

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE

In re:

MONTREAL MAINE & ATLANTIC
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670
Chapter 11

CHAPTER 11 TRUSTEE'S REPORT ON CCAA PROCEEDINGS

Robert J. Keach, the chapter 11 trustee in the above-captioned case of Montreal Maine & Atlantic Railway, Ltd., files this report, pursuant to the *Cross-Border Insolvency Protocol* adopted by this Court, regarding certain filings in the *Companies' Creditors Arrangement Act* case (the "Canadian Case") of Montreal Maine & Atlantic Canada Co. ("MMAC") currently pending in the Superior Court of Canada, District of Saint-François (the "Canadian Court").

Specifically, attached hereto as **Exhibit A** is a true and correct copy of the *Motion for an Interim Stay of the Class Action Commenced Under Superior Court File 450-06-000001-132* (the "Motion"), with related attachments and exhibits, filed in the Canadian Case on February 20, 2015.

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Attached hereto as **Exhibit B** is a true and correct copy of the proposed order granting the Motion.

Dated: February 23, 2015

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

By his attorneys:

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CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUÉBEC
DISTRICT OF ST-FRANÇOIS
N°: 450-11-000167-134

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

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

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

PETITIONER

and

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

MONITOR

MOTION FOR AN INTERIM STAY OF THE CLASS ACTION COMMENCED UNDER
SUPERIOR COURT FILE 450-06-000001-132
(Sections 9 and 11 et seq. of the *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36 ("CCAA"))

TO THE HONORABLE JUSTICE GAÉTAN DUMAS OF THE SUPERIOR COURT, SITTING IN
THE COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF
SAINT-FRANÇOIS, THE PETITIONER RESPECTFULLY SUBMITS THE FOLLOWING:

I. INTRODUCTION

1. On July 6, 2013, a train operated by Montreal Maine & Atlantic Canada Co. ("**MMAC**") derailed in the city of Lac-Mégantic, Quebec, Canada, causing numerous fatalities, bodily injuries, psychological and moral damages to thousands of people, and extensive property and environmental damages (the "**Derailment**");
2. Numerous claims have been made against MMAC and its parent company, Montreal, Maine & Atlantic Railway Ltd ("**MMA**"), arising out of the Derailment;
3. A class proceeding was commenced on or about July 15, 2013 before the Superior Court, Province of Quebec, under court file 450-06-000001-132 (as amended from time to time, the "**Class Action**") against various parties;
4. Numerous other claims arising out of the Derailment have also been made in the United States of America;

5. On August 7, 2013, MMA filed a voluntary petition in the United States Bankruptcy Court, District of Maine (the "**Bankruptcy Court**") for relief under Chapter 11 of the U.S. Bankruptcy Code (the "**Bankruptcy Case**");
6. On August 8, 2013, the Honourable Justice Castonguay of the Quebec Superior Court (the "**CCAA Court**") granted an initial order in respect of MMAC (the "**Initial Order**") pursuant to the CCAA and Richter Advisory Group Inc. (Richter Groupe Conseil Inc.) was appointed as monitor of MMAC (the "**Monitor**");
7. On August 21, 2013, the United States Trustee appointed Robert J. Keach to serve as trustee in the Bankruptcy Case (the "**Trustee**");
8. Through the concerted and coordinated efforts of MMAC, the Monitor and the Trustee, predicated on constituting an indemnity fund with a view to providing compensation for the victims of the Derailment, a draft *Plan of Compromise and Arrangement* (the "**Plan**") was provided to the Service List as Exhibit R-1 to MMAC's *Motion for an Eleventh Extension of the Stay Period* (the "**Eleventh Extension Motion**") on January 9, 2015. The Plan is also filed in support of the present Motion as **Exhibit R-1** for ease of reference;

II. **ORDER SOUGHT**

9. MMAC hereby seek an interim stay of the Class Action until such time as the List of Released Parties (Schedule "A" to the Plan) is disclosed to the Service List and, in any event, until no later than March 20, 2015, the whole as more fully outlined below and in the conclusions hereof;

III. **GROUND FOR THIS MOTION**

10. As more fully described in the Eleventh Extension Motion and as appears from the Plan, negotiations have resulted in firm commitments from various third parties with a risk of liability arising out of or related to the Derailment (the "**Third Parties**");
11. As of the date of the hearing on the Eleventh Extension Motion (January 12, 2015), of the Third Parties known to MMAC, the Monitor and the Trustee, whether they were named in ongoing litigation relating to the Derailment or not, all but nine (9) (the "**Non-Settling Third Parties**") had committed to contribute to the indemnity fund and are to be included in the Plan as Released Parties (as defined in the Plan);
12. MMAC, the Monitor and the Trustee continue to work closely with the Third Parties in order to finalize Settlement Agreements (as defined in the Plan) based on the firm commitments obtained;
13. Since the hearing on the Eleventh Extension Motion, MMAC, the Monitor and the Trustee also have continued discussions with certain of the Non-Settling Third Parties and those discussions remain ongoing;

14. Certain of the Non-Settling Third Parties with which negotiations remain underway are defendants in the Class Action;
15. The same is true for certain of the Third Parties from which firm commitments have been obtained but Settlement Agreements have yet to be executed;
16. In June and August 2014, a hearing was held before Justice Martin Bureau, presiding over the Class Action, with respect to the plaintiffs' request for certification of the Class Action;
17. Justice Bureau has yet to render his judgment on this matter but it is reasonable to presume that judgment could be rendered on the certification of the Class Action before all Settlement Agreements can be executed;
18. Justice Bureau's decision could have a significant impact on the negotiations currently underway with certain Non-Settling Third Parties, namely insofar as they are conducted with a number of defendants to the Class Action;
19. So as not to prejudice the various stakeholders in the Plan, first and foremost the victims of the Derailment, MMAC respectfully seeks an interim stay of the Class Action;
20. MMAC suggests that said interim stay be pronounced until March 20, 2015;
21. MMAC intends to finalize the various Settlement Agreements as quickly as possible and in all events prior to March 20, 2015, which would allow for the disclosure to the Service List and the filing in the Court record of the List of Released Parties;
22. Once the List of Released Parties has been disclosed and filed, MMAC respectfully submits that the stay of the Class Action should thereafter be limited to apply only to Released Parties, the whole as reflected in the conclusions hereof;

IV. CONCLUSION

23. The Petitioners are of the view that no creditor nor party to the Class Action will suffer any undue prejudice by the interim stay of the Class Action;
24. On the contrary, Justice Bureau's judgment on the request for certification of the Class Action could result in a prejudice to the victims of the Derailment;
25. The Monitor, as well as the stakeholders in the Plan, namely the Province of Québec and the Class Representatives (each as defined in the Plan), have indicated to the Petitioner that they support the present request for an interim stay of the Class Action;
26. The Petitioner respectfully submits that the notices given of the presentation of the present Motion are proper and sufficient;
27. The present Motion is well founded in fact and in law;

FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO :

GRANT the present *Motion for an Interim Stay of the Class Action Commenced Under Superior Court File 450-06-000001-132* (the "**Motion**");

DECLARE that the notices given of the presentation of the Motion are adequate and sufficient;

STAY the class action that was commenced on or about July 15, 2013 before the Superior Court, Province of Quebec, under court file 450-06-000001-132, as amended from time to time (the "**Class Action**") up to and including March 20, 2015 (the "**Class Action Stay**");

ORDER that, upon the service to the Service List and filing with the Court record of the List of Released Parties (Schedule "A" to the draft *Plan of Compromise and Arrangement* filed as Exhibit R-1 to the Motion (as may be amended from time to time, the "**Plan**")), the termination of the Class Action Stay shall be immediately and automatically postponed until further order of this Court in respect of the Released Parties and immediately and automatically lifted in respect of all persons not named as Released Parties in the List of Released Parties, the whole without further formality and without the requirement of a further order of this Court;

ORDER the provisional execution of the order notwithstanding any appeal, without the necessity of furnishing any security;

THE WHOLE without costs, save and except in the event of contestation.

MONTREAL, February 20, 2015


GOWLING LAFLEUR HENDERSON LLP
Attorneys for Petitioner

CANADA

COUR SUPÉRIEURE

(Chambre commerciale)

PROVINCE DE QUÉBEC
DISTRICT DE SAINT-FRANÇOIS
N°: 450-11-000167-134

*(Loi sur les arrangements avec les créanciers des
compagnies, L.R.C. C-36, telle qu'amendée)*

DANS L'AFFAIRE DU PLAN D'ARRANGEMENT
ET DE COMPROMIS DE:

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

Requérante

et

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

Contrôleur

ATTESTATION D'AUTHENTICITÉ
Selon l'art. 82.1 du C.p.c.

J'atteste que la copie de l'affidavit est conforme au facsimilé de cet acte reçu par
télécopieur:

Nature du document : Affidavit de Robert J. Keach
Numéro de Cour : 450-11-000167-134
Nom de l'expéditeur : Angela Stewart
Numéro du télécopieur émetteur : 207-774-1127
Lieu de la transmission : Portland, Maine
Date de la transmission : Le 20 février 2015
Heure de transmission : 13h18

Montréal, ce 20 février 2015



Alexander Bayus
GOWLING LAFLEUR HENDERSON SENCRL, SRL

CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUÉBEC
DISTRICT OF SAINT-FRANÇOIS
N°: 450-11-000167-134

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

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

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

PETITIONER

and

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

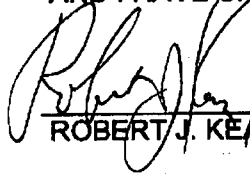
MONITOR

AFFIDAVIT OF ROBERT J. KEACH

I, the undersigned, Robert J. Keach, Shareholder of Bernstein Shur, doing business at 100 Middle Street, West Tower, Portland, Maine, USA, 04101, solemnly declare as follows:

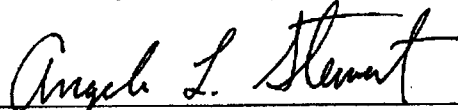
1. I am the Chapter 11 Trustee to Montreal, Maine & Atlantic Railway Ltd., the sole shareholder of the Petitioner;
2. All the facts alleged in the present *Motion for an Interim Stay of the Class Action Commenced Under Superior Court File 450-06-000001-132* are true.

AND I HAVE SIGNED:



CH 11 TRUSTEE
ROBERT J. KEACH

SWORN TO before me in Portland, Maine,
this 20th day of February, 2015



Notary Public

ANGELA L. STEWART
Notary Public, Maine
My Commission Expires March 9, 2021

207 774-1200 main
207 770-2503 facsimile
bernsteinshur.com

BERNSTEIN SHUR

COUNSELORS AT LAW

100 Middle Street
PO Box 9729
Portland, Maine 04104-5029

Facsimile

To: 15148769550

From: Angela Stewart

Date: 2/20/2015

Re: MMA - Affidavit of Robert J. Keach

Number of Pages with Cover Page: 2

Notes/Comments:

Attached please find the fully executed Affidavit of Robert J. Keach.

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CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUÉBEC
DISTRICT OF SAINT-FRANÇOIS
N°: 450-11-000167-134

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

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

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

PETITIONER

and

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

MONITOR

NOTICE OF PRESENTATION

TO: **SERVICE LIST**

TAKE NOTICE that the present *Motion for an Interim Stay of the Class Action Commenced Under Superior Court File 450-06-000001-132* will be presented for adjudication before the honourable Gaétan Dumas, j.s.c., of the district of Saint-François, on February 25, 2015, in chambers and without a hearing save and except in the event that a member of the Service List serves a formal written objection to the Motion by no later than February 24, 2015 at 12:00 p.m., in which case the Motion will be presented for adjudication at the Sherbrooke Courthouse, located at 375, rue King Ouest, Sherbrooke, at a date and time to be determined.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, February 20, 2015


GOWLING LAFLEUR HENDERSON LLP
Attorneys for Petitioner

EXHIBIT R-1

FOR DISCUSSION PURPOSES ONLY

DRAFT AS OF JAN. 9, 2015

Court File No. 450-11-000167-134

**SUPERIOR COURT
(COMMERCIAL DIVISION)**

**SITTING AS A COURT DESIGNATED PURSUANT TO THE COMPANIES'
CREDITORS ARRANGEMENT ACT, R.S.C. C. C 36, AS AMENDED)**

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

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

PETITIONER

AND

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

MONITOR

PLAN OF COMPROMISE AND ARRANGEMENT

*pursuant to the Companies' Creditors Arrangement Act
concerning, affecting and involving*

MONTREAL, MAINE & ATLANTIC CANADA CO.

January 9, 2015

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 - Schedule "E" List of Existing Agreements
 - Schedule "F" Distribution mechanism with respect to the **Wrongful Death Claims**
 - Schedule "G" Distribution mechanism with respect to the **Bodily Injury and Moral Damages Claims**
 - Schedule "H" Distribution mechanism **with** respect to the **property and Economic Damages Claims**
-

**PLAN OF COMPROMISE AND ARRANGEMENT
(THE CAPITALIZED TERMS USED IN THIS DOCUMENT HAVE THE MEANING
ASCRIED THERETO IN SECTION 1.1 HEREOF)**

WHEREAS on July 6, 2013, a train operated by MMAC derailed in the city of Lac-Mégantic, Quebec, Canada, causing numerous fatalities, bodily injuries, psychological and moral damages to thousands of people, and extensive property and environmental damages;

WHEREAS as a result of the numerous claims against MMAC and its parent company, MMA, arising out of the derailment, along with the ensuing operational and financial impact arising therefrom, MMAC and MMA became insolvent;

WHEREAS numerous claims arising out of the Derailment have also been made against other persons and entities, including the Released Parties in both Canada and the United States of America;

WHEREAS on August 7, 2013, MMA filed a voluntary petition in the Bankruptcy Court for relief under Chapter 11 of the U.S. Bankruptcy Code;

WHEREAS on August 8, 2013, the Honourable Justice Castonguay of the CCAA Court granted an initial order in respect of MMAC (the "Initial Order") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA");

WHEREAS on August 21, 2013, the United States Trustee appointed the Trustee having full rights and power under the Bankruptcy Code to act for and on behalf of MMA;

WHEREAS ON September 4, 2013, the CCAA Court and the Bankruptcy Court adopted the Cross-Border Insolvency Protocol entered into between MMAC, the Monitor and the Trustee, the purpose of which is, *inter alia*, to facilitate the fair, open and efficient administration of the CCAA Proceeding and of the Bankruptcy Case for the benefit of the Creditors and interested parties;

WHEREAS through the concerted and coordinated efforts of MMAC, the Monitor and the Trustee, predicated on constituting an Indemnity Fund with a view to providing compensation for the Derailment Claims filed pursuant to the Claims Procedure Order, a number of Settlement Agreements have been reached with the Released Parties providing for contributions towards the Indemnity Fund;

WHEREAS the aforesaid Settlement Agreements are conditional upon obtaining for the Released Parties appropriate releases and the Injunction enforceable both in Canada and the United States of America;

WHEREAS the Trustee (for and on behalf of MMA) will shortly be filing in the Bankruptcy Case the U.S. Plan, which will provide, among other things, for the implementation and distribution of the Funds for Distribution in accordance with this Plan and the entry of the U.S. Approval Order;

NOW THEREFORE, MMAC hereby proposes this plan of compromise and arrangement pursuant to the CCAA.

**ARTICLE 1
INTERPRETATION**

1.1 Defined Terms

Administration Charge	has the meaning ascribed thereto in Section 7.1 hereof.
Administration Charge Reserve	has the meaning ascribed thereto in Section 7.1 hereof.
Affected Claims	any and all Claims, save and except the Unaffected Claim.
Approval Date	the date on which the Approval Orders become Final Orders. If the Canadian Approval Order, the Class Action Order and the U.S. Approval Order become Final Orders on different dates, the Approval Date is the latest date on which any of the Canadian Approval Order, the Class Action Order or the U.S. Approval Order becomes a Final Order.
Approval Orders	the Canadian Approval Order, the Class Action Order and the U.S. Approval Order, collectively.
Bankruptcy Case	the case styled <i>in re Montreal, Maine & Atlantic Railway Ltd., Bankr. D. Me. No. 13-10670</i> .
Bankruptcy Code	Title 11 of the United States Code.
Bankruptcy Court	United States Bankruptcy Court for the District of Maine, as presiding over the Bankruptcy Case.
Bodily Injury and Moral Damages Claims	shall have the meaning ascribed thereto in Section 3.5(b) hereof.
Business Day	a day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Montreal, Québec, Canada.
Canadian Approval Order	an Order, as set out in Schedule D hereof, entered in the CCAA Proceeding, which Order shall, among other things, (i) approve, sanction and/or confirm the Plan, (ii) approve the Settlement Agreements; (iii) authorize the Parties to undertake the settlement and the transactions contemplated by the Settlement Agreements; and (iv) provide for the Injunction.
Canadian Professionals	the Monitor, Woods LLP, Gowling Lafleur Henderson LLP.
CCAA	has the meaning ascribed thereto in the recitals.
CCAA Court	Superior Court, Province of Quebec, as presiding over the CCAA Proceeding.

CCAA Filing Date August 8, 2013.

CCAA Proceeding *In the Matter of the Plan of Compromise or Arrangement of Montreal Maine & Atlantic Canada Co.*, Superior Court, Province of Quebec, No. 500-11-045094-139.

Chubb Chubb Group of Insurance Companies, together with its parents, subsidiaries, affiliates, officers and directors and, without limitation, Federal Insurance Company and Great Northern Insurance Company.

Chubb Policy That certain insurance policy bearing number 8210 2375 issued by Federal Insurance Company to Rail World, Inc. and Rail World Holdings LLC and that certain insurance policy bearing number 7351-41-67 issued by Great Northern Insurance Company to Rail World, Inc., and Rail World Holdings LLC & als.

Claim means past, present and future claims, causes of action, obligations, rights, suits, judgments, applications, remedies, interests, actions, liabilities, demands, duties, injuries, damages, expenses, fees, or costs of whatever kind or nature (including attorney's fees and expenses), whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or matured, liquidated or unliquidated, whether in tort, contract, extra-contractual responsibility or otherwise, whether statutory, at common law, civil law, public law or in equity, regardless of the legal theory, including but not limited to claims for breach of contract, breach of the implied covenant of good faith and fair dealing, statutory or regulatory violations, for indemnity or contribution, for any damages either moral, material, bodily injury, punitive, exemplary or extra-contractual damages of any type, in any jurisdiction (a) in any way arising out of, based upon, or connected to, in whole or in part, directly or indirectly, whether through a direct claim, cross-claim, third-party claim, warranty claim, recursory claim, subrogation claim, forced intervention, class action or otherwise, (i) the Derailment, including any claims for wrongful death, personal injury, emotional distress, property damage, economic loss, moral damage, material damage and bodily injury or environmental damage, remediation or exposure; (ii) the Policies; (iii) the issuance of the Policies (iv) insurance coverage under the Policies; (v) any act or omission of an insurer of any type for which a Claimant might seek relief in connection with the Policies; (vi) the Existing Agreements; or (b) that would otherwise constitute a claim provable in bankruptcy under the Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3, had MMAC become bankrupt on August 8, 2013.

Claimant any Person holding or potentially holding any Claim against (i) MMA, (ii) MMAC, (iii) to the extent applicable, the Estates, and/or (iv) any of the Released Parties.

Claims Bar Date	has the meaning ascribed thereto in the Claims Procedure Order.
Claims Procedure	the procedure established for the filing of Claims in the CCAA Proceeding pursuant to the Claims Procedure Order.
Claims Procedure Order	the Amended Claims Procedure Order rendered on June 13, 2014, in the CCAA Proceeding by the CCAA Court, establishing, among other things, a claims procedure in respect of MMAC, as such Order may be amended, restated or varied from time to time.
Claims Resolution Order	an order of the CCAA Court establishing the procedure for determining the validity and quantum of any disputed Claims for the purpose of this Plan.
Class Action	the putative class action commenced on or about July 15, 2013, before the Superior Court, Province of Quebec, under court file 450-06-000001-132, including all subsequent amendments and all proceedings in this Court file, whether before or after the action is authorized to proceed as a class action.
Class Action Court	Superior Court, Province of Quebec, as presiding over the Class Action.
Class Action Order	an order, issued in the Class Action (i) confirming that the Canadian Approval Order and the U.S. Approval Order shall be binding and given full effect against parties designated and part of the Class Action, whether as a class representative, class member, named defendant/respondent or mis-en-cause, (ii) removing the allegations and conclusions against the Released Parties, and (iii) terminating the Class Action against the Released Parties without costs.
Class Representatives	has the meaning ascribed to "Class Action Plaintiffs" and to "Class Counsel" by the CCAA Court in the Representation Order.
Creditors	collectively all Persons having Proven Claims and "Creditor" means any one of them.
Derailment	July 6, 2013 derailment in Lac-Mégantic, Quebec.
Derailment Claims	the Proof of Claims filed under Schedules 1, 2, 3, 4 and 5 pursuant to the Claims Procedure Order.
Distribution Date	the date or dates from time to time set in accordance with the provisions of the Plan to effect distributions in respect of the Proven Claims.
Effective Time	8:00 a.m. (Montreal time) on the Plan Implementation Date.
Estates	the MMA bankruptcy estate and, to the extent applicable, the

MMAC estate.

Existing Agreements	The contracts between MMAC and/or MMA and some of the Released Parties, listed in Schedule E hereto.
Final Order	an order of the CCAA Court, the Class Action Court or the Bankruptcy Court that is no longer subject to further appeals, either because the time to appeal has expired without an appeal being filed, or because it has been affirmed by any and all courts with jurisdiction to consider any appeals therefrom.
Filing Date	August 8, 2013.
Funds for Distribution	the net amount of the Settlement Funds following payment to the Canadian Professionals of their CCAA Court-approved professional fees and disbursement and of the U.S. Professionals Bankruptcy Court-approved administrative expenses.
Great American	Great American Insurance Company, together with its parents, subsidiaries, affiliates, officers and directors.
Great American Policy	that certain policy of insurance bearing number DML 9924 836 issued by Great American to MMAC.
Government Claims	has the meaning ascribed thereto in Section 3.5(e) hereof.
Hartford	The Hartford Casualty Insurance Company, together with its parents, subsidiaries, affiliates, officers and directors.
Hartford Policy	that certain policy of insurance bearing number 83 SBA PBO432 SA issued by Hartford to Rail World Inc.
Indemnity Claims	has the meaning ascribed thereto in Section 3.5(f) hereof.
Indemnity Fund	trust account to be held by the Monitor and to which the Settlement Funds shall be paid.
Indian Harbor	Indian Harbor Insurance Company.
Indian Harbour Policy	insurance policy issued by Indian Harbor to MMA, bearing number RRL003723801.
Injunction	an order by the CCAA Court and the Bankruptcy Court permanently and automatically releasing and enjoining the enforcement, prosecution, continuation or commencement of any Claim that any Person or Claimant holds or asserts or may in the future hold or assert against the Released Parties. The Injunction order shall provide that any and all Claims against the Released Parties be permanently and automatically compromised, discharged and extinguished, that all Persons and Claimants, whether or not consensually, shall be deemed to have granted full, final and

definitive releases of any and all Claims to the Released Parties and shall be permanently and forever barred, estopped, stayed and enjoined from (i) pursuing any Claim, directly or indirectly against the Released Parties, (ii) continuing or commencing, directly or indirectly, any action or other proceeding with respect to any Claim against the Released Parties, (iii) seeking the enforcement, attachment, collection or recovery of any judgment, award, decree, or order against the Released Parties or property of the Released Parties with respect to any Claim, (iv) creating, perfecting, or enforcing any encumbrance of any kind against the Released Parties or the property of the Released Parties with respect to any Claim, and (v) asserting any right of setoff, subrogation, contribution or recoupment of any kind against any obligations due to or by the Released Parties with respect to any Claim. Notwithstanding the foregoing, the "Injunction" shall not extend to and shall not be construed as extending to, any Claim brought or that could be brought in the future by MMAC, the Monitor or the Trustee against the Rail World Parties to the extent that there is, or may be, coverage for such claims under any policy of insurance issued by Great American Insurance Company, Federal Insurance Company, or any affiliate of either of them (including without limitation the Chubb Policy and the Great American Policy).

- Meeting** a meeting or meetings of the Creditors and Claimants to consider and vote on the Plan held pursuant to the Meeting Order and includes any meeting or meetings resulting from the adjournment thereof.
- Meeting Order** an order of the CCAA Court directing the calling and holding of the Meeting.
- MMA** Montreal, Maine & Atlantic Railway Ltd.
- MMAC** Montreal, Maine & Atlantic Canada Co.
- Monitor** Richter Advisory Group Inc. (Richter Groupe Conseil Inc.), in its capacity as Monitor in the CCAA Proceeding.
- Non-Derailment Claims** has the meaning ascribed thereto in Section 3.5(g) hereof.

Person	means and includes an individual, a natural person or persons, a group of natural persons acting as individuals, a group of natural individuals acting in collegial capacity (e.g., as a committee, board of directors, etc.), a corporation, partnership, limited liability company or limited partnership, a proprietorship, joint venture, trust, legal representative, or any other unincorporated association, business organization or enterprise, any government entity and any successor in interest, heir, executor, administrator, trustee, trustee in bankruptcy, or receiver of any person or entity.
Plan	This plan of compromise and arrangement in the CCAA Proceeding.
Plan Implementation Date	The Business Day on which the Monitor has filed with the CCAA Court the certificate contemplated in Section 6.2 hereof.
Policies	the Indian Harbor Policy, the XL Policy and the Hartford Policy
Property and Economic Damages Claims	has the meaning ascribed thereto in Section 3.5(c) hereof.
Proof of Claim	the form of Proof of Claim for Creditors as approved by the Claims Procedure Order.
Proven Claim	a Claim finally determined, settled or accepted for voting and distribution purposes in accordance with the provisions of the Claims Resolution Order and this Plan.
Province	the Attorney General for the Province of Quebec.
Rail World Parties	means (i) Rail World Holdings, LLC; (ii) Rail World, inc.; (iii) Rail World Locomotive Leasing LLC ("RWLL"); (iv) The San Luis Central R.R. Co.; (v) Pea Vine Corporation; and (vi) each of the shareholders, directors and officers of the foregoing. For the avoidance of doubt, Rail World Parties also includes Edward Burkhardt, solely in his capacity as director, officer and shareholder of the Rail World Parties.
Released Parties	the Persons listed in Schedule "A" hereto.
Representation Order	the order rendered on March 28, 2014 in the CCAA Proceeding by the CCAA Court appointing, as representatives of the class members designated in the Class Action and for the purposes of the CCAA Proceeding, the Class Action Plaintiffs and the Class Counsel (as these terms are defined in said order).
Settlement Agreements	collectively, those agreements whereby Third Party Defendants undertake to make acceptable monetary contributions toward the Indemnity Fund in consideration for being included in the list of Released Parties. Individually referred to as a "Settlement

	Agreement”.
Settlement Funds	the monetary contributions payable under the Settlement Agreements, including the XL Indemnity Payment and the XL Additional Payment, which monetary contributions are estimated, as of the date hereof, at one hundred seven million three hundred thousand Canadian dollars (CAD\$107,300,000.00) plus eighty-five million US dollars (US\$85,000,000.00).
Subrogated Insurer Claims	has the meaning ascribed thereto in Section 3.5(d) hereof.
Third Party Defendants	any Person with a risk of liability arising out of or related to the Derailment, including, without limitation, the defendants to the Class Action and the Cook County Actions.
Trustee	Robert J. Keach, in his capacity as chapter 11 Trustee appointed in the Bankruptcy Case.
Unaffected Claims	has the meaning given to that term in Section 3.3 hereof.
U.S. Approval Order	(i) an Order entered in the Bankruptcy Case sanctioning, approving and/or confirming the Plan or (ii) an order entered in the Bankruptcy Case pursuant to the applicable sections of chapter 15 of the Bankruptcy Code, which order recognizes and enforces the terms of the Canadian Approval Order. In either case, a “U.S. Approval Order” must, among other things, (a) approve the Settlement Agreements; (b) authorize the parties to undertake the settlement and the transactions contemplated by The Settlement Agreements; and (c) order the Injunction.
U.S. Plan	the plan of reorganization, to be filed by the Trustee (for and on behalf of MMA) in the Bankruptcy Case, which shall provide, among other things, for the distribution of the Funds for Distribution in accordance with this Plan and entry of the U.S. Approval Order.
U.S. Professionals	the Trustee and the Trustee’s professionals.
XL Companies	Indian Harbor and XL Insurance.
XL Additional Payment	USD \$5 million.
XL Indemnity Payment	CAD \$25 million.
XL Insurance	the Canadian Branch of XL Insurance Company SE (formerly XL Insurance Company Limited).
XL Policy	insurance policy issued by XL Insurance to MMAC, bearing number RLC003808301.
XL Settlement	that agreement attached as Schedule “C” hereto being the

Agreement	agreement executed among the XL Companies, MMAC and the Trustee, providing for the payment of the XL Indemnity Payment and the XL Additional Payment.
Website	the website maintained by the Monitor in respect of the CCAA Proceedings pursuant to the Initial Order at the following web address: http://www.richter.ca/en/insolvency-cases/m/montreal-maine-and-atlantic-canada-co .
Wrongful Death Claims	has the meaning ascribed thereto in Section 3.5(a) hereof.
Wrongful Death Victims	the estate of the persons deceased as a result of the Derailment, their successor, spouse or common law partner, child, grandchild, parent, grandparent and sibling.

1.2 Certain Rules of Interpretation

For the purposes of this Plan:

- (a) any reference in the Plan to an Order, agreement, contract, instrument, release, exhibit or other document means such Order, agreement, contract, instrument, release, exhibit or other document as it may have been or may be validly amended, modified or supplemented;
- (b) the division of the Plan into "articles" and "sections" and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of "articles" and "sections" intended as complete or accurate descriptions of the content thereof;
- (c) unless the context otherwise requires, words importing the singular shall include the plural and *vice versa*, and words importing any gender shall include all genders;
- (d) the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (e) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Montréal, Québec and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. (Montréal time) on such Business Day;
- (f) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

- (g) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and
- (h) references to a specified "article" or "section" shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of the Plan, whereas the terms "the Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to the Plan and not to any particular "article", "section" or other portion of the Plan and include any documents supplemental hereto.

1.3 Currency

Any Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada nominal rate on the Filing Date.

1.4 Successors and Assigns

The Plan shall be binding upon and shall ensure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Plan.

1.5 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions shall be subject to the jurisdiction of the CCAA Court.

1.6 Schedules

The following Schedules to the Plan are incorporated by reference into the Plan and form part of the Plan:

Schedule "A"	List of Released Parties
Schedule "B"	Settlement Agreements
Schedule "C"	XL Settlement Agreement
Schedule "D"	Draft Canadian Approval Order
Schedule "E"	List of Existing Agreements
Schedule "F"	Distribution mechanism with respect to the Wrongful Death Claims
Schedule "G"	Distribution mechanism with respect to the Bodily Injury and Moral Damages Claims

Schedule "H" Distribution mechanism with respect to the property and Economic Damages Claims

The Settlement Agreements and the XL Settlement Agreement shall not be attached to the copy of the Plan served on the interested parties and filed publicly with the CCAA Court or the Bankruptcy Court, and MMAC shall apply to the CCAA Court and Bankruptcy Court to have Schedules "B" and "C" filed on a sealed and confidential basis. The Settlement Agreements and XL Settlement Agreement shall not otherwise be made public in order to preserve the confidentiality of the settlements and terms therein; provided, however, that each signatory to any of the Settlement Agreements has received and is entitled to receive a copy thereof.

ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

The purpose of the Plan is:

- (a) to effect a full, final and irrevocable compromise, release, discharge, cancellation and bar of all Affected Claims against the Released Parties;
- (b) to effect the distribution of the Funds for Distribution and payment of the Proven Claims as set forth in sections 4.2 and 4.3 hereof;

The Plan is put forward in the expectation that the Creditors, when considered as a whole, will derive a greater benefit from the implementation of the Plan than they would in the event of a bankruptcy of MMAC.

ARTICLE 3 CLASSIFICATION, VOTING AND RELATED MATTERS

3.1 Class of creditors

The Creditors shall constitute a single class for the purposes of considering and voting on this Plan.

3.2 Claims Procedure

Creditors shall prove their respective claims, vote in respect of this Plan, and receive the distributions provided for under and pursuant to this Plan in accordance with the Claims Procedure Order, the Claims Resolution Order, the Meeting Order and this Plan. Any Person having a Claim that is not a Proven Claim is bound by such Orders, including, without limitation, that of being precluded from receiving a distribution under this Plan, and is forever barred and estopped from asserting such Claim against the Released Parties.

3.3 Unaffected Claims

Notwithstanding anything to the contrary herein, this Plan does not compromise, release or otherwise affect the rights or claims:

- (a) of the Canadian Professionals and the U.S. Professionals for fees and disbursements incurred or to be incurred for services rendered in connection with or relating to the CCAA Proceeding or the Bankruptcy Case, including the implementation of this Plan and the U.S. Plan.
- (b) Claims by MMAC, the Monitor or the Trustee against the Rail World Parties to the extent that there is, or may be, coverage for such Claims under the Chubb Policy or the Great American Policy, but only to the extent of such coverage that is actually provided and (ii) any claims, past, present and future claims, causes of action, obligations, rights, suits, judgments, remedies, interests, actions, liabilities, demands, duties, injuries, damages, expenses, fees, or costs of whatever kind or nature (including attorney's fees and expenses), whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or matured, liquidated or unliquidated, whether in tort, contract, extra-contractual responsibility or otherwise, whether statutory, at common law or in equity, for breach of fiduciary duty (including the duty of loyalty), to avoid and recover fraudulent transfers under applicable bankruptcy and non bankruptcy law, for declaratory relief regarding the distinction debt and equity (or the "recharacterization" of debt as equity) or for wrongful distribution under applicable corporate or limited liability law, in each case arising out of or relating to a Note and Warrant Purchase Agreement dated as of January 8, 2003 (as the same was amended from time to time thereafter), to the sale of certain assets of MMA to the State of Maine in 2011 and the distribution of the proceeds of that sale, or both. [To be reviewed by B. Keach]
- (c) Claims or causes of action of MMAC and MMA against third parties other than the Released Parties which are unrelated to the Derailment;

All of the foregoing rights and claims set out in this Section 3.3, inclusive, are collectively referred to as the "Unaffected Claims" and any one of them is an "Unaffected Claims".

3.4 Treatment of Creditors

The Creditors shall receive the treatment provided for in this Plan on account of their Claims and, on the Plan Implementation Date, the Affected Claims will be compromised, released and otherwise extinguished against the Released Parties in accordance with the terms of this Plan.

3.5 Voting Rights for Creditors

Subject to this Plan, the Claims Procedure Order, the Claims Resolution Order and the Meeting Order, each Creditor shall be entitled to vote and for voting purposes each of such Claims shall be valued at an amount that is equal to the Creditor's Proven Claim, the whole subject to the following:

- (a) the aggregate of the votes of all Wrongful Death Victims having a Proven Claim for damages resulting from the death of a person (for greater certainty, those Claims that fall under Schedule 1 of the Proof of Claim and were recognized as such or that were filed in the Bankruptcy Case) (collectively, the "Wrongful Death Claims" and, individually, a "Wrongful Death Claim") shall represent no more than 22.3% in value of all votes cast by Creditors;

- (b) the aggregate of the votes of all Creditors having a Proven Claim for damages resulting from bodily injuries suffered by themselves or another person and, without limitation, all claims for moral damages (for greater certainty, those Claims that fall under Schedules 2 and 3(a) of the Proof of Claim and were recognized as such or determined to be Bodily Injury and Moral Damages Claims or that were filed in the Bankruptcy Case) (collectively, the **"Bodily Injury and Moral Damages Claims"** and, individually, a **"Bodily Injury and Moral Damages Claim"**) shall represent no more than 8.4% in value of all votes cast by Creditors;
- (c) the aggregate of the votes of all Creditors having a Proven Claim for damages suffered by an individual or a business not resulting from bodily injuries or death of a person (for greater certainty, those Claims that fall under Schedules 3(a) and 3(b) of the Proof of Claim and were recognized as such or that were filed in the Bankruptcy Case) (collectively, the **"Property and Economic Damages Claims"** and, individually, a **"Property and Economic Damages Claim"**) shall represent no more than 11.1% in value of all votes cast by Creditors;
- (d) the aggregate of the votes of all Creditors having a Proven Claim in their capacity as subrogated insurers for claims directly resulting from the Derailment (for greater certainty, those Claims that fall under Schedule 4 of the Proof of Claim and were recognized as such) (collectively, the **"Subrogated Insurer Claims"** and, individually, a **"Subrogated Insurer Claim"**) shall represent no more than 3.7% in value of all votes cast by Creditors;
- (e) the aggregate of the votes of all government entities or municipalities having a Proven Claim (for greater certainty, those claims that fall under Schedule 5 of the Proof of Claim and were recognized as such) (collectively, the **"Government Claims"** and, individually, a **"Government Claim"**) shall represent no more than 48.4% in value of all votes cast by Creditors;
- (f) Creditors having a Proven Claim for contribution or indemnity (for greater certainty, those claims that fall under Schedule 6 of the Proof of Claim and were recognized as such) (collectively, the **"Indemnity Claims"** and, individually, an **"Indemnity Claim"**) shall represent 0% in value of all votes cast by Creditors. The Indemnity Claims were filed by Third Party Defendants and are contingent and unliquidated. They are not admitted by MMAC and, in any event, do not constitute Derailment Claims;
- (g) Creditors having filed a Proof of Claim for damages unrelated to the Derailment (for greater certainty, those claims that fall under Schedule 7 of the Proof of Claim and were recognized as such) (collectively, the **"Non-Derailment Claims"** and, individually, a **"Non-Derailment Claim"**) shall represent no more than 6.1% in value of all votes cast by Creditors.

3.6 Interest

Interest shall not accrue or be paid on any Claim from and after the Filing Date.

3.7 Duplicate Claims

Subject to the Claims Procedure Order, no Person who has a Claim under any guarantee, surety, indemnity, right of contribution or similar covenant in respect of any Claim that is compromised, released or otherwise affected under this Plan, or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim that is compromised, released or otherwise affected under this Plan shall be entitled to any greater rights than the Creditor whose claim was compromised or otherwise released under this Plan. A Creditor who has a Claim against more than one of MMAC, MMA or the Released Parties or has filed or is deemed to have filed claims both in the Bankruptcy Case and the CCAA Proceeding, in respect of the same debt or obligation, shall only be entitled to assert one Claim in respect of such debt or obligation, and any duplicate Claim filed by such Creditor will be disallowed for voting and distribution purposes under this Plan and the U.S. Plan so that only a single Claim remains under which said Creditors can exercise distribution rights.

ARTICLE 4 DISTRIBUTIONS

4.1 Contributions to the Indemnity Fund

Each of the Released Parties shall deliver to the Monitor the monies necessary to fully fund that portion of the Indemnity Fund for which it is obligated pursuant to the Settlement Agreements or the XL Settlement Agreement within five (5) Calendar Days after the Approval Orders become Final Orders or within such other delay as may have been agreed to pursuant to the Settlement Agreements and in any event within no more than 30 days after the Approval Orders become Final Orders, and such monies shall be held by the Monitor in trust in one or more non-interest bearing accounts and distributed by the Monitor in accordance with the terms of this Plan. Should this Plan be terminated for any reason in accordance with Section 6.3 herein, such monies shall be returned by the Monitor, without interest, forthwith to the respective parties having contributed such monies. For greater certainty, any contributions to the Indemnity Fund received by the Monitor that are in U.S. Dollars shall be held by the Monitor in trust in U.S. Dollars and converted into Canadian Dollars on the Plan Implementation Date (save and except the portion to be remitted to the Trustee pursuant to Section 4.2(a) hereof) and any contributions to the Indemnity Fund received by the Monitor that are in Canadian Dollars shall be held by the Monitor in trust in Canadian Dollars and not converted into U.S. Dollars.

4.2 Distribution to Creditors

The following Creditors having Proven Claims shall be entitled to distribution under this Plan as follows:

- (a) Creditors having Wrongful Death Claims shall, in the aggregate, receive 24% of the Funds for Distribution in full and final satisfaction of their Proven Claims as against the Released Parties. This amount will be remitted by the Monitor to the Trustee to fund a trust dedicated to the distribution to the Creditors having Wrongful Death Claims in accordance with the mechanism set forth in Schedule F hereto.

- (b) Creditors having Bodily Injury and Moral Damages Claims shall, in the aggregate, receive 7.8% of the Funds for Distribution in full and final satisfaction of their Proven Claims as against the Released Parties. This amount will be distributed by the Monitor in accordance with the mechanism set forth in Schedule G hereto.
- (c) Creditors having Property and Economic Damages Claims shall, in the aggregate, receive 12% of the Funds for Distribution in full and final satisfaction of their Proven Claims as against the Released Parties. This amount will be distributed by the Monitor in accordance with the mechanism set forth in Schedule H hereto.
- (d) Creditors having Subrogated Insurer Claims shall, in the aggregate, receive 4% of the Funds for Distribution in full and final satisfaction of their Proven Claims as against the Released Parties. This amount will be distributed by the Monitor on a *pro rata* basis amongst the Creditors having Subrogated Insurer Claims.
- (e) Creditors having Government Claims shall, in the aggregate, receive 52.2% of the Funds for Distribution in full and final satisfaction of their Proven Claims as against the Released Parties. This amount will be distributed by the Monitor on a *pro rata* basis amongst the Province, the City of Lac-Mégantic, the Federal Government of Canada (Economic Development of Canada, Quebec Regions) and the Commission de la Santé et de la Sécurité au Travail (CSST). For the purpose of this Plan, the Proven Claims of the Province, the City of Lac-Mégantic, the Federal Government (Economic Development of Canada, Quebec Regions) and the Commission de la Santé et de la Sécurité au Travail (CSST) are evaluated and established as follows:
 - (i) Province of Quebec: CAD\$409,313,000 (or 94% of the Government Claims)
 - (ii) The City of Lac-Mégantic: CAD\$5,000,000 (or 1.1% of the Government Claims)
 - (iii) The Federal Government: CAD\$21,000,000 (or 4.8% of the Government Claims)
 - (iv) CSST: CAD\$313,775 (or 0.1% of the Government Claims)

For greater certainty, Creditors having Indemnity Claims and Non-Derailment Claims shall not be entitled to distribution under this Plan or the U.S. Plan in relation to the Indemnity Fund and shall have no right to any portion of the Funds for Distribution. However, the Creditors having Non-Derailment Claims against MMAC will be entitled to distribution under the U.S. Plan, in accordance with its terms from any available net proceeds of the liquidation of MMA's assets.

4.3 Additional Distributions to Creditors

With the agreement of the Province and the Federal Government of Canada (Economic Development of Canada, Quebec Region), any and all amounts payable pursuant to this Plan:

- (a) to the Province out of the XL Indemnity Payment (estimated at CAD\$13,289,000);
- (b) to the Federal Government of Canada (Economic Development of Canada, Quebec Region) (estimated at CAD\$5,035,000);

(collectively, the "**Reallocated Dividends**")

will be distributed to the Creditors having Proven Claims in respect of (i) Wrongful Death Claims, (ii) Bodily Injury and Moral Damages Claims and (iii) Property and Economic Damages Claims in accordance with the percentages set forth in subsection 4.2 (a) (b) and (c) hereof, namely:

- (i) 53.3% of the Reallocated Dividends will be distributed to the Creditors having Wrongful Death Claims;
- (ii) 20% will be distributed to Creditors having Bodily Injury and Moral Damages Claims; and
- (iii) 26.7% will be distributed to Creditors having Property and Economic Damages Claims.

4.4 Timing of Distributions to Creditors

The Monitor shall hold the Settlement Funds in trust pending distribution thereof in accordance with the terms of this Plan, the Settlement Agreements and the XL Settlement Agreement, as applicable. Within 45 calendar days following the Plan Implementation Date, the Monitor shall make distributions to or on behalf of Creditors (including, without limitation, to the Trustee in accordance with Section 4.2(a) hereof or to the Creditors' legal representatives in accordance with Section 4.5 hereof, to be held by such legal representatives in trust for such Creditors) in accordance with the terms of this Plan.

4.5 Delivery of Distributions to Creditors

Distributions to Creditors shall be made in accordance with the terms of this Plan, as applicable, by the Monitor: (A) at the addresses set forth in the proofs of claim filed by such Creditors in accordance with the Claims Procedure Order; (B) if applicable, at the addresses set forth in any written notices of address change delivered to the Monitor after the date on which any corresponding proof of claim was filed, provided such notice is received by the Monitor at least five (5) Business Days prior to the Plan Implementation Date; or (C) if applicable, and to the extent differing from the foregoing, at the address of such Creditors' respective legal representatives (the "**Representative Counsel**"), in trust for such Creditors, subject to the receipt by the Monitor at least five (5) business days prior to the Plan Implementation Date of a written instruction to that effect from said Creditors, it being understood that the class members in the Class Action, to the extent they have not given formal written notices otherwise pursuant to this Section 4.5 or sent an Opt-Out Notice (as these terms are defined in the Representation Order) within the prescribed delay, shall be deemed represented by the Class Counsel (as these terms are defined in the Representation Order) and said Class Counsel shall be considered as Representative Counsel duly authorized to receive the above-mentioned distribution in trust for all such class members. For greater certainty, and without limiting the foregoing:

- (i) With respect to the distributions to be made under this Plan to Representative Counsel, any disputes among the Creditors they represent and Representative Counsel with respect to the timing, allocation, quantum or other terms of the payment of the monies in question by Representative Counsel to and among those Creditors shall have no bearing or effect on the releases set out in the Settlement Agreements, the XL Settlement Agreement or this Plan, including, without limitation, the releases and injunctions in favour of the Released Parties (whether pursuant to the Settlement Agreements, the XL Settlement Agreement, the Plan, the Approval Orders, or otherwise); and
- (ii) this Plan shall be effective and binding as and when set out in Section 6.2 herein, and the fact that one or more of the Representative Counsel may be required or elect to commence or pursue further steps or proceedings or to otherwise resolve additional matters, issues or things subsequent to the Plan Implementation Date in order to be lawfully entitled to make distributions to the Creditors they represent (including, without limitation, obtaining the approval by any Court of the payment of their respective professional fees and disbursements from the distributions in question) shall have no bearing or effect on the Settlement Agreements, the XL Settlement Agreement, this Plan or the Approval Orders, irrespective of the timing and outcome of such further steps and proceedings.

4.6 Allocation of Distributions

All distributions made to Creditors in respect of Proven Claims pursuant to this Plan shall be applied first in payment of the outstanding principal amount of the Proven Claim and only after the principal portion of any such Proven Claim is satisfied in full, to any portion of such Proven Claim comprising accrued and unpaid interest (but solely to the extent that interest is an allowable portion of such Proven Claim pursuant to this Plan or otherwise). In the event that the principal amount of all Proven Claims has been paid in full, each Creditor shall, at the request of the Monitor, be responsible for providing a representation and warranty with respect to its residency for purposes of the *Income Tax Act* (Canada). If any Creditor fails to provide satisfactory evidence that it is a resident of Canada for purposes of the *Income Tax Act* (Canada), then the Monitor shall have the right to:

- (i) assume and otherwise consider such Creditor to be a non-resident of Canada for the purposes of the *Income Tax Act* (Canada); and
- (ii) withhold any non-resident withholding tax that would be imposed under the *Income Tax Act* (Canada) based on such assumption from any amounts payable to such Creditor under this Plan,

until such time as such Creditor provides satisfactory evidence to the contrary to the Monitor, unless the non-resident withholding tax has already been remitted to the Canada Revenue Agency. For greater certainty, the distributions to be made pursuant to this Plan to Creditors having Proven Claims do not include, and are not intended to include, any amounts on account of interest on such Claims.

4.7 Transfer of Claims; Record Date for Distributions

Claims may be sold, transferred or assigned at any time by the holder thereof, whether prior or subsequent to the Plan Implementation Date, provided that:

- (i) Neither MMAC nor the Monitor shall be obligated to deal with or to recognize the purchaser, transferee or assignee of the Claim as the Creditor in respect thereof unless and until written notice of the sale, transfer or assignment is provided to the Monitor, such notice to be in form and substance satisfactory to the Monitor, acting reasonably within five (5) Business Days prior to the Plan Implementation Date
- (ii) only holders of record of Claims as at the date of the Meeting Order shall be entitled to attend, vote or otherwise participate at such meeting of Creditors; provided, however, that: (A) for the purposes of determining whether this Plan has been approved by a majority in number of the Creditors only the vote of the transferor or the transferee, whichever holds the highest dollar value of such Claims will be counted, and, if such value shall be equal, only the vote of the transferee will be counted; and (B) if a Claim has been transferred to more than one transferee, for purposes of determining whether this Plan has been approved by a majority in number of the Creditors, only the vote of the transferee with the highest value of such Claim will be counted; and

- (iii) only holders of record of Claims as at five (5) Business Days prior to the Plan Implementation Date shall have the right to participate in the corresponding distribution provided for under Section 4.2 of this Plan.

ARTICLE 5 RELEASES AND INJUNCTIONS

5.1 Plan Release

Subject to Section 5.2 hereof, all Affected Claims shall be fully, finally, irrevocably and forever compromised, remised, released, discharged, cancelled and barred on the Plan Implementation Date as against the Released Parties:

5.2 Claims Not Released

Notwithstanding anything to the contrary in Section 5.1 hereof, nothing in this Plan shall waive, compromise, release, discharge, cancel or bar any of the following:

- (a) MMAC of its obligations under the Plan and the Approval Orders;
- (b) MMAC from or in respect of any Claims and Unaffected Claims, except any Claims of the Released Parties;
- (c) the Third Party Defendants, insofar as they are not Released Parties, from any claim, liability or obligation of whatever nature for or in connection with the Derailment, including but not limited to the Class Action and the Cook County Actions.
- (d) any Person for fraud or criminal conduct.

5.3 Injunctions

All Persons (regardless of whether or not such Persons are Creditors or Claimants) shall be permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to any and all Affected Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or

encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the Implementation or consummation of this Plan; provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Plan.

5.4 Timing of Releases and Injunctions

All releases and injunctions set forth in this Article 5 shall become effective on the Plan Implementation Date at the Effective Time.

5.5 Claims against Third Party Defendants

Any Claim against the Third Party Defendants that are not also Released Parties, which relates to the Derailment, the Class Action or the Cook County Action: (a) is unaffected by this Plan; (b) is not discharged, released, cancelled or barred pursuant to this Plan; (c) shall be permitted to continue as against said Third Party Defendants; (d) shall not be limited or restricted by this Plan in any manner as to quantum or otherwise; and (e) does not constitute an Affected Claim under this Plan.

ARTICLE 6 CONDITIONS PRECEDENT AND IMPLEMENTATION

6.1 Conditions Precedent to Implementation of Plan

The implementation of this Plan shall be conditional upon the fulfillment or waiver of the following conditions on or before the Plan Implementation Date:

(a) **Entry of the Canadian Approval Order**

The Canadian Approval shall have been granted by the CCAA Court, including the granting by the CCAA Court of its approval of the compromises, releases and injunctions contained in and effected by this Plan.

(b) **Entry of the U.S. Approval Order**

The U.S. Approval Order shall have been granted by the Bankruptcy Court, including the granting by the Bankruptcy Court of its approval of the compromises, releases and injunctions contained in and effected by this Plan.

(c) **Entry of the Class Action Order**

The Class Action Order shall have been granted by the Superior Court, Province of Quebec.

(d) **Expiry of Appeal Periods**

The Approval Orders shall have become Final Orders.

(e) **Contributions**

Each of the Released Parties shall have paid to the Monitor its portion of the Settlement Funds, in accordance with the terms of the Settlement Agreements

and the XL Settlement Agreement.

(f) Completion of Necessary Documentation

MMAC, the Monitor and the Trustee, as applicable, shall have obtained the execution and delivery by all relevant Persons of all agreements, settlements, resolutions, indentures, releases, documents and other instruments that are necessary to be executed and delivered to implement and give effect to all material terms and provisions of this Plan, Settlement Agreements and the XL Settlement.

6.2 Monitor's Certificate

Upon the satisfaction of the conditions set out in Section 6.1 hereof, the Monitor shall file with the CCAA Court in the CCAA Proceeding and with the Bankruptcy Court in the Bankruptcy Case a certificate that states that all conditions precedent set out in Section 6.1 of this Plan have been satisfied and that the Plan Implementation Date has occurred.

6.3 Termination of Plan for Failure to Become Effective

If the Plan Implementation Date shall not have occurred on or before ● calendar days following the date of the Approval Orders, then, subject to further Order of the CCAA Court and the Bankruptcy Court, as applicable, this Plan shall automatically terminate and be of no further force or effect; provided that this Plan shall not automatically terminate pursuant to this section if the sole basis for the non-occurrence of the Plan Implementation Date is the pendency of any appeal or application for leave to appeal with respect to the Approval Orders.

**ARTICLE 7
ADMINISTRATION CHARGE**

7.1 Administration Charge and Administration Charge Reserve

The Settlement Funds, to the exclusion of the XL Indemnity Payment, up to a maximum of CAD\$15 million (the "**Administration Charge Reserve**"), shall upon the Effective Time on the Plan Implementation Date be subject to an administration charge in favour of the Canadian Professionals and shall constitute a carveout in favour of the U.S. Professionals in order to secure the payment of the fees, disbursements and entitlements owed or to be owed to them for the services rendered by them in connection with or relating to the CCAA Proceeding and the Bankruptcy Case (the "**Administration Charge**"). 60% of the Administration Charge Reserve shall be for the benefit of the Canadian Professionals and 40% shall be for the benefit of the U.S. Professionals. These funds shall be distributed to the Canadian Professionals pursuant to an order of the CCAA Court and to the U.S. Professionals pursuant to an order of the Bankruptcy Court. The Administration Charge shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances, security or rights of whatever nature or kind or deemed trusts affecting the Settlement Funds. The Administration Charge and the Administration Charge Reserve are established on the basis of incurred fees and disbursements as well as on an estimate of fees, disbursements and entitlements for which the Canadian

Professionals and the U.S. Professionals could seek Court approval and is based on the Settlement Funds as presently constituted. The balance of the Administration Charge Reserve, if any, after payment of all fees, disbursements and entitlements of the Canadian Professionals and U.S. Professionals, shall form part of the Indemnity Fund, for distribution in accordance with the Plan.

ARTICLE 8 GENERAL

8.1 Binding Effect

On the Plan Implementation Date:

- (a) the Plan will become effective at the Effective Time;
- (b) the Plan shall be final and binding in accordance with its terms for all purposes on all Persons named or referred to in, or subject to the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (c) each Person named or referred to in, or subject to, the Plan will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety and shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

8.2 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

8.3 Non-Consummation

If the Approval Orders are not issued or if the Plan Implementation Date does not occur, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan, including the fixing or limiting to an amount certain any Claim, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Released Parties or any other Person; (ii) prejudice in any manner the rights of the Released Parties or any other Person in any further proceedings involving MMAC and/or the Derailment; or (iii) constitute an admission of any sort by the Released Parties or any other Person.

8.4 Plan Amendment

- (a) MMAC reserves the right, at any time prior to the Plan Implementation Date, to amend, modify and/or supplement this Plan, provided that:

- (i) any such amendment, modification or supplement must be contained in a written document that is filed with the CCAA Court, and must be discussed in advance with, and not objected to by the Released Parties and, if made following the Meeting, communicated to such of the Creditors and in such manner, if any, as may be ordered by the CCAA Court;
- (ii) any amendment, modification or supplement may be made unilaterally by MMAC following the Approval Orders, provided that it concerns a matter which, in the opinion of MMAC and the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and to the Approval Orders and is not adverse to the financial or economic interests of the Creditors or the Released Parties; and
- (iii) any supplementary plan or plans of compromise or arrangement filed with the CCAA Court by MMAC and, if required by this Section 8.4, approved by the CCAA Court shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

8.5 Severability

In the event that any provision in this Plan (other than Articles 5 and 6 hereof) is held by the CCAA Court to be invalid, void or unenforceable, the CCAA Court shall have the power to alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered and interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and affect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Canadian Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms, as same may be recognized and given effect by the U.S. Order.

8.6 Termination

At any time prior to the Plan Implementation Date, MMAC may, with the agreement of the Monitor and subject to further order of the CCAA Court, determine not to proceed with this Plan notwithstanding any prior approvals given at the Meeting or the obtaining of the Canadian Approval Order and/or the U.S. Approval Order. If the conditions precedent to implementation of this Plan are not satisfied or waived, or if MMAC determine not to proceed with this Plan (including, without limitation, as a result of a failure by any Released Party to pay the applicable amount into the Indemnity Fund in accordance with this Plan, the Settlement Agreements and the XL Settlement Agreement), or if the Canadian Approval Order is not issued by the CCAA Court or the U.S. Approval Order is not issued by the Bankruptcy Court; (A) this Plan shall be null and void in all respects; (B) any settlement or compromise embodied in this Plan, the Settlement Agreements or the XL Settlement Agreement, and any document or agreement executed pursuant to this Plan, shall be deemed null and void; and (C) nothing contained in this Plan, and no act taken in preparation of the consummation of

this Plan, shall: (i) constitute or be deemed to constitute a waiver or release of any Claims or any defences thereto, by or against any of the Released Parties or any other Person; (ii) prejudice in any manner the rights of any of the Creditors, the Released Parties or any other Person in any further proceedings involving the Derailment; or (iii) constitute an admission of any sort by any of the Creditors, the Released Parties or any other Person.

8.7 Paramountcy

From and after the Plan Implementation Date, any conflict between: (A) this Plan; and (B) any information summary in respect of this Plan, or the covenants, warranties, representations; terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, indenture, loan agreement, commitment letter, document or agreement, written or oral, and any and all amendments and supplements thereto existing between MMAC and any Creditor, Released Party or other Person as at the Plan Implementation Date, including, without limitation, the Settlement Agreements and the XL Settlement Agreement, will be deemed to be governed by the terms, conditions and provisions of this Plan and the Approval Orders, which shall take precedence and priority.

8.8 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceeding, and the Monitor will not be responsible or liable for any obligations of MMAC hereunder. The Monitor will have only those powers granted to it by this Plan, by the CCAA and by any Order of the CCAA Court in the CCAA Proceeding, including the Initial Order.

8.9 Unclaimed Distributions

If any Person entitled to a cash distribution pursuant to this Plan cannot be located on the Plan Implementation Date or at any time thereafter or otherwise fails to claim his/her/its distribution hereunder, then such cash or cash equivalent instruments shall be set aside and held in a segregated, non-interest-bearing account to be maintained by the Monitor on behalf of such Person. If such Person is located within six (6) months of the Plan Implementation Date, such cash (less the allocable portion of taxes (including withholding taxes), if any, paid by MMAC on account of such Person) and proceeds thereof, shall be paid or distributed to such Person. If such Person cannot be located within six (6) months of the Plan Implementation Date, any such cash, and interest and proceeds thereon, shall be remitted by the Monitor to a charitable association of its choice (if possible, in the Monitor's sole appreciation, dedicated to providing assistance to the victims of the Derailment), and such Person shall be deemed to have released its claim to such monies; provided, however, that nothing contained in this Plan shall require MMAC or the Monitor to attempt to locate such Person. Any distribution cheques that have not been negotiated within three (3) months of issuance shall be cancelled by the Monitor, and any right or entitlement to such distribution shall be treated as an unclaimed cash or distribution pursuant to this Section 8.9.

8.10 Notices

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile or email addressed to the respective parties as follows:

(a) If to MMAC

Montreal Maine & Atlantic Canada Co.
C/o Gowling Lafleur Henderson LLP
3700 – 1 Place Ville Marie
Montréal, Québec H3B 3P4

Attention: Me Patrice Benoit
Attention : Me Pierre Legault
Fax : 514-876-9550

with a copy by email or fax (which shall not be deemed notice) to:

●

(b) If to the Monitor:

Richter Advisory Group
1981 McGill College Avenue, 11th Floor
Montréal, Québec H3A 0G6

Attention: Mr. Gilles Robillard
Attention: Mr. Andrew Adessky
Fax: 514-934-3504

with a copy by email or fax (which shall not be deemed notice) to:

Attention: Me Sylvain Vauclair
Fax: 514-284-2046

(c) If to the Trustee:

●

(d) If to ● :

Province of Québec

●

(e) If to the Class Representatives:

Province of Québec

●

or to such other address as any party may from time to time notify the others in

accordance with this section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or emailing, provided that such day in either event is a Business Day and the communication is so delivered, faxed or emailed before 5:00 p.m. (Montréal time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

8.11 Further Assurances

MMAC and any other Person named or referred to in the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein.

DATED as of the ● day of ● , 2014

No. 450-11-000167-134

**SUPERIOR COURT
(COMMERCIAL DIVISION)
DISTRICT OF ST-FRANÇOIS**

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

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

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

Petitioner

and

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

Monitor

BL0052

MOTION FOR AN INTERIM STAY OF THE CLASS ACTION COMMENCED UNDER SUPERIOR COURT FILE 450-06-000001-132 (Sections 9, 10 and 11 of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 ("CCAA"))

ORIGINAL

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Gowling Lafleur Henderson LLP
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Canada H3B 3P4
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INIT.: PB/cl
c/o 3511



CANADA

SUPERIOR COURT
(Commercial Division)

PROVINCE OF QUEBEC
DISTRICT OF ST-FRANCOIS

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

N°: 450-11-000167-134

Sherbrooke, February 25, 2015

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

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

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

PETITIONER

and

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

MONITOR

ORDER

SEEING Petitioner's *Motion for an Interim Stay of the Class Action Commenced Under Superior Court File 450-06-000001-132* pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended, the "**CCAA**") and the affidavit in support thereof;

GIVEN the consent of the Attorney General for the Province of Québec, as well as the consent of the Class Representatives (referred to as the "Class Action Plaintiffs" in the Representation Order entered on April 14, 2014);

GIVEN the absence of contestation by the other members of the Service List;

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

- [1] **GRANTS** the *Motion for an Interim Stay of the Class Action Commenced Under Superior Court File 450-06-000001-132* (the "**Motion**");
- [2] **DECLARES** that the notices given of the presentation of the Motion are adequate and sufficient;
- [3] **STAYS** the class action that was commenced on or about July 15, 2013 before the Superior Court, Province of Quebec, under court file 450-06-000001-132, as amended from time to time (the "**Class Action**") up to and including March 20, 2015 (the "**Class Action Stay**");
- [4] **ORDERS** that, upon the service to the Service List and filing with the Court record of the List of Released Parties (Schedule "A" to the draft Plan of Compromise and Arrangement filed as Exhibit R-1 to the Motion (as may be amended from time to time, the "**Plan**")), the termination of the Class Action Stay shall be immediately and automatically postponed until further order of this Court in respect of the Released Parties and immediately and automatically lifted in respect of all persons not named as Released Parties in the List of Released Parties, the whole without further formality and without the requirement of a further order of this Court;
- [5] **ORDERS** the provisional execution of the order notwithstanding any appeal, without the necessity of furnishing any security;
- [6] **THE WHOLE** without costs.

THE HONOURABLE GAETAN DUMAS, J.S.C.