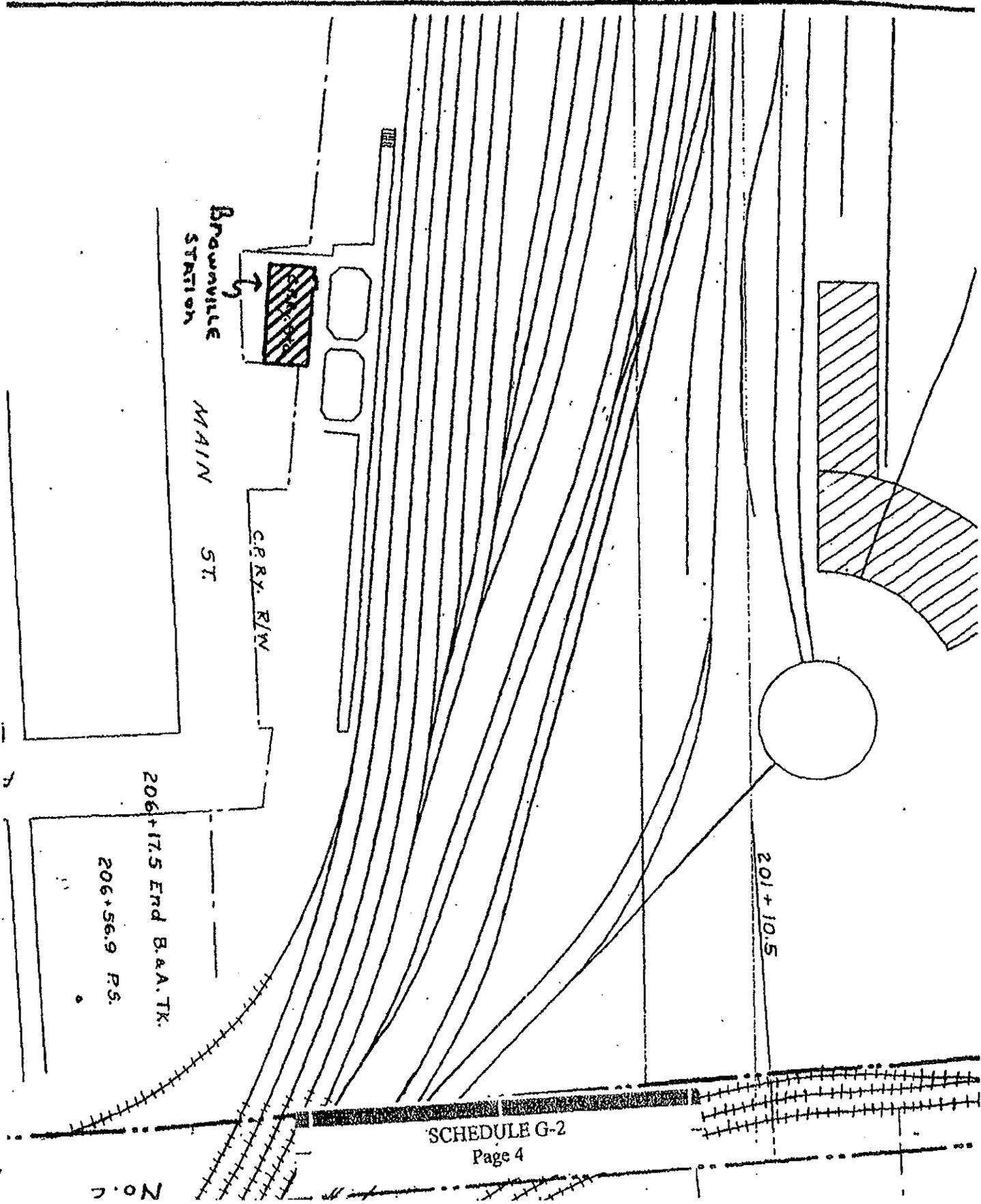
Two parcels of land in Holeb, Somerset County, Maine, i.e. Parcel #1 and Parcel #2 shown on Schedule G-2, page 10 attached hereto and more particularly described in Release Deed of Great Eastern Timber Company to Holeb Land Incorporated dated 11/14/01 and recorded in the Somerset County Registry of Deeds.



SCHEDULE G-2

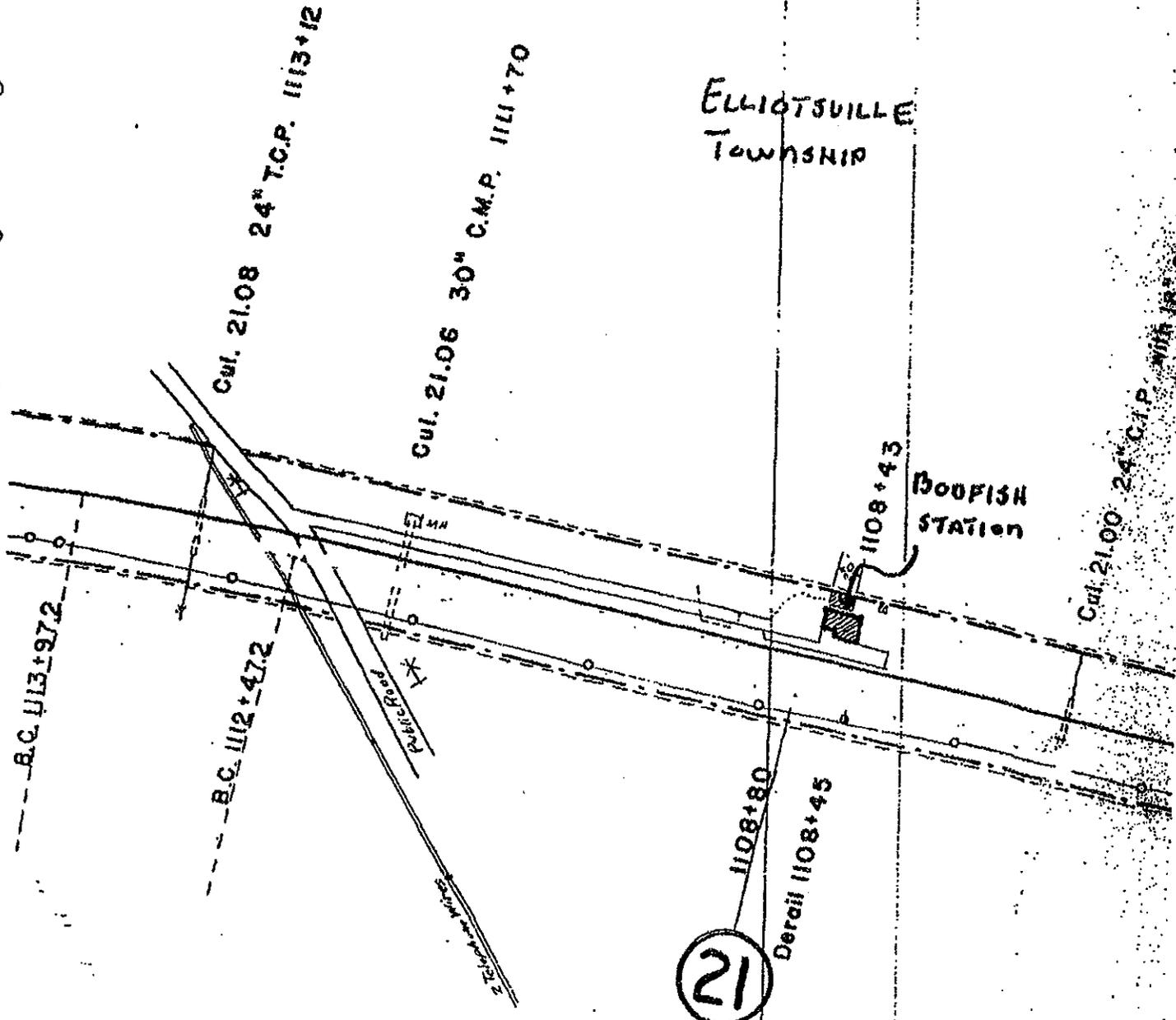
Page 3

Bk 1441 Ps 250 \$1213



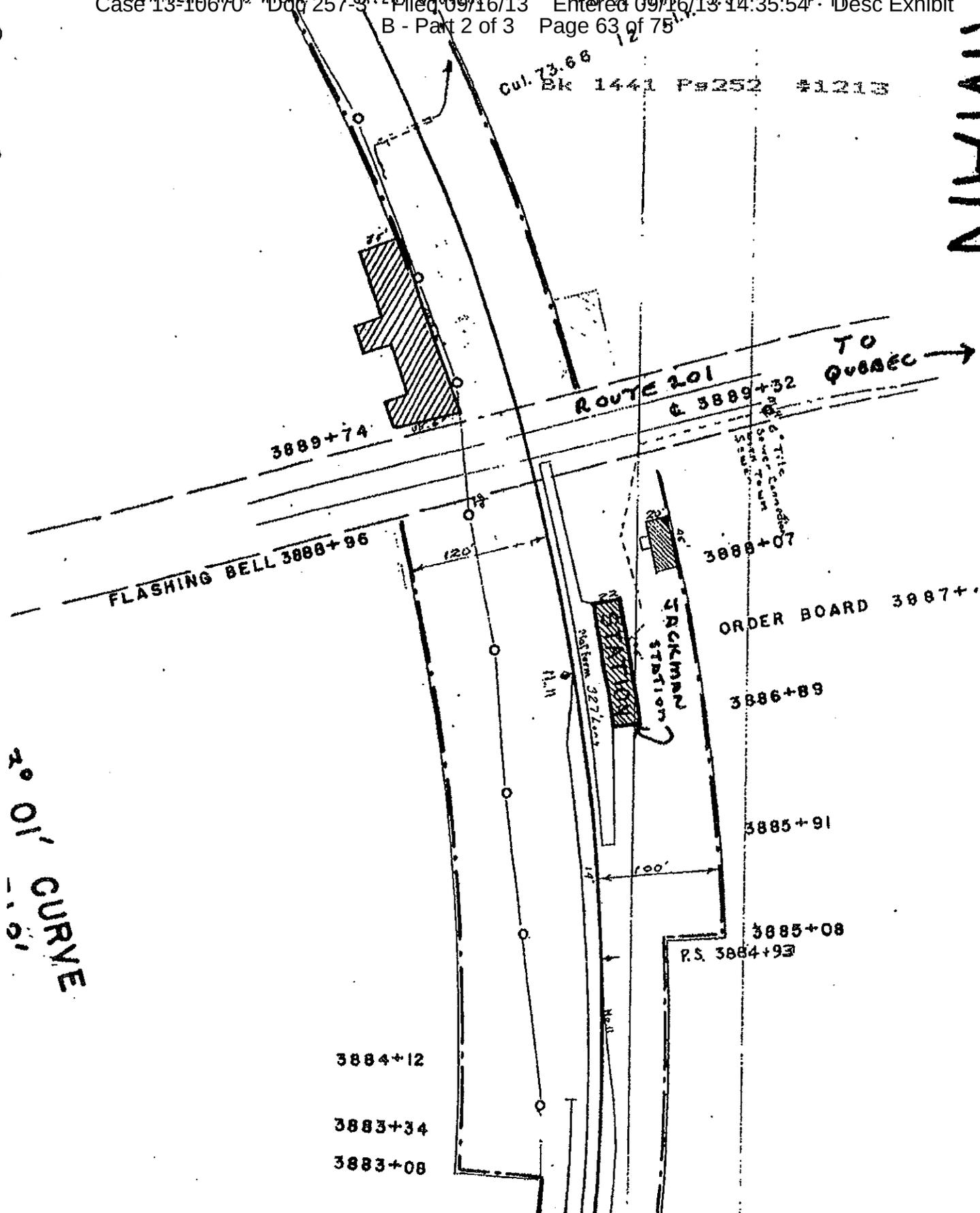
SCHEDULE G-2  
Page 4

Bk 1441 Pg 251 #1213

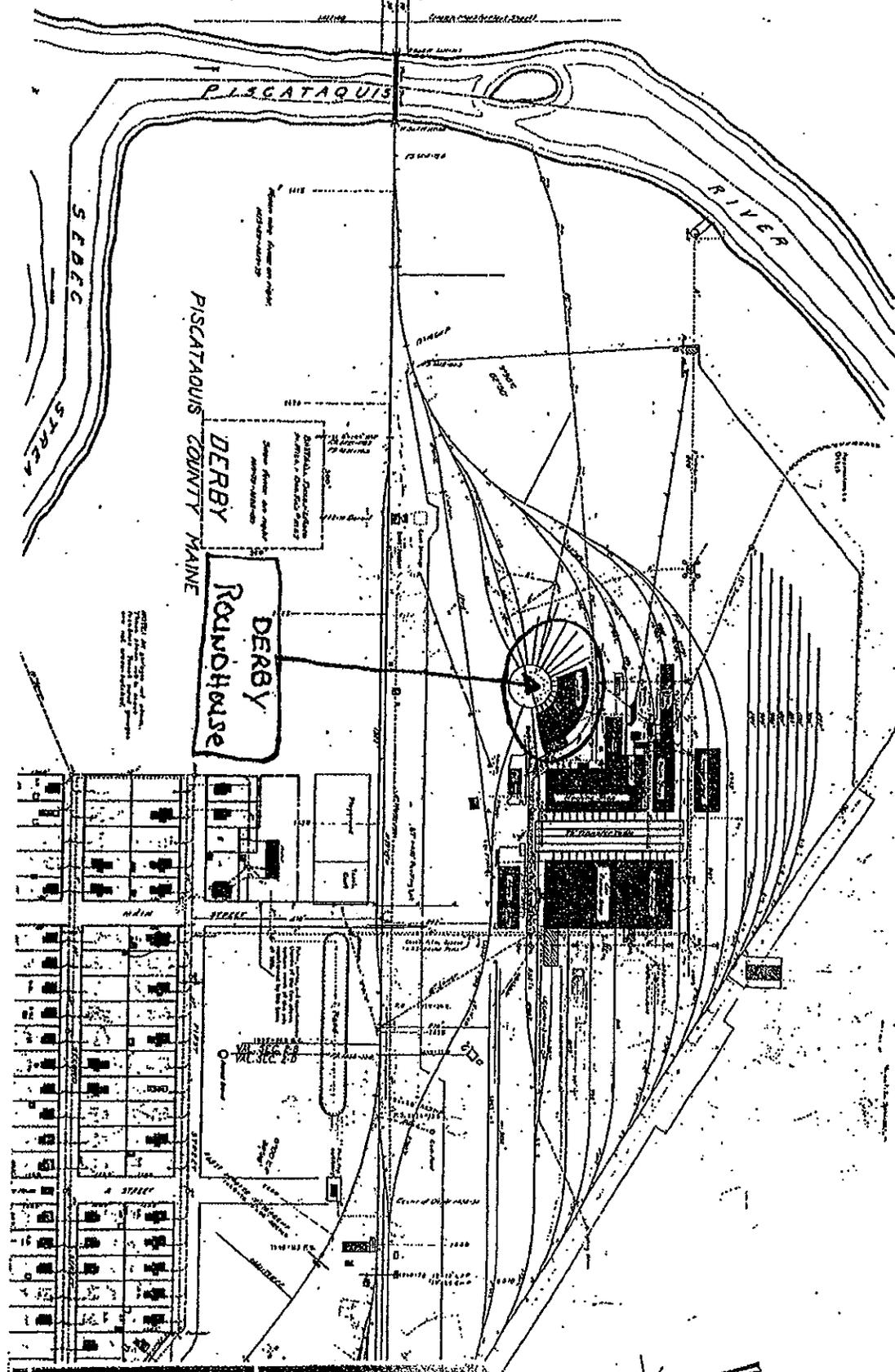


Cul. 73.66  
Bk 1441 Pg 252 #1213

WIVIMIN



20' OF CURVE



SCHEDULE G-2  
Page 7

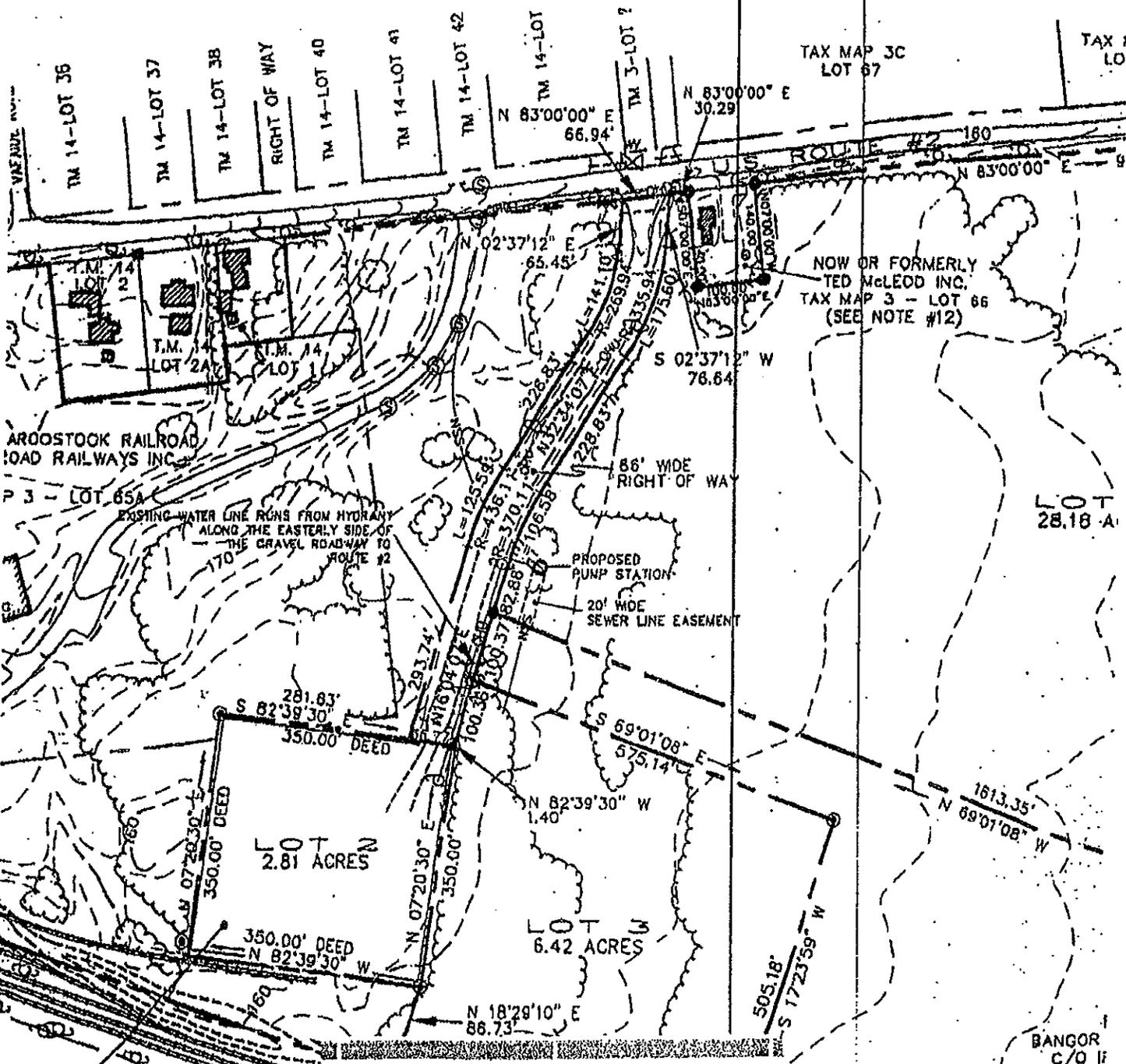
1/26/14

ED BY THE TOWN AT THE PENOBSCOT COUNTY REGISTRY

PORTION OF  
MAP FILE 1996-97  
Penobscot County  
Registry of Deeds  
1" = 200'

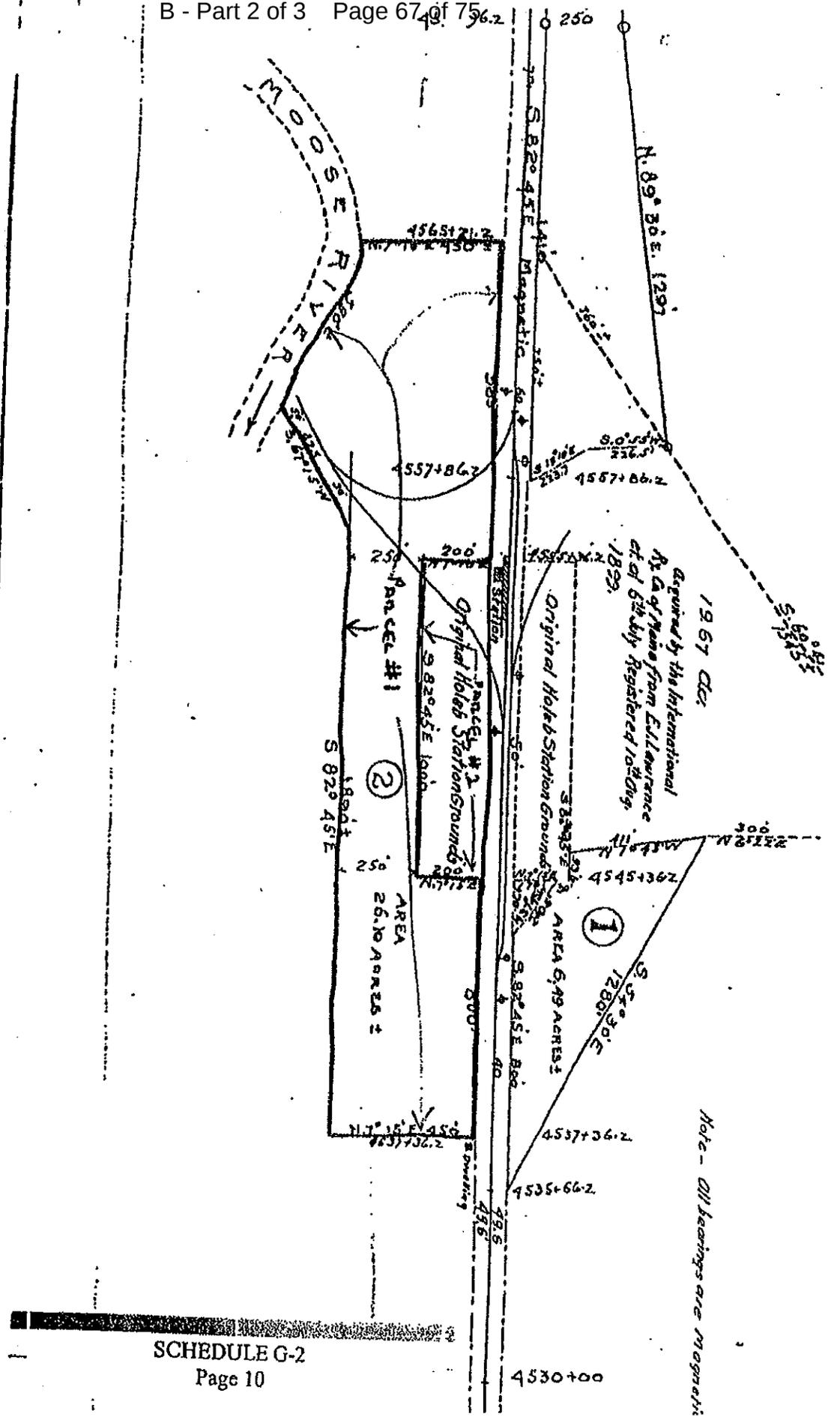
PROPERTY LINE AGREEMENT BETWEEN BANGOR & AROOSTOOK  
WILL BE EXCHANGED PRIOR TO ANY CONVEYANCE OF LOT 4.  
(SEE VOL. 4308, PG. 343)

WHEN THIS SUBDIVISION SHALL BE CONSTRUCTED IN ACCORDANCE  
WITH THE ZONING ORDINANCE FOR THE TOWN OF HERMON, MAINE.  
NO REFERENCE IN ANY DEED, LEASE, PURCHASE AND SALES AGREEMENT,  
SHALL BE CONSIDERED AN INTENT TO TRANSFER ANY INTEREST IN REAL ESTATE  
UNLESS IT EXPRESSLY ENFORCE ANY VIOLATION OF THIS REQUIREMENT REGARDING



BANGOR  
C/O





Final

SCHEDULE H-1  
 TENANT LIST - WITH 30-DAY TERMINATION RIGHTS  
 Montreal, Maine & Atlantic, Ltd. as Successor Lessor/Grantor  
 Property Licenses, Easements, Crossings etc.

Index No.	Lease No.	Name	Description	Location
214	BR00399	VAN BUREN WATER DISTRICT	Utility Crossing	Lease at Van Buren
304	BR00676	VAN BUREN WATER DISTRICT	Utility Crossing	Lease at Van Buren
325	BR00722	VAN BUREN WATER DISTRICT	Utility Crossing	Lease at Van Buren
33	BR14133	TOWN OF VAN BUREN	Utility Crossing	Lease at Van Buren
107	BR15165	GAGNON'S HARDWARE & FURNITURE	Commercial Lot	Lease At Van Buren
150	BU00216	WILLARD H SANDS	Potato House Lot	Lease at Caribou
276	BU00599	MAINE POTATO GROWERS INC	Commercial Lot	Land Lease - Caribou - Bouchard
317	BU00706	LIONEL THERIAULT INC	Commercial Lot	Lease at Caribou
441	BU00929	Louiselle Brescia	Commercial Lot	Land Lease - Caribou - Bouchard
422	BU00889	Theriault Lawn Care	Commercial Lot	Lot's #86, 87, and part of 88
27	BU14076	WARREN LANDERSON	Potato House Lot	Land Lease at Caribou
28	BU14094	CARIBOU UTILITIES DISTRICT	Utility Crossing	Lease at Caribou
75	BU14851	CAVENDISH AGRI SERVICES INC	Commercial Lot	Lease at Caribou, ME, Bouchard
96	BU15062	MRS. CARROLL E. KELLEY	Potato House Lot	Lease at Caribou
140	BX00181	EAST MKT WATER WORKS	Utility Crossing	Water Line Crossing at
189	BX 315	TOWN OF EAST MILLINOCKET	Power Line	
234	BX00484	J. M. HUBER CORPORATION	Crossing Lease	Lease at East Millinocket-300'
256	BX00559	GREAT NORTHERN PAPER INC	Utility Crossing	Land Lease - East Millinocket
283	BX00619	GREAT NORTHERN PAPER INC	Utility Crossing	Lease at East Millinocket
320	BX00711	TOWN OF EAST MILLINOCKET	Utility Crossing	Lease for culverts & rip-rap @
78	BX14858	GREAT NORTHERN PAPER INC	Utility Crossing	Lease at East Millinocket.
103	BX15104	GREAT NORTHERN PAPER INC	Utility Crossing	Lease at East Millinocket
253	BY00552	GILMAN BOUCHARD, INC	Commercial Lot	Lease at Bradbury
298	BY00654	NORTHERN PACKERS INC	Potato House Lot	Lease at Bradbury
353	BY00772	HAROLD HEBERT	Potato House Lot	Land Lease at Bradbury
366	BY00791	CLAUDE CARON	Potato House Lot	LAND LEASE- BRADBURY SIDING
376	BY00805	CLIFFORD AUDIBERT, JR.	Commercial Lot	PARCEL OF LAND AT BRADBURY SDG
30	CM14100	LEONARD D. YOUNG JR.	Utility Crossing	LEASE AT CARY'S MILLS
31	CM14103	A. E. STALEY MFG. COMPANY	Utility Crossing	LEASE AT CARY'S MILLS
88	CM15010	A. E. STALEY MFG. COMPANY	Utility Crossing	LEASE AT CARY'S MILLS
142	CN00188	EDWIN PELLETIER & SONS	Potato House Lot	LEASE AT CLEVELAND
240	CN00510	LAWRENCE DUMAIS & SONS	Potato House Lot	LEASE AT CLEVELAND
120	CY00106	PARADIS FARMS, INC.	Potato House Lot	LEASE AT ST. LUCE
271	D 00590	DENNIS & VERNA BOONE	Utility Crossing	LAND LEASE - OAKFIELD
311	D 00693	MICHAEL & PHYLLIS NADEAU	Residential House Lot	LEASE IN OAKFIELD

371	D00796	OAKFIELD HISTORICAL SOCIETY	Old Station Bldg.	LEASE IN OAKFIELD
73	DA14801	FRANK DUNN	Camp Lot	LEASE AT WEEKSBORO
212	DC00392	NORTHLAND FROZEN FOODS, INC	Land Lease	LEASE AT DUNN SIDING
318	DC00709	NORTHLAND FROZEN FOODS INC	Utility Crossing	LAND LEASE AT DUNN SIDING
144	EL00199	ALBERT FARMS, INC.	Land Lease	LAND LEASE AT ELMO SDG.
368	ER00793	WEATHERHEAD POTATO COMPANY	Land Lease	LAND LEASE - EAST ROAD.
404	F 00855	TOWN OF ISLAND FALLS	Utility Crossing	WATERLINE AT MP 139.78
122	EK00116	AROOSTOOK PAPER RECYCLING COM	Commercial Lot	LEASE AT FORT KENT
395	EK00837	RICHARD MORIN & LISE MICHAUD	Utility Crossing	LEASE AT FORT KENT
39	EK14206	FORT KENT MUNICIPAL WATER SYS	Utility Crossing	LEASE AT FORT KENT
82	EK14905	NORMAN R. MARQUIS	Utility Crossing	LEASE AT FORT KENT
113	EK15240	DEAD RIVER COMPANY	Commercial Lot	LEASE AT FORT KENT
220	FT00430	CARIBOU UTILITIES DISTRICT	Utility Crossing	LEASE AT FEDERATION
370	FT00795	MAINE FROZEN FOODS, INC.	Utility Crossing	LAND LEASE - CARIBOU
48	GS14322	Eleanor C Harwood	Land Lease	LAND LEASE AT GRINDSTONE
308	GT00685	DRAGON PRODUCTS COMPANY	Commercial Lot	LEASE AT GILMAN
309	GT00686	DRAGON PRODUCTS CO	Commercial Lot	LEASE AT GILMAN
233	GX00473	ROBERT J. MARTIN	Potato House Lot	LEASE AT EAGLE LAKE
259	GX00564	VIRGINIA PINKHAM	Utility Crossing	LAND LEASE - EAGLE LAKE
352	GX00771	GEORGE CANNAN	Driveway Lease	LAND LEASE FOR LOCATION OF
375	GX00804	PETER MARZANO & EDWINA MARZAN	Utility Crossing	LAND LEASE - EAGLE LAKE, ME
417	GX00882	DAVID S PARENT	Camp Lot	LAND LEASE - EAGLE LAKE
34	GX14134	TOWN OF EAGLE LAKE	Utility Crossing	LEASE AT EAGLE LAKE
41	GX14231	PHILIP C. ROY	Utility Crossing	LEASE AT EAGLE LAKE
447	JD00916	U.S. Geological Survey	Utility Lease	Gaging Station at Phair Jct.
223	KN00432	DONALD A HAGAN	Utility Crossing	LEASE AT NEW LIMERICK
398	KN00845	E W NIGHTINGALE & SONS	Land Lease	LAND LEASE - NEW LIMERICK
354	KR00787	GARY W HUSSEY	Land Lease	LEASE AT FRANKFORT
124	MA00121	DEAD RIVER GAS COMPANY	Commercial Lot	LEASE AT HAMPDEN
275	MA00529	SAWYER ENVIRONMENTAL	Utility Crossing	LEASE WIRE CROSSING - HAMPDEN
332	MA00739	SAWYER ENVIRONMENTAL	Commercial Lot	LEASE - HAMPDEN
134	MD00164	TOWN OF MADAWASKA	Utility Lease	STORM SEWER & CATCH BASIN
278	MD00602	FRASER PAPER LTD.	Fence	
307	MD00682	JEANNINE P. WHARTON	Utility Crossing	LEASE AT MADAWASKA
322	MD00715	FRASER PAPER LTD.	Land Lease	LAND LEASE AT MADAWASKA, ME
79	MD14861	DEAD RIVER COMPANY	Commercial Lot	LEASE AT MADAWASKA FOR PERIOD
80	MD14883	MADAWASKA WATER DISTRICT	Utility Crossing	LEASE AT MADAWASKA PIPE LINE
243	MF00525	Lewis Smith	Commercial Lot	LEASE AT NORTH BANGOR
69	MF14724	HAROLD D. SMITH & SONS, INC.	Commercial Lot	LEASE AT NORTH BANGOR
125	MK00125	TIMOTHY A. SHARPE	Residential House Lot	LOT #9A - IRON BRIDGE ROAD
187	MK00308	MICHAUDS INC.	Roadway Easement	Millinocket
254	MK00503	DEAD RIVER OIL COMPANY	Commercial Lot	Lease at Millinocket for Bulk
65	MK14691	TOGUE POND COMPANY	Commercial Lot	Land Lease at Millinocket, ME

66	MK14693	C. W. PREBLE	Commercial Lot	Land Lease at Millinocket, ME
67	MK14696	LEVASSEUR'S HARDWARE & BUILDI	Commercial Lot	Lease at Millinocket, ME
303	ML00672	ROGER W BUBAR	Land Lease	Lease at Morrow Road for the
231	MO00468	JEFFERY DUREPO	Potato House Lot	Lease at Limestone, Me
244	MO00528	Estate of Joseph Boito	Potato House Lot	Lease at Limestone, ME
273	MO00594	GLENN BELL	Potato House Lot	Land Lease at Limestone, ME
416	MO00881	INDIAN RIVER FARMS INC	Potato House Lot	Lease at Limestone, ME
424	MO00892	DALE BROOKER	Commercial Lot	Lease at Limestone, ME
206	MS00374	SHERMAN LUMBER COMPANY	Guard House	Sherman Station
241	MS00513	MACE MCKINNEY	Potato House Lot	Lease at Sherman, ME
61	MS14556	SHERMAN LUMBER COMPANY	Commercial Lot	Lease at Sherman, ME
382	MX00815	JÉAN P. RUSSELL	Land Lease	Land Lease at Seaport, ME
141	NA00183	P. MICHAEL KELLEY	Potato House Lot	Lease at Ashland, ME
301	NA00669	MELVIN P GRAHAM	Potato House Lot	Lease at Ashland, ME
345	NA00758	TOWN OF ASHLAND	Utility Crossing	Sewer Line Crossing
391	NA00833	Daigle Oil Company	Commercial Lot	Lease at Ashland, ME
24	NA14009	ASHLAND WATER AND SEWER DISTR	Utility Crossing	Lease at Ashland, ME
25	NA14014	TOWN OF ASHLAND	Utility Crossing	Lease at Ashland, ME
395	NC00851	KENNETH C. WILLETT	Utility Crossing	Lease at Norcross
383	NC00816	VINAL R FLOURDE	Roadway Lease	Land Lease - Indian Township 3
300	ND00866	MCCAIN FOODS, INC	Pipeline Lease	Lease at Easton, ME
35	ND14164	H & G PRODUCE, INC.	Potato House Lot	Lease at Easton, ME
117	ND15273	MCCAIN FOODS, INC	Utility Crossing	Lease at Easton, ME
266	NM00582	Norman Fitz-Patrick	Commercial Lot	Land Lease - Northern Maine
29	NM00640	Frontier Vision Operating	Utility Crossing	Land Lease at Hermon, ME
102	NM15102	TOM SAWYER INC	Commercial Lot	Lease at Hampden, ME
129	NO00141	Brownville Water District	Utility Crossing	Lease at Brownville, ME
26	NO14051	BROWNVILLE WATER DISTRICT	Utility Crossing	Lease at Brownville, ME
401	NY00849	LARRY MCCARTHY	Utility Lease	Lease at Ludlow, ME
139	OX00179	STEELSTONE INDUSTRIES,INC	Utility Crossing	Drain Pipe under B & A Tracks
200	OX00354	FRANCIS J. FITZPATRICK	Commercial Lot	Land Lease, under enginehouse
209	OX00379	FRANCIS J. FITZPATRICK	Commercial Lot	Land Lease - Under enginehouse
224	OX00434	HOULTON CATV, INC	Utility Crossing	Lease at Houlton, ME
287	OX00630	TOWN OF HOULTON	Utility Crossing	
49	OX14331	DEAD RIVER COMPANY	Commercial Lot	LAND LEASE - HOULTON
237	PI00491	STANLEY E HARRISON	Utility Crossing	LEASE - PRESQUE ISLE
285	PI00627	CITY OF PRESQUE ISLE		
316	PI00704	HARRY E & JOYCE O THOMAS	Commercial Lot	LEASE - PRESQUE ISLE
361	PJ00784	WILLARD C. DOYEN & SONS	Land Lease	LAND LEASE, INST AND MAINTAIN
310	QA00688	TOWN OF GRAND ISLE	Utility Crossing	LEASE - GRAND ISLE
373	QA00799	GEORGE A DIONNE	Potato House Lot	LAND LEASE FOR STORAGE SHED
265	QD00581	J PAUL LEVESQUE & SON INC	Septic Lease	LAND LEASE - PORTAGE
360	QD00781	DIANA M. MICHAUD	Septic Lease	LAND LEASE FOR SEPTIC FIELD

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10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

445	QD00782	LLOYD SOUTHERLAND	Septic Lease	LAND LEASE - PORTAGE
388	QD00825	Mark Rafford, Jr.	Septic Lease	LAND LEASE - PORTAGE
92	QD15038	TOWN OF PORTAGE LAKE	Utility Crossing	LEASE - PORTAGE
137	RH00176	CHRISTIAN LIFE CENTER	Utility Crossing	LEASE - FRENCHVILLE
172	RH00261	BRIAN ROY	Potato House Lot	LEASE - FRENCHVILLE
191	RH00324	CAVENDISH AGRICULTURAL SERVICES INC	Commercial Lot	LEASE - FRENCHVILLE - LOTS 27
286	RH00628	TOWN OF FRENCHVILLE	Historical Site	LEASE - FRENCHVILLE
294	RH00649	TOWN OF FRENCHVILLE	Utility Crossing	LEASE - FRENCHVILLE
297	RH00653	EDWIN PELLETIER & SONS	Potato House Lot	LEASE - FRENCHVILLE
328	RH00731	CAVENDISH AGRICULTURAL SERVICES INC	Commercial Lot	LEASE-FRENCHVILLE, LOTS 17-20
389	RH00827	ADRIEN MORIN	Land Lease	LEASE - FRENCHVILLE
431	RH00907	Town Of Frenchville	Land Lease	LAND LEASE - UNDER THE FORMER
44	RH14253	TOWN OF FRENCHVILLE	Utility Crossing	LEASE - FRENCHVILLE-WATER PIPE
284	RU00624	MeVin Clark	Commercial Lot	LEASE - MILO
347	RU00762	ALFRED GRAY, JR.	Potato House Lot	LAND LEASE - MILO
385	RU00820	JOHN GILBERT	Roadway	
86	RU14957	MILO WATER DISTRICT	Utility Crossing	LEASE - MILO
32	SK14107	PINKHAM LUMBER COMPANY	Utility Crossing	LEASE - SKERRY
399	SN00847	MAINE PACKERS INC	Commercial Lot	LEASE AT CARIBOU
135	SR00170	Farm Credit of Maine	Potato House Lot	Lease at Soldier Pond
186	SR00300	PHILIP DESJARDINS	Potato House Lot	LEASE - SOLDIER POND
228	SR00460	MR. DARCY J. DEPREY	Potato House Lot	LEASE - SOLDIER POND
68	SR14703	CARLETON LOZIER	Potato House Lot	LEASE - SOLDIER POND
115	SR15246	PHILIP DESJARDINS	Potato House Lot	LEASE - SOLDIER POND
270	ST00589	JACK MCLAUGHLIN	Roadway Lease	LAND LEASE - STOCKTON
282	VR00618	DELTA CHEMICALS, INC	Utility Crossing	LAND LEASE - KIDDERS
335	WG00743	JOEL GUIMOND	Utility Crossing	LEASE - WALLAGRASS
359	WG00779	GORDON R ESPLING AND PRISCILL	Utility Crossing	LAND LEASE - WALLAGRASS
393	WR00835	MAINE FIRE PROTECTION SYSTEMS	Commercial Lot	LAND LEASE - WINTERPORT
440	FK00922	Adelphia Cable Company	Utility Crossing	LEASE - MADAWASKA SUB
439	SR00919	Deprey Farms	Potato House Lot	LAND LEASE - SOLDIER POND
438	FK00917	Charles & Etta Closser	Parking Lot	LAND LEASE - FORT KENT

**SCHEDULE H-2**  
**TENANT LIST - W/O 30 days termination rights**  
 Montreal, Maine & Atlantic Railway, Ltd. as Successor Lessor/Grantor  
 Property Licenses, Leases, Easements, Crossings etc.

Final

Index No.	Lease No.	Name	Description	Location
437	BN00915	E.D. BESSEY & SON	Commercial Lot	Lease at Brownville, ME (Logyard)
448	BU00908	Maurice Martin	Commercial Lot	Lease of 61,638 Sq Ft of Land - Bouchard
495	BU00913	PDI New England Inc.	Land Lease	Lease of Various Lands
22	BX12274	GREAT NORTHERN PAPER INC	Utility Crossing	Lease at East Millinocket for Dike
	BY00859	G H LOZIER COMPANY INC	Potato House Lot	LEASE - BRADBURY
356	CN00776	ST AGATHA SANITARY DISTRICT	Potato House Lot	LAND LEASE - CLEVELAND SIDING
	CR14373	LAWRENCE PARENT	Utility Crossing	LEASE AT LILLE
446	FK00940	Reno Rioux	Commercial Lot	LEASE OF LAND AND TRACK IN
	XR30100	H. C. Haynes, Inc.	Crossing Lease	Crossing at Mile Post 111.48
	MD00642	JAMES MORIN JR	Utility Crossing	LEASE AT MADAWASKA
326	MD00725	TOWN OF MADAWASKA	Utility Crossing	LEASE - INSTALLATION AND
377	MD00806	FRASER PAPER LTD.	Utility Crossing	LAND LEASE TO LOCATE A 16"
13	MK00001	GREAT NORTHERN PAPER INC	Utility Crossing	Milepost 102
14	MK00002	GREAT NORTHERN PAPER INC	Utility Crossing	Millinocket Yard
15	MK00003	GREAT NORTHERN PAPER INC	Utility Crossing	Millinocket Yard
429	MK00900	J M Huber Corporation	Log Yard	Lease of Property at Mile Post
20	MK07189	GREAT NORTHERN PAPER INC	Utility Crossings	Millinocket Yard
21	MK12205	GREAT NORTHERN PAPER INC	Utility Crossings	Milepost 103.68
19	MK12273	GREAT NORTHERN PAPER INC	Utility Crossings	Millinocket Mill Yard
	NG00842	FORT JAMES	Commercial Lot	Land Lease - So. Lagrange
208	NM00378	U.S. GOVERNMENT	Approach Lights	Wing Siding
434	NM00912	LANE CONSTRUCTION CORP		
431	FRH00907	Town Of Frenchville	Land Lease	LAND LEASE - UNDER THE FORMER
321	RO00712	LANE CONSTRUCTION CORP	Commercial Lot	LEASE - MOSQUITO MT PIT
111	VR15222	DELTA CHEMICALS, INC.	O.H. Pipeline	LEASE - KIDDERS
	XX15021	East, ME. Electric Cooperative	Utility Crossing	SYSTEM LEASE
	XR20217	Smoki-Haulers Snowmobile Club	Private/Commercial Crossing	SNOWMOBILE CROSSING - SMYRNA
	XR30001	ASHLAND SNOWMOBILE CLUB	Private/Commercial Crossing	SNOWMOBILE CROSSING - MASARDIS
	XR30003	Sawyer Environmental MP 27.89	Private/Commercial Crossing	CROSSING
	XR30004	Chapman Ridge Runners Snowmobile	Private/Commercial Crossing	SNOWMOBILE CROSSING - MP 17.43
	XR30005	Fort Kent Snowmobile & ATV	Private/Commercial Crossing	SNOWMOBILE CROSSING
	XR30006	Mountain View Association	Private/Commercial Crossing	CROSSING
	XR30007	Mr. Robert M. Bellfleur	Private/Commercial Crossing	CROSSING
	XR30008	Leamon L McFarland	Private/Commercial Crossing	CROSSING
	XR30009	Linneus Sno Sports, Inc.	Private/Commercial Crossing	CROSSING

XR30010	BENEDICTA SNOWMOBILE CLUB	Private/Commercial Crossing	SNOWMOBILE CROSSING
XR30011	DUNN TIMBERLAND INC	Private/Commercial Crossing	PRIVATE CROSSING - ASHLAND
XR30012	Jo-Marry Riders Snowmo. Club	Private/Commercial Crossing	SNOWMOBILE CROSSING
XR30014	CITY OF BANGOR	Private/Commercial Crossing	TEMPORARY CROSSING/WINTERPORT
XR30015	TERRY P. BEAULIEU	Private/Commercial Crossing	TEMPORARY CROSSING - M.P. 15.45
XR30019	RICHARD BLODGETT	Private/Commercial Crossing	PRIVATE CROSSING
XR30021	Mead Publishing Paper Divisio	Private/Commercial Crossing	TEMPORARY CROSSING
XR30022	Mead Publishing Paper Divisio	Private/Commercial Crossing	TEMPORARY CROSSING -
XR30023	Mead Publishing Paper Divisio	Private/Commercial Crossing	TEMPORARY CROSSING
XR30033	DESCHAMPS CONSTRUCTION	Private/Commercial Crossing	PRIVATE CROSSING
XR30035	CARIBOU UTILITIES DISTRICT	Private/Commercial Crossing	PUBLIC CROSSING
XR30036	Chapman Ridge Runners Snowmob	Private/Commercial Crossing	TEMPORARY CROSSING
XR30037	DRAGON PRODUCTS COMPANY	Private/Commercial Crossing	TEMPORARY CROSSING
XR30038	DRAGON PRODUCTS COMPANY	Private/Commercial Crossing	PRIVATE CROSSING
XR30039	MAINE FROZEN FOODS, INC	Private/Commercial Crossing	TEMPORARY CROSSING
XR30040	DRAGON PRODUCTS COMPANY	Private/Commercial Crossing	TEMPORARY CROSSING
XR30041	SWIFT BROOK RIDERS CLUB	Private/Commercial Crossing	SNOWMOBILE CROSSING
XR30042	EAST BRANCH SNO-ROVERS	Private/Commercial Crossing	SNOWMOBILE CROSSING
XR30044	EBEEME SNOWMOBILE CLUB	Private/Commercial Crossing	SNOWMOBILE CROSSING
XR30055	Federal Aviation Administration	Private/Commercial Crossing	SNOWMOBILE CROSSING
XR30066	Goodwill Ridgers Snowmobile Club	Private/Commercial Crossing	SNOWMOBILE CROSSING - HAMPDEN
XR30068	FRASER PAPER LTD.	Private/Commercial Crossing	TEMPORARY CROSSING - ST. CROIX
XR30069	FRASER PAPER LTD.	Private/Commercial Crossing	PRIVATE CROSSING
XR30070	TOWN OF FORT KENT	Private/Commercial Crossing	TEMPORARY CROSSING
XR30071	FRASER PAPER LTD.	Private/Commercial Crossing	PRIVATE CROSSING
XR30072	JOEL GUIMOND	Private/Commercial Crossing	PRIVATE CROSSING
XR30073	Houlton Parks & Recreation Depl	Private/Commercial Crossing	SNOWMOBILE CROSSING - SPUR
XR30076	GREAT NORTHERN PAPER INC	Private/Commercial Crossing	PRIVATE CROSSING
XR30077	GREAT NORTHERN PAPER INC	Private/Commercial Crossing	PRIVATE CROSSING
XR30078	GREAT NORTHERN PAPER INC	Private/Commercial Crossing	TEMPORARY CROSSING
XR30084	GREAT NORTHERN PAPER INC	Private/Commercial Crossing	PRIVATE CROSSING
XR30092	GREAT NORTHERN PAPER INC	Private/Commercial Crossing	Crossing at Mile Post 100.92
XR30097	GARY HAGAN	Private/Commercial Crossing	Private Crossing
XR30098	STANLEY E. HARRISON	Private/Commercial Crossing	Crossing at Mile Post L 6.09
XR30099	DENNIS HACHEY	Private/Commercial Crossing	Crossing at Mile Post 32.30
XR30100	PRENTISS & CARLISLE MGMT. CO.	Private/Commercial Crossing	Crossing at Mile Post 111.48
XR30102	HERBERT C. HAYNES, INC.	Private/Commercial Crossing	Crossing at Mile Post 50.45
XR30103	J. M. HUBER CORPORATION	Private/Commercial Crossing	Crossing at Mile Post 108.79
XR30107	ALAN B. IRVING	Private/Commercial Crossing	Private Crossing
XR30108	JACK ANDERSON	Private/Commercial Crossing	Private Crossing - Orneville
XR30112	Twin Lakes Camp Owners Assn.	Private/Commercial Crossing	Private Crossing
XR30115	PHILIP S. JORDAN	Private/Commercial Crossing	Crossing at Mile Post 13.61
XR30118	LANE CONSTRUCTION CORP	Private/Commercial Crossing	Crossing at Mile Post 23.17

XR30120	LANE CONSTRUCTION CORP	Private/Commercial Crossing	Crossing at Mile Post L 5.72
XR30125	J. PAUL LEVESQUE & SONS	Private/Commercial Crossing	Private Crossing
XR30126	Seven Islands Land Company	Private/Commercial Crossing	Private Crossing
XR30128	JOHN K LYFORD SR	Private/Commercial Crossing	Private Crossing - Ormeville
XR30147	Aroostook River Snowmobile Club	Private/Commercial Crossing	Snowmobile Crossing
XR30148	Aroostook River Snowmobile Club	Private/Commercial Crossing	Snowmobile Crossing
XR30149	Presque Isle Snowmobile Club	Private/Commercial Crossing	Snowmobile Crossing
XR30150	State Bureau of Public Lands	Private/Commercial Crossing	Crossing at Mile Post 11.01
XR30152	Presque Isle Snowmobile Club	Private/Commercial Crossing	Crossing at Mile Post 23.68
XR30154	MGCAIN PROCESSING, INC.	Private/Commercial Crossing	Crossing at Mile Post L 2.02
XR30155	MILE 6.36 GROUP ASSOCIATION	Private/Commercial Crossing	Crossing at Mile Post 6.36
XR30157	Meduxekeag Ramblers Snowmobile	Private/Commercial Crossing	Crossing at Mile Post 158.53
XR30159	NORTHERN TIMBER CRUISERS	Private/Commercial Crossing	Crossing At Mile Post 103.68
XR30160	TOWN OF MILO	Private/Commercial Crossing	Crossing at Mile Post 68.93
XR30161	Meduxekeag Ramblers Snowmobile	Private/Commercial Crossing	Crossing at Mile Post H 15.35
XR30168	S H NEVERS INC	Private/Commercial Crossing	Crossing at Mile Post H 10.92
XR30171	North Twin Camp Owners Assoc.	Private/Commercial Crossing	Crossing at Mile Post 98.90
XR30172	NORTHERN TIMBER CRUISERS	Private/Commercial Crossing	Crossing at Mile Post E 2.46
XR30174	PENOBSCOT SNOWMOBILE CLUB	Private/Commercial Crossing	Crossing At Mile Post 28.53
XR30176	GERALD J PETRIN	Private/Commercial Crossing	Crossing at Mile Post 113.81
XR30182	Portage Lakers Snowmobile Club	Private/Commercial Crossing	Crossing at Mile Post 202.76
XR30202	CITY OF PRESQUE ISLE	Private/Commercial Crossing	Crossing at Mile Post F 0.64
XR30219	Smoki-Haulers Snowmobile Club	Private/Commercial Crossing	Crossing at Mile Post H 3.11
XR30220	Smoki-Haulers Snowmobile Club	Private/Commercial Crossing	Crossing Mile Post 148.00
XR30222	PARIS J. SNOW	Private/Commercial Crossing	Crossing at Mile Post 18.61
XR30253	ROBERT WARDWELL & SONS	Private/Commercial Crossing	Crossing M.P. 7.91
XR30255	WEBBER TIMBERLANDS	Private/Commercial Crossing	Crossing M.P. 133.99
XR30257	Gerry R. Willard	Private/Commercial Crossing	Crossing M.P. 180.90
XR30259	Margaret McGrath	Private/Commercial Crossing	Crossing M.P. 6.23 Searsport
XR30260	Jamie Russell	Private/Commercial Crossing	Crossing M.P. 55.11
XR30261	Frank Martin & Sons Inc	Private/Commercial Crossing	Crossing M.P. 242.54
XR30262	Aroostook River Snow. Club	Private/Commercial Crossing	Crossing M.P. 17.86
XR30263	Brian J Theriault	Private/Commercial Crossing	Crossing M.P. 223.43
XR30264	Edward J McCoomb	Private/Commercial Crossing	Crossing M.P. 1.25 Searsport
XR30265	PENOBSCOT SNOWMOBILE CLUB	Private/Commercial Crossing	Crossing M.P. 30.70
XR30266	Presque Isle Snowmobile Club	Private/Commercial Crossing	Crossing M.P. 4.10 Presque Isle
XR30267	Perley Levesque	Private/Commercial Crossing	Crossing M.P. 49.93 Millinocket
XR30268	Madawaska Valley Adventure CI	Private/Commercial Crossing	Crossing M.P. 8.17 Van Buren
XR30269	Dept. of Conservation	Private/Commercial Crossing	Crossing M.P. 242.84
XR30270	Phil LeBoeuf	Private/Commercial Crossing	Crossing M.P. 227.16
XR30271	Madawaska Valley Adventure CI	Private/Commercial Crossing	Crossing M.P. 8.87
XR30272	Mapleton ATV Club	Private/Commercial Crossing	Crossing M.P. 17.43
XR30273	Irving Woodlands LLC	Private/Commercial Crossing	Private Crossing-St. Croix

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XR30274	Irving Woodlands LLC	Private/Commercial Crossing	Private Crossing-Oakfield
XR30275	Irving Woodlands LLC	Private/Commercial Crossing	Private Crossing-Nashville Pk
XR30276	Irving Woodlands LLC	Private/Commercial Crossing	Private Crossing-Pinkham
XR30277	Irving Woodlands LLC	Private/Commercial Crossing	Private Crossing-Pinkham
XR30278	Irving Woodlands LLC	Private/Commercial Crossing	Private Crossing-3+46 Spur M
XR30279	Irving Woodlands LLC	Private/Commercial Crossing	Temporary Crossing-Oakfield
XR30280	DAVIS HILL FARM	Private/Commercial Crossing	Crossing M.P. 74.32
XR30281	ASHLAND SNOWMOBILE CLUB	Private/Commercial Crossing	Crossing M.P. 2.40
XR30282	Irving Woodlands LLC	Private/Commercial Crossing	Crossing M.P. 167.58
XR30013	J. M. Huber	Private/Commercial Crossing	Crossing M.P. 1.79
XR30017	Herbert C. Haynes, Inc.	Private/Commercial Crossing	Crossing M.P. 110.48
	Springfield Terminal Railroad	Office Space - Northern Me. Jct. Station Building	
	Maine Public Service Company	Utility Crossing License	
	Bangor Hydro	Utility Crossing License	
	Nynex	Utility Crossing License	
	Central Maine Power	Utility Crossing License	
	Maine Electric Power	Utility Crossing License	
	Hampden Telephone	Utility Crossing License	
	Northland Telephone of Maine	Utility Crossing License	
	Houlton Water Company	Utility Crossing License	
	FRASER PAPER LTD.	Blanket Easement for Mill Utilities, RAW, Drainage, etc.	
	Maine Department of Conservation	Recreational Trail Leases	
C-7544	City of Caribou	Roadway Lease	
C-7685	Joyce & Harry Thomas	Building Lease	
C-7697	LMS	Lease of land, building & tracks at NMJct	

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE**

In re:

MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.,

Debtor.

Chapter 11  
Case No. 13-10670

**ORDER APPROVING, AND AUTHORIZING THE TRUSTEE TO ENTER INTO,  
STIPULATION CONCERNING CARVE-OUT FROM COLLATERAL OF THE  
FEDERAL RAILROAD ADMINISTRATION PURSUANT TO 11 U.S.C.  
§§ 105(a), 363(b), 506(c) 1163 AND 1165**

This matter having come before the Court on the *Motion to Approve, and Authorize the Trustee to Enter into, Stipulation Concerning Carve-Out from Collateral of the Federal Railroad Administration Pursuant to 11 U.S.C. §§ 105(a), 363(b), 506(c), 1163, and 1165* (the “Motion”), filed by Robert J. Keach, the chapter 11 trustee (the “Trustee”) appointed pursuant to 11 U.S.C. § 1163 in the above-captioned chapter 11 case of Montreal Maine & Atlantic Railway, Ltd. (the “Debtor”), seeking approval of, and authority to enter into, the *Stipulation Concerning Carve-Out from Collateral of the Federal Railroad Administration* (the “Stipulation”) between the Trustee and the United States of America, represented by the Secretary of the Department of Transportation acting through the Administrator of the Federal Railroad Administration; and due and appropriate notice of the Motion having been given; and the Court having reviewed the Motion and the Stipulation, and considered any objections or responses to the Motion; and the Court having determined that is in the best interests of the Debtor, the Debtor’s creditors, and the Debtor’s equity security holders to grant the relief sought in the Motion; and the Court having determined that is in the public interest to grant the relief sought in the Motion; the Court hereby **ORDERS, ADJUDGES, and DECREES** that:

1. The Motion is granted.
2. The Stipulation is approved.
3. The Trustee is hereby authorized to enter into the Stipulation.

Dated:

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The Honorably Louis H. Kornreich  
United States Bankruptcy Judge